

**FISCAL YEAR 2005/06  
OPERATING AND CAPITAL IMPROVEMENT BUDGETS**

**TAXABLE VALUES & CITY MILLAGE RATE**

The adopted General Fund budget is a balanced budget, **with no increase in the property tax millage rate of 5.753 mills.** This will be the fourth fiscal year in which the millage rate will remain at 5.753 mills. The last millage increase for the City of Clearwater was in fiscal year 2002/03 when the rate was increased from the previous year's 5.5032 mills to the current rate of 5.753 mills.

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| <b>Taxable Values</b>                      |                      |              |
|--|----------------------|--------------|
| 2006 Gross Taxable Value                   | \$ 8,644,569,806     |              |
| 2005 Gross Taxable Value                   | <u>7,483,896,868</u> |              |
| Net Increase                               | \$ 1,160,672,938     | 15.5 %       |
|  |                      |              |
| New Taxable Value                          | \$ 149,915,200       | 12.9%        |
| Net Increase in Value of Existing Property | <u>1,010,757,738</u> | <u>87.1%</u> |
| Total Increase in Taxable Value            | \$ 1,160,672,938     | 100.0%       |

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Taxable values of property within the City of Clearwater increased by almost \$1.2 billion to a total of more than \$8.6 billion in the new fiscal year, an increase of 15.5% over the values used for budget purposes last year. Included in this increase is the taxable value of new construction totaling almost \$150 million representing 13% of the total increase in taxable values. The increase in the taxable value of existing properties is just over \$1 billion or 87% of the total increase.

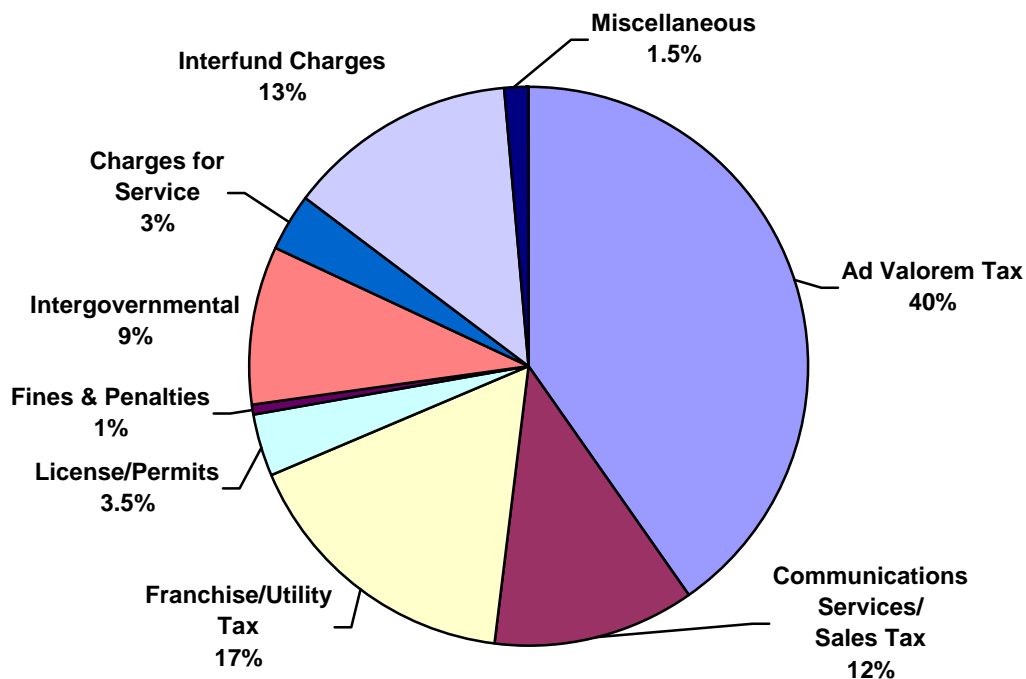
The adopted ad valorem rate of 5.753 mills will generate \$44,878,180 to support General Fund operations, representing an additional \$6,025,620 for General Fund purposes over the 2004/05 budget. In addition, per City Council policy, a portion of the total millage is set aside to provide funding for City road maintenance. These funds account for .3452 of the total millage rate, and amount to \$2,864,740 for road maintenance projects, representing an additional \$384,640 for road maintenance projects over the 2004/05 budget.

## GENERAL FUND REVENUES

The City's redevelopment and housing market is booming and "ad valorem" or property tax revenues continue to provide the largest and fastest growing source of General Fund revenue. In fact, the total new revenues of \$6 million estimated for property taxes for the General Fund are almost 68% of the \$8.9 million of total new revenues for the General Fund.

With the adopted millage rate of 5.753 mills, anticipated revenues of \$44.9 million from ad valorem taxes represent 40% of total anticipated General Fund revenues, up from 38% in the 2004/05 budget, and 35% just two years ago.

### General Fund Revenues Fiscal Year 2005/06 \$ 111,399,910



| Revenue Source                   | 2004/05              | 2005/06              | % Increase  |
|----------------------------------|----------------------|----------------------|-------------|
| Ad Valorem Tax                   | \$ 38,852,560        | \$ 44,878,180        | 15.5%       |
| Franchise/Utility                | 17,989,730           | 18,602,330           | 3.4%        |
| Interfund Charges                | 13,313,910           | 14,843,650           | 11.5%       |
| Communications Service/Sales Tax | 13,113,410           | 12,872,070           | (1.8%)      |
| Intergovernmental                | 9,347,440            | 10,010,270           | 7.1%        |
| Licenses/Permits                 | 3,544,500            | 4,015,000            | 13.3%       |
| Charges for Service              | 3,745,800            | 3,674,870            | (2.0%)      |
| Miscellaneous                    | 976,980              | 1,675,540            | 71.5%       |
| Fines & Penalties                | 1,611,120            | 828,000              | (48.6%)     |
| <b>Total</b>                     | <b>\$102,495,450</b> | <b>\$111,399,910</b> | <b>8.7%</b> |

## **GENERAL FUND REVENUES**

Franchise and utility tax revenues continue to provide the second largest source of General Fund revenues. Franchise and utility taxes collected on power and utility services are anticipated to be \$18.6 million, representing 17% of fiscal year 2005/06 budgeted revenue, slightly less than the 2004/05 budget.

The General Fund is reimbursed by the various Enterprise Funds for administrative services provided to those operations including a portion of the City Manager, City Attorney, Human Resources, and Finance Departments. The General Fund is also reimbursed for any direct services provided to Enterprise Funds by operational departments such as the Parks and Recreation or Public Works Administration. And finally, most of the Enterprise operations pay the General Fund a “payment in lieu of taxes” (PILOT) by City Council policy. The adopted budget includes a change in the policy to increase the PILOT from 4.5% to 5.5%, and directly results in an increase of \$743,270 in annual revenue paid to the General Fund. This category of revenues is depicted on the above graph and chart as Interfund Charges. The combined receipts provided by interfund charges to the General Fund are approximately \$14.8 million, representing 13% of total General Fund revenues.

The next largest source of revenue for the General Fund is the Communications Services and Sales Tax category at 12% of total revenues. Sales tax revenues continue with steady growth and are estimated to increase by 1% to just over \$6.3 million in fiscal 2005/06. On the other hand, the collections for the Communications Services Tax continue to slow down. Department of Revenue estimates under this category are \$6.5 million, down from current year estimates of \$6.8 million. The estimated revenues for the combined Local Communications Services Tax and Sales tax category of revenues will be approximately \$12.8 million in the new fiscal year. This category reflects approximately \$241,340 less in revenues than the 2004/05 adopted budget, and results in the 1.8% decrease in this category as outlined on the table above.

Intergovernmental revenue, or revenues received from federal, state, or local governments, accounts for \$10 million, or 9% of General Fund revenue, the same level of funding as in the current 2004/05 budget. Primary receipts in this category include Fire and EMS revenues received from Pinellas County and the Pinellas County Library Cooperative funds.

Occupational Licenses and Building Permits represent 3.5% of General Fund revenues. Increases in this category are a result of the recent increase in occupational license fees and the increase in anticipated building permit revenue that comes with the strong redevelopment period the City is experiencing.

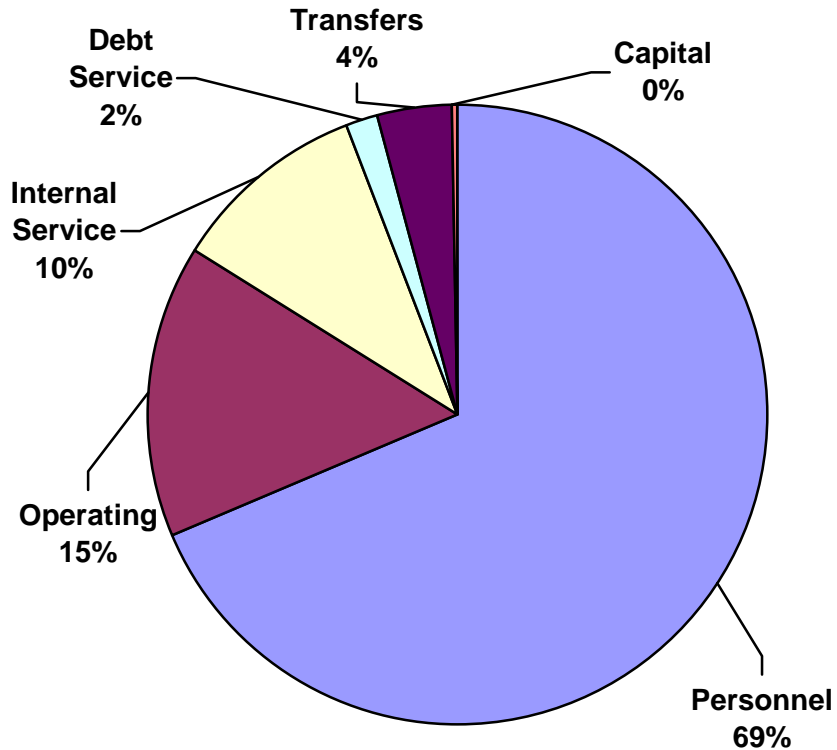
The category of revenue recognizing Charges for City Services accounts for approximately \$3.7 million, and represents only 3% of the City’s total General Fund revenues. This category includes revenues for all of the City’s recreation and library programs, as well as some specific planning and public safety fees. This category of revenues is anticipated to decrease by approximately 2% in the adopted budget.

Other smaller General Fund revenue sources include the revenue categories of Fines and Penalties and Miscellaneous revenues. Miscellaneous revenues represent approximately 1.5% of total General Fund revenues. A decrease of approximately \$350,000 in the category of Fines and Penalties reflects revenues that are now retained by Pinellas County to support the court system. The balance of the decrease in this category is a result of transferring parking fine revenue and the related enforcement and collection processes to the Parking Fund.

## GENERAL FUND EXPENDITURES

The City's General Fund budget expenditures total \$111,399,910, an increase of 8.7% over the 2004/05 approved budget.

### General Fund Expenditures by Category Fiscal Year 2005/06 \$ 111,399,910



| Category            | 2004/05               | 2005/06               | % Change    |
|---------------------|-----------------------|-----------------------|-------------|
| Personnel           | \$ 70,108,200         | <b>\$ 76,576,160</b>  | 9.2%        |
| Operating           | 15,782,710            | <b>17,050,440</b>     | 8.0%        |
| Internal Service    | 9,980,080             | <b>11,215,600</b>     | 12.4%       |
| Interfund Transfers | 4,128,810             | <b>4,409,040</b>      | 6.8%        |
| Debt Service        | 2,266,160             | <b>1,876,710</b>      | (17.2%)     |
| Capital             | 229,490               | <b>271,960</b>        | 18.5%       |
| <b>Total</b>        | <b>\$ 102,495,450</b> | <b>\$ 111,399,910</b> | <b>8.7%</b> |

## **GENERAL FUND EXPENDITURES**

**PERSONNEL costs** include salaries and benefits totaling \$76.6 million in fiscal 2005/06, representing 69% of the total General Fund operating budget, which, percentage wise, is slightly more than the 2004/05 budget. The cost of our employees has increased by 9.2% in this new budget from the previous budget of \$70 million.

### **Merit and Step Increases**

- For budget purposes only, the approved budget provides for a 4% merit increase for CWA union employees and SAMP (Supervisor, Administrative, Managerial, and Professional) employees. The CWA union does not have a contract in place for the 2005/06 fiscal year and contract negotiations are expected to start this summer. The proposal assumes funding at a similar rate to the current contract and budgeted estimates should not be recognized as a promise or a conclusion.
- The Police Department operating budget reflects step increases and a 4% general wage increase for all Police union employees as outlined under the current union contracts. The 2005/06 budget year is the final year under the current Police union contracts.
- The Fire Department operating budget reflects the cost of step increases for fire union employees as provided under the contract approved in May 2005, and provides for a 5% general wage increase effective October 1, 2005. The 2005/06 budget year is the second year of a three year contract period for Fire union contracts.

### **General Fund FTE Staffing Analysis**

Under this approved budget, the General Fund would employ a total of 1,264.0 full-time equivalent (FTE) employees. The net change in General Fund full-time equivalent (FTE) positions in the adopted budget is an increase of 25.9 FTE positions. The significant changes are as follows:

- Fire Services – The budget approves a total of twelve new FTE positions for the Fire Department. Six of these positions were discussed with Council with the approval of the recent union contract reducing the number of hours in the employee workweek. These six positions will provide staffing to cover these reduced work weeks. The other six FTE positions will provide four-person crews to two aerial trucks and improve the level of service within the community.
- Document Management – The adopted budget reflects the addition of a Document and Records Specialist in the Official Records and Legislative Services Department to support the needs of the Electronic Document Management System.
- Parks and Recreation - The Recreation Programming section includes the addition of 1.4 FTE positions to provide additional lifeguards at the Long Center to conduct swim lessons. Activity fees will fund the cost of these positions. The approved budget also includes one additional Parks Service Technician and one additional Tradesworker to provide landscaping services for new and expanded facilities including the Kapok and Glen Oaks projects as well as expanded bicycle trails.
- Emergency Management – The grant supporting the Emergency Management Coordinator position expires next summer. This budget enables that position to remain as an additional FTE funded by the General Fund. The 2005/06 budget is only impacted by approximately ¼ of the annual cost of the position. The full impact of the office will not be observed until fiscal year 2006/07.
- Senior Service Representative – The budget includes one additional FTE recommended by the Senior Task Force to provide support and direction for senior service programs and initiatives.
- School Resource Officers – The approved budget retains the two “temporary” School Resource Officers that were funded last year to offer additional support to Clearwater and Countryside High Schools.

## **GENERAL FUND EXPENDITURES**

- **Traffic Operations** – An Engineer III position in Traffic Operations is approved to keep up with the increasing needs in this area with the growth and redevelopment occurring throughout the City.
- **Public Services Construction** – The adopted budget includes the funding of two additional Construction Inspector I positions necessary due to the increasing number and complexity of construction projects.
- **Development Services** – This budget reflects the addition of two positions, a Building Construction Inspector and a Development Review Technician. Both positions are needed to help with the increased business related construction activity experienced in the Department.

A list of approved changes to FTE positions across all City operations is included at the end of this letter.

### **City Pension Costs**

The actuary report for the Employee's Pension Plan as of January 1, 2005 indicates that a required City contribution of \$14,471,960, equivalent to 19.6% of covered payroll, is required for fiscal year 2005/06. The City's fiscal year 2004/05 contribution was 12% of employee salaries and wages, with 7% funded from the current budget and the remaining 5% funded from the pension plan credit balance.

This budget approves an increased contribution of 10% of covered payroll, which provides approximately \$7.4 million, a little more than 50% of the required contribution from the 2005/06 budget. The balance of the required contribution will be provided by an allocation from the pension plan credit balance, which has a current balance of approximately \$24 million.

The strategy will be to increase the City's contribution steadily over the next few years to achieve the higher contribution rate of 19.6% by fiscal 2008/09, while drawing on the reserves of the pension credit balance to provide the balance over this same period.

The budget impact of this change on the annual operating budget is significant at almost \$2.3 million for all operations in 2005/06. The impact on the General Fund alone is more than \$1.5 million for the additional 3% contribution.

### **Medical Insurance Costs**

In the new fiscal year, City contributions are budgeted to increase from \$6,200 per employee to \$6,400 per employee, an increase of 3% over the 2004/05 budget. This information is based upon estimates obtained from the City's medical insurance consultants.

The budgeted impact of the medical insurance cost increase on the General Fund is approximately \$454,500 in fiscal year 2005/06.

### **Worker's Compensation**

The City's cost for worker's compensation is impacted by several accidents that have contributed to a citywide cost increase. In 2005/06 workers compensation costs across all City operations will increase almost 7%, from \$2.6 million in fiscal year 2004/05 to \$2.8 million in the adopted budget, and the General Fund impact is \$132,830.

## **GENERAL FUND EXPENDITURES**

**OPERATING expenditures** represent the second largest category of expenditures in the General Fund. Operating costs, which include utility costs for our traffic signal system and general public buildings, operating supplies, contractual services, as well as contributions to outside agencies, total approximately \$17.1 million, representing 15% of the City's General Fund budget. Some highlights outlining major increases in this category are noted below.

### **Utility costs**

The cost of City utilities for all general operation facilities as well as the cost of street light operations throughout the City are expected to increase by approximately \$355,000 in the new fiscal year.

### **Property and Liability Insurance**

In the new fiscal year, property and liability insurance costs across the City are estimated to increase by approximately \$332,000, or approximately 13% over the 2004/05 budget. The budgeted impact of the property and liability insurance cost is an increase of \$180,810, or 10%, on the General Fund budget.

The operating category of expenditures has increased by almost \$1.3 million in the 2005/06 fiscal year across all City General Fund operations, an increase of 8%.

**INTERNAL SERVICE costs** representing the labor and operating costs of maintaining the City's infrastructure, fleet, and internal networks are \$11.2 million, or 10% of the General Fund budget. This category of expenditures has increased by approximately \$1.2 million, over the 2004/05 budget, an increase of approximately 12%. More than one-half of this increase is a result of higher garage charges primarily due to escalating fuel costs. Almost \$450,000 of this increase is due to staffing and services as a result of new and enhanced City facilities.

**INTERFUND TRANSFERS** total \$4.4 million in the approved budget, an increase of \$280,230 over 2004/05. Most of the budgeted transfers reflect the appropriation of funds to the Capital Improvement Fund to pay for City facility maintenance and transfers to other City Funds to cover the cost of Fire insurance, the CRA contribution which is \$228,000 more than the 2004/05 budget due to rising property values, and the subsidy to Harborview to name a few.

A detailed schedule of capital projects funded with General Fund revenues is included on page 333.

**DEBT SERVICE costs** of \$1.9 million, or 2% of the General Fund budget, provide funding for general-purpose debt including the debt on the City's Police Complex. This category of expenditures has actually decreased by approximately \$389,450 in the budget, dropping from \$2.3 million last year to \$1.9 million in 2005/06. The savings in this category is primarily due to the retirement of debt on several major equipment purchases in Fire, computer network systems in Police, and components of the Tidemark system.

**SMALL CAPITAL** purchases represent the balance of \$271,960 and reflect the purchases of small equipment throughout the General Fund departmental operations.

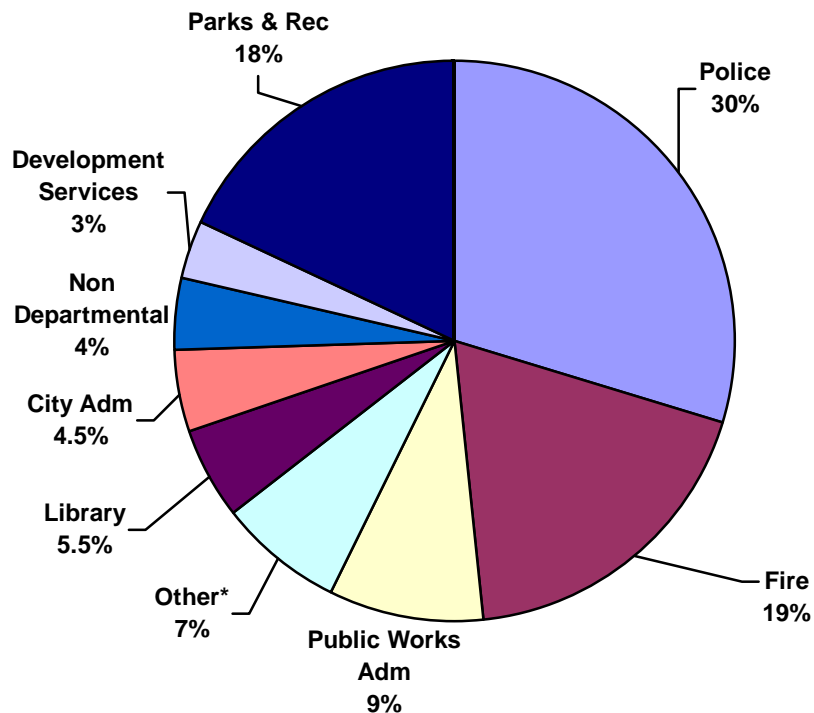
## **GENERAL FUND RESERVE**

The City Council's current policy requires that the City maintain a General Fund reserve equal to 8% of the subsequent year's budgeted expenditures as a contingency fund to meet unanticipated financial needs. In addition, the City Council requires an additional General Fund reserve equal to ½% of the subsequent year's budgeted expenditures to fund unanticipated retirements of General Fund long-term employees during the given fiscal year.

The Approved Annual Operating Budget reflects a comfortable General Fund reserve of approximately \$11.1 million, or 10% of the fiscal year 2005/06 budgeted expenditures. This maintains the City's General Fund reserve at a level of \$1.6 million over the required reserve policy.

## GENERAL FUND EXPENDITURES

### General Fund Expenditures by Department Fiscal Year 2005/06 \$ 111,399,910



| Department                  | 2004/05               | 2005/06               | % Change    |
|-----------------------------|-----------------------|-----------------------|-------------|
| Police                      | \$ 31,326,230         | \$ 33,243,510         | 6.0%        |
| Fire                        | 17,635,380            | 20,658,540            | 17.1%       |
| Parks and Recreation        | 18,188,010            | 20,088,080            | 10.4%       |
| Public Works Administration | 9,329,720             | 10,104,080            | 8.3%        |
| Library                     | 5,818,060             | 6,081,950             | 4.5%        |
| City Administration (1)     | 4,589,560             | 4,988,280             | 8.7%        |
| Non-Departmental            | 4,668,910             | 4,671,660             | 0%          |
| Development Services        | 3,585,750             | 3,837,330             | 7.0%        |
| Finance *                   | 2,041,390             | 2,157,900             | 5.7%        |
| Planning *                  | 1,244,650             | 1,484,330             | 19.3%       |
| Economic Development *      | 1,525,230             | 1,397,330             | (8.4%)      |
| Human Resources *           | 1,182,500             | 1,207,690             | 2.1%        |
| Public Communications *     | 911,480               | 976,400               | 7.1%        |
| Pier 60/Sailing Center *    | 448,580               | 502,830               | 12.1%       |
| <b>Total</b>                | <b>\$ 102,495,450</b> | <b>\$ 111,399,910</b> | <b>8.7%</b> |

(1) Includes budgets of City Council, City Manager's Office, City Attorney's Office, Official Records, Equity Services, Office of Management and Budget, and City Audit.

\* These programs are reflected in the category of "Other" on the above graph.

**Note:** Approximately \$4.9 million, or 55% of the entire General Fund budget increase of \$8.9 million is concentrated in the Fire and Police Department operations.

## **ENTERPRISE OPERATIONS**

### **UTILITY FUNDS**

| <b>Fund</b>   | <b>2004/05</b>        | <b>2005/06</b>        | <b>% Change</b> |
|---------------|-----------------------|-----------------------|-----------------|
| Water & Sewer | \$ 52,116,110         | \$ 49,847,580         | (4.4%)          |
| Gas           | 33,383,160            | 40,533,050            | 21.4%           |
| Solid Waste   | 16,251,190            | 17,298,140            | 6.4%            |
| Stormwater    | 9,384,600             | 11,398,620            | 21.5%           |
| Recycling     | 2,335,940             | 2,557,020             | 9.5%            |
| Total         | <b>\$ 113,471,000</b> | <b>\$ 121,634,410</b> | <b>7.2%</b>     |

#### **Water and Sewer**

The Water and Sewer enterprise fund accounts for the financing, construction, operation, and maintenance of the water and sewer services of the City from charges made to users of the service. Based upon the current rate study analysis, water and sewer utility revenues reflect the Council approved rate increase of 7%, beginning October 1, 2005. Budgeted fund revenues are estimated at \$51.8 million and fund expenditures at \$49.8 million for the 2005/06 fiscal year.

The Water & Sewer Fund reflects the same staffing level of 175 full-time equivalent positions in the new fiscal year, the same as in the 2004/05 adopted budget.

#### **Gas**

The Gas enterprise fund accounts for the financing, construction, operation, and maintenance of the gas system of the City from charges made to users of the service. Anticipated revenues for fiscal year 2005/06 are approximately \$42.1 million, which includes the use of \$1,250,000 million of previous years' retained earnings for the Gas dividend payment to the General Fund. Estimated Gas Fund expenditures are \$40.5 million for fiscal year 2005/06, an increase of 21% primarily due to the escalating cost of natural gas.

The Gas Fund reflects the same staffing level of 90 full-time equivalent positions in the new fiscal year as in the 2004/05 adopted budget.

New gas rates and utility charges went into effect in April 2005, the first increase since October 1997.

#### **Solid Waste**

The Solid Waste enterprise fund accounts for the financing, construction, operation, and maintenance of the Solid Waste operations of the City from charges made to users of the service. Budgeted fund revenues and expenditures are estimated at \$17.3 million for fiscal year 2005/06.

The Solid Waste Fund includes the proposed addition of two FTE positions over the 2004/05 adopted budget. One Solid Waste Supervisor position will support the expansion of solid waste roll-off operations and the second position of Equipment Operator is approved for the Transfer Station.

The Solid Waste Fund does not include any planned rate increase in the 2005/06 fiscal year.

## **ENTERPRISE OPERATIONS**

### **Recycling**

The Recycling enterprise fund accounts for the financing, construction, operation, and maintenance of the Recycling operations of the City from charges made to users of the service. The Recycling Fund generates most revenues from the collection and sale of recyclable material. Budgeted revenues and expenditures for the fiscal year are estimated at \$2.6 million.

The Recycling Fund reflects a staffing level of 23 full-time equivalent positions in the new fiscal year, .5 FTE less than the 2004/05 adopted budget.

The Fund does not include any planned rate increase in fiscal year 2005/06.

### **Stormwater**

The Stormwater enterprise fund accounts for the financing, construction, operation, and maintenance of the Stormwater system of the City from charges made to users of the service. Stormwater utility revenues reflect the Council approved rate increase of 8% from \$8.65 to \$9.35 per residential unit, beginning October 1, 2005. Stormwater revenues are anticipated to be approximately \$11.5 million and expenditures are estimated at \$11.4 million in fiscal year 2005/06.

## **OTHER ENTERPRISE FUNDS**

| <b>Fund</b>       | <b>2004/05</b> | <b>2005/06</b>       | <b>% Change</b> |
|-------------------|----------------|----------------------|-----------------|
| Marine & Aviation | \$ 3,413,500   | <b>\$ 3,601,820</b>  | <b>5.5%</b>     |
| Parking Fund      | 4,208,720      | <b>4,609,970</b>     | <b>9.5%</b>     |
| Harborview        | 2,216,370      | <b>2,211,770</b>     | <b>0%</b>       |
| Total             | \$ 9,838,590   | <b>\$ 10,423,560</b> | <b>5.9%</b>     |

### **Marine and Aviation**

Anticipated revenues for the new fiscal year are approximately \$3.9 million and expenditures are estimated at \$3.6 million. The Marine and Aviation Fund reflects a staffing level of 20 full-time equivalent positions in the new fiscal year, one FTE less than the 2004/05 adopted budget. No other major changes are reflected in this operation. Capital projects for the Marine and Aviation Fund continue to support the needed infrastructure maintenance of the docks, fuel system, and airpark facilities, keeping them safe and functional for all users.

### **Parking**

The Parking Fund operation funds not only the Parking operation, but also the Beach Guard operations. The Parking Fund operation budget reflects anticipated revenues of \$4.8 million and anticipated expenditures of \$4.6 million for fiscal 2005/06.

The Parking Fund reflects the same staffing level of 38.1 full-time equivalent positions in the new fiscal year as in the 2004/05 adopted budget.

### **Harborview**

The operations of the Harborview Center are estimated at a cost of approximately \$2.2 million in the new fiscal year, while operating revenues are anticipated to be the same as expenditures. The General Fund subsidy to the Harborview Fund will be \$323,770 to close the anticipated annual deficit of this operation.

## **INTERNAL SERVICE OPERATIONS**

### **INTERNAL SERVICE FUNDS**

| <b>Fund</b>             | <b>2004/05</b> | <b>2005/06</b>       | <b>% Change</b> |
|-------------------------|----------------|----------------------|-----------------|
| Administrative Services | \$ 8,570,380   | <b>\$ 9,053,370</b>  | <b>5.6%</b>     |
| General Services        | 3,491,960      | <b>4,104,120</b>     | <b>17.5%</b>    |
| Garage Fund             | 9,475,360      | <b>11,330,890</b>    | <b>19.6%</b>    |
| Central Insurance Fund  | 17,541,250     | <b>18,737,140</b>    | <b>6.8%</b>     |
| Total                   | \$ 39,078,950  | <b>\$ 43,225,520</b> | <b>10.6%</b>    |

#### **Internal Service Funds**

The Internal Service Funds of the City account for fleet management, information technology, telephone, graphics, employee benefits, facilities management, radio communications, insurance, and risk management services provided to other City departments on a cost reimbursement basis.

In the new fiscal year, the internal operations that are having the most impact on the city budget include garage services due to the escalating costs of fuel and facilities maintenance due to the increasing cost of maintaining the City's new and expanded facilities. In these areas, this budget approves five new FTE positions. In the Garage Fund, a position of Fleet Mechanic is added with the primary responsibility of maintaining the City's emergency generators. In the General Service Fund, four positions are approved including a Maintenance Supervisor, an Air Conditioning Technician, a Plumber, and a General Maintenance Worker.

## **DEBT ADMINISTRATION**

The City maintains separate accounting records for all debt principal, interest, and reserve requirements for all General Long Term Debt. Separate budgets are not adopted for these debt service funds, but appropriations are included in the operating expenditures of all related operating funds.

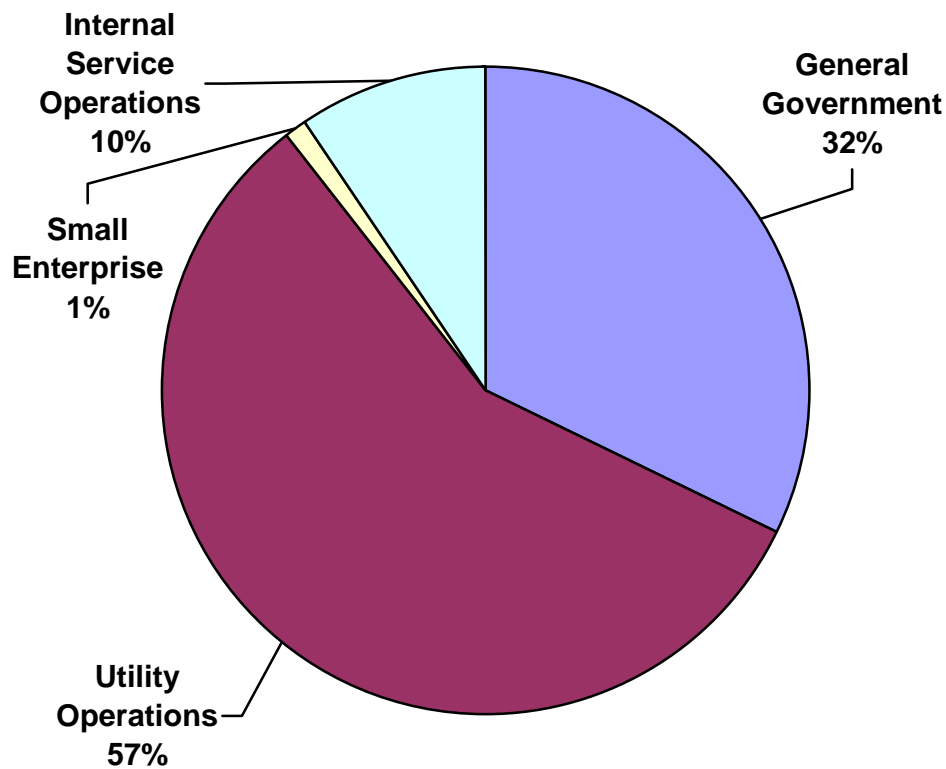
Statistical Table VII on page 375 outlines the ratio of net general bonded debt to taxable assessed value and bonded debt per capita over a ten-year period. There is no general obligation debt outstanding as of September 30, 2004, and no general obligation bonds have been issued during this past fiscal year.

The computation of the legal debt margin imposed by the City Charter is included in Statistical Table VIII on page 376, and as of September 30, 2004, the City's outstanding debt represents a little over 4% of the assessed value of non-exempt real estate, well within the 20% limitation set by the City Charter, and well within the resource capacity of the individual pledged revenue sources. This computation includes all outstanding revenue bonds as well as all outstanding lease purchase contracts.

## CAPITAL IMPROVEMENT PROGRAM

The capital project budget includes \$54.6 million of projects for fiscal year 2005/06 and the six-year plan totals more than \$339 million.

### Capital Improvement Fund Expenditures Fiscal Year 2005/06 \$ 54,601,960



| Category                    | 2004/05           | 2005/06           | % of Total  |
|-----------------------------|-------------------|-------------------|-------------|
| Utility Operations          | 40,921,220        | <b>31,293,520</b> | 57%         |
| General Government          | 12,220,140        | <b>17,543,340</b> | 32%         |
| Internal Service Operations | 3,870,500         | <b>5,120,100</b>  | 10%         |
| Small Enterprise            | 635,000           | <b>645,000</b>    | 1%          |
| Total                       | <b>57,646,860</b> | <b>54,601,960</b> | <b>100%</b> |

Of the total anticipated projects of almost \$55 million, more than \$31 million are projects supporting one of the City's five utility operations, which consist of Water and Sewer, Stormwater, Solid Waste, Recycling, and Gas. Slightly more than \$17 million of projects are devoted to general government operations. General government type projects include those projects supporting the construction of fire facilities and police and fire equipment, street maintenance and intersection maintenance, park development and maintenance, and the purchase of library materials.

The \$5.2 million allocated to internal service operation projects support the replacement of City vehicles and the maintenance of all telephone, radio, computer, and other information systems. Small enterprise projects are those projects that support the City's parking, airpark, and marine operations.

## **CAPITAL IMPROVEMENT PROGRAM**

Some of the major new projects that are anticipated to start in the 2005/06 fiscal year are as follows:

- In the new budget year, \$1.4 million of new funding is approved for the Fire Department to replace a 1987 aerial ladder truck, upgrade and replace air pack breathing apparatus, and provide exhaust systems and security access systems to all fire facilities.
- A new \$400,000 project, funded from the General Fund, is approved for a metered parking lot of the property just south of the Municipal Services Building.
- The adopted budget recommends that \$2.5 million of Penny for Pinellas funding be used to provide major improvements at the Long Center to include air conditioner and roof replacements, as well as the major renovation of the swimming pool facilities over the next six years.
- Penny for Pinellas funds are approved for a new project in the amount of \$900,000 to provide a promenade on the site of the old Memorial Causeway Bridge.

## **GFOA BUDGET AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA), a national organization, each year nationally recognizes budgets that meet certain rigorous standards. GFOA has awarded the City of Clearwater this award for each of the past nineteen years. In order to receive the budget award, a government must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

We believe that this budget document continues to conform to program requirements, and will be submitted to the GFOA to determine its eligibility for another award. This award, along with the Certificate of Achievement For Excellence in Financial Reporting, helps the City of Clearwater present a quality image to bond rating agencies and other outside agencies with which the City does business.

## **PUBLIC PROCESS**

The City Council met to discuss this preliminary budget at a Special Budget work session on July 1<sup>st</sup>, and again on July 18<sup>th</sup> at the City Council work session. On July 21<sup>st</sup> at the City Council meeting the Council set the tentative millage rate. An additional work session on the budget was held on August 23.

Public hearings to adopt the budget were held on September 1<sup>st</sup> and 15<sup>th</sup>, 2005. In addition, the City Council held a public hearing to review the planned expenditures for Penny for Pinellas infrastructure projects at the meeting of September 1, 2005. All public meetings and workshops on the budget are televised for Clearwater residents.