

# CITY OF VENICE

Mayor

## Interoffice Memorandum

**TO:** City Council Agenda

**FROM:** John Holic

**SUBJECT:** Revenue options for Fiscal 2017

**DATE:** June 1, 2016

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As we approach the Fiscal 2017 (FY 17) budget approval process, council will have to make some very tough decisions. I think it safe to say there will be a revenue shortfall again and that we will be able to make up some of that shortfall through budget / program cuts, the rest will have to be made up through revenue increases or reserves. For FY 15 and FY 16, I had recommended a 1/2 mill tax increase if we could not come up with another way to make up for what was perceived to be a \$1.5 million deficit in income versus expenses. In both years it was council's decision to forgo any tax increase and allow the changes to the pension systems take effect to see if any increased revenue would be necessary. As we found out this year, long after approval of the budget, there was a \$2 million deficit in the pension plans that required some very creative mid-term budget adjustments to accomplish the funding.

I do not think we will have the luxury of waiting this year and, unlike the statements by the actuary for the pension plans, this year's pension deficit is on track to be equal to or greater than last year's. We must plan for that contingency during the budget cycle.

Four of the seven Council Members have been on council long enough to have seen the presentations that I have made on the 4 methods to fund the pension deficits, the three newest members have not. I will do a much abbreviated presentation on the 4 methods at the June 14<sup>th</sup> meeting. Staff does not have time to provide me with updated figures so I will use the figures as of the date I did the original presentations. Please note that all 4 proposals have been rejected and no other methods of funding the pension plans has been proposed.

The 4 methods of increasing revenue were:

1. MSTU for the patrol services of the Sheriff's Department.
2. Merge the Venice Fire Department with Sarasota County Fire Department.
3. Borrowing sufficient money to fully fund the pension plan and then terminate the plans. Future pension payments would be to pay off the bond used for funding the plans.
4. Raise taxes by 1/2 mill – newest related method is a Fire District Tax.