




MEMORANDUM TO VENICE CITY COUNCIL

FROM: Linda Senne, CPA, Finance Director *LS*

DEPARTMENT: Finance Department

THROUGH CHARTER OFFICER: Edward Lavalley, City Manager **E-SIGN:** 

DATE: May 17, 2024 **MEETING DATE:** May 28, 2024

COUNCIL ACTION REQUESTED: For Council Adoption by Motion

SUPPORTS STRATEGIC PLAN: Goal Three: Ensure a Fiscally Sound City

SUBJECT / TOPIC: Request to Exceed 3% Budget Cap for FY2025 Budget

BACKGROUND INFORMATION: Section 5.02 of the City of Venice Charter, as amended, places a constraint on the size of a general fund budget that can be submitted by the City Manager to the City Council, without prior Council approval. City Management is hereby requesting the City Council's formal approval to exceed the cap for the FY2025 proposed general fund budget. Section 5.02 reads as follows:

"At least two months prior to the beginning of the fiscal year, the city manager shall submit to the city council a proposed balanced budget and additional recommendations of needs of the city for the ensuing fiscal year and an accompanying message. Without prior city council approval, the city manager's proposed general fund component of the budget shall not be increased by greater than three percent of the approved general fund component of the initial adopted budget for the prior year, or the percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics, whichever is greater. Nothing herein shall prohibit the city council from adopting a budget in excess of this limitation, so long as the approved budget is otherwise in accordance with law."

The section above explains, that when the City Manager submits his FY2025 proposed budget for consideration, he must receive pre-approval from the City Council if the general fund appropriations have increased by a specific percentage over the initial adopted FY2024 general fund budget. That percentage is the greatest of 3% or the increase in the Consumer Price Index.

The Charter Cap Calculation

The greater of the applicable CPI and 3% is the applicable CPI:

<i>Applicable Inflator – Great of</i>	
December 2023 CPI-U	3.40%
Charter Rate	3.00%

The maximum proposed FY2025 General Fund Budget (without Council pre-approval) would be \$47,795,554, Calculated as Follows:

Maximum Proposed Budget Without Council Approval

A	General Fund Component for the Prior Year (FY24)	\$46,223,940
	Applicable Inflator	<u>103.4%</u>
B	Maximum Proposed Budget Without Council Approval	<u>\$47,795,554</u>
	Maximum Increase Without Pre-approval (B – A)	<u>\$ 1,571,614</u>

Request:

The City Manager plans to submit a proposed FY2025 Budget to the City Council in advance of the regular budget workshops beginning June 20, 2024. It will be a balanced budget with anticipated revenues plus reserves equaling or exceeding appropriations in all funds. The Budget will be prepared in accordance with sound financial and budgeting principles, and will address the goals and objectives set forth by management and the City Council. In the General Fund, property tax revenues will be estimated assuming an 8% increase in assessed valuations (new and existing combined) and “no change” in the millage rate of 3.9041. It is expected that the General Fund’s appropriation section will exceed the 3.4% cap but will be less than anticipated revenues for the year and will utilize no fund balance carryforwards. **The City Manager is requesting pre-approval to exceed the Charter cap.**

Goals and Objectives

The 3.4% cap correlates to an increase over the FY2024 *initial adopted budget* of \$1,571,614, as shown above. Some of the more significant items that will cause the proposed increase to be greater than this amount are the following:

- Pay increases for current employees (\$1.4 million, including benefits)
- A 25% increase in property and liability insurance premiums (\$221,587)
- An increase in vehicle rent payments (depreciation) into the City’s Fleet Replacement Fund (\$122,061)
- An increase in capital outlay funding on a “pay-as-you-go” basis (\$909,540)
- Continuing the policy of excess contributions to the City’s Police and Firefighter’s Pension Trust Funds

Your pre-approval is appreciated. Please do not hesitate to contact me with questions or comments.

STAFF RECOMMENDATION: Approve Request to Exceed 3% Budget Cap for the FY2025 Budget.

Yes	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Document(s) Reviewed for ADA compliance (required if for agenda posting)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	City Attorney Reviewed/Approval
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Risk Management Review
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Finance Department Review/Approval
		Funds Availability (account number): as shown in the Proposed FY2025 Budget

Signature: 
Edward Lavalley (May 17, 2024 14:27 EDT)

Email: elavallee@venicefl.gov

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Final Audit Report

2024-05-17

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