



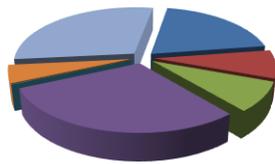
Fiscal Year
2021-2022
Proposed Budget

CITY REVENUE SUMMARY

REVENUE SUMMARY	2019-20 ACTUAL	2020-21 BUDGET	2020-21 ESTIMATED	2021-22 BUDGET	% Change from 2020-21
Taxes	\$19,450,766	\$19,879,197	\$ 19,498,899	\$ 21,957,500	10.45%
Permits, Fees and Special Assessments	9,641,073	8,494,019	8,601,369	8,781,325	3.38%
Intergovernmental Revenue	9,866,432	11,957,181	12,341,396	9,143,822	-23.53%
Charges for Services	32,179,781	30,940,652	33,296,282	32,609,670	5.39%
Judgments, Fines, and Forfeits	106,789	88,000	77,818	94,000	6.82%
Miscellaneous Revenue	3,720,639	2,512,302	2,731,148	5,502,507	119.02%
Other Sources	<u>8,637,594</u>	<u>11,546,740</u>	<u>31,203,759</u>	<u>32,450,097</u>	181.03%
Total Revenues	\$83,603,074	\$85,418,091	\$107,750,671	\$110,538,921	29.41%

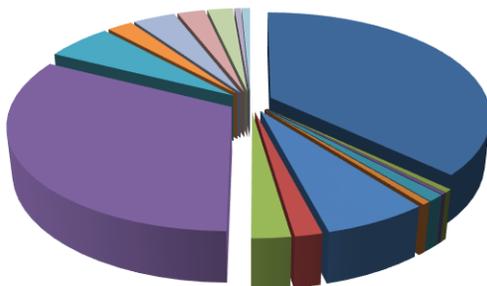
FUNDS SUMMARY	2019-20 ACTUAL	2020-21 BUDGET	2020-21 ESTIMATED	2021-22 BUDGET	% Change from 2020-21
General Fund	\$33,500,907	\$31,956,460	\$ 31,246,582	\$ 40,965,738	28.19%
Confiscated Trust Fund	25,674	3,000	11,106	3,000	0.00%
Homeless Shelter Fund	346,219	479,330	505,850	551,677	15.09%
Spring Hill Community Redevelopment Trust Fund	779,521	363,061	369,649	357,485	-1.54%
Governmental Impact Fees Trust Fund	1,381,576	822,157	1,070,157	1,214,857	47.76%
Downtown Community Redevelopment Trust Fund	585,950	599,414	1,436,984	607,152	1.29%
Grants and Special Revenue Fund	1,967,753	665,903	1,952,111	7,158,889	975.06%
Debt Service Fund	2,009,631	2,466,820	2,466,820	1,866,663	-24.33%
Capital Fund	3,845,160	941,988	9,869,901	2,640,586	180.32%
Water and Sewer Fund	24,118,517	22,790,599	30,809,634	35,766,888	56.94%
Water and Wastewater Trust Fund	3,653,760	7,115,136	11,720,623	6,358,186	-10.64%
Airport Fund	2,284,393	7,377,351	5,631,642	2,452,424	-66.76%
Refuse Fund	3,978,640	4,030,200	4,207,186	4,065,500	0.88%
Stormwater Fund	1,866,641	1,886,452	2,989,866	2,652,368	40.60%
Permits and Inspections Fund	1,730,105	2,528,967	2,144,537	2,456,671	-2.86%
Health Insurance Cost Containment Fund	570,081	596,985	597,152	605,670	1.45%
Workers' Compensation Self-Insurance Fund	<u>958,546</u>	<u>794,268</u>	<u>720,871</u>	<u>815,167</u>	2.63%
Total Revenues	\$83,603,074	\$85,418,091	\$107,750,671	\$110,538,921	29.41%

Fiscal Year 2022 City Summary Revenue Summary - By Source



- Taxes 19.86%
- Permits, Fees and Special Assessments 7.94%
- Intergovernmental Revenue 8.27%
- Charges for Services 29.50%
- Judgments, Fines, and Forfeits 0.09%
- Miscellaneous Revenue 4.98%
- Other Sources 29.36%

Fiscal Year 2022 City Summary Revenue Summary - By Fund



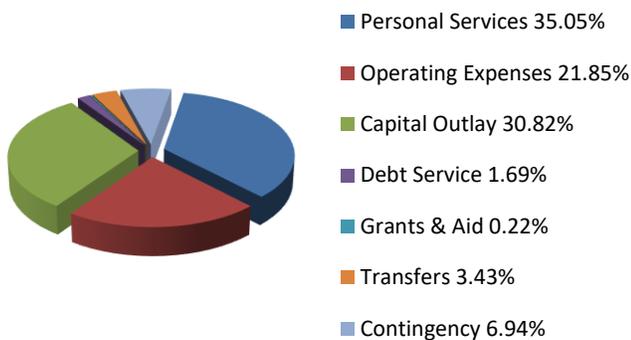
- General Fund - 37.05%
- Confiscated Trust Fund - 0.00%
- Homelessness Fund - 0.50%
- Spring Hill CRA Trust Fund - 0.32%
- Governmental Impact Fees Trust Fund - 1.10%
- Downtown CRA Trust Fund - 0.55%
- Grants & Special Revenue Fund - 6.48%
- Debt Service Fund - 1.69%
- Capital Fund - 2.39%
- Water & Sewer Fund - 32.36%
- Water & Wastewater Trust Fund - 5.75%
- Airport Fund - 2.22%
- Refuse Fund - 3.68%
- Stormwater Fund - 2.40%
- Permits & Inspections Fund - 2.22%
- Health Insurance Cost Containment Fund - 0.55%
- Workers' Compensation Self-Insurance Fund - 0.74%

CITY EXPENDITURE SUMMARY

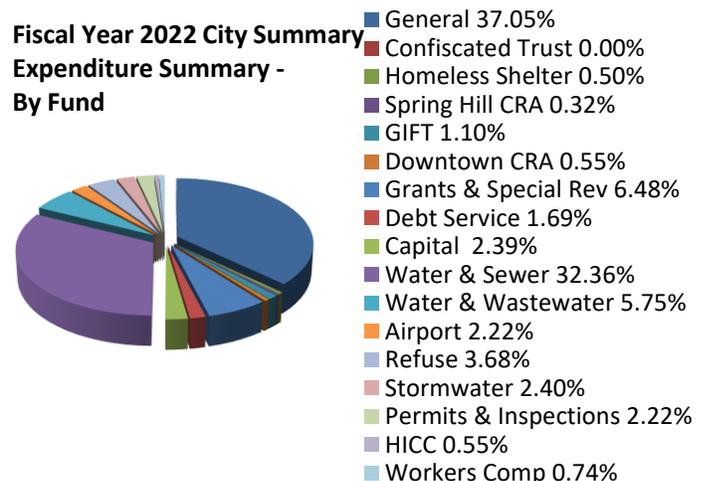
EXPENDITURE SUMMARY	2019-20 ACTUAL	2020-21 BUDGET	2020-21 ESTIMATED	2021-22 BUDGET	% Change from 2020-21
General	30,286,565	31,956,460	31,246,582	40,965,738	28.19%
Confiscated Trust	3,701	3,000	11,106	3,000	0.00%
Homeless Shelter	87,117	479,330	505,850	551,677	15.09%
Spring Hill CRA	1,091,487	363,061	369,649	357,485	-1.54%
GIFT	1,013,369	822,157	1,070,157	1,214,857	47.76%
Downtown CRA	281,046	599,414	1,436,984	607,152	1.29%
Grants & Special Rev	2,297,937	665,903	1,952,111	7,158,889	975.06%
Debt Service	2,009,632	2,466,820	2,466,820	1,866,663	-24.33%
Capital	3,341,450	941,988	9,869,901	2,640,586	180.32%
Water & Sewer	18,856,269	22,790,599	30,809,634	35,766,888	56.94%
Water & Wastewater	4,934,021	7,115,136	11,720,623	6,358,186	-10.64%
Airport	1,937,977	7,377,351	5,631,642	2,452,424	-66.76%
Refuse	3,994,169	4,030,200	4,207,186	4,065,500	0.88%
Stormwater	1,639,165	1,886,452	2,989,866	2,652,368	40.60%
Permits & Inspections	2,191,531	2,528,967	2,144,537	2,456,671	-2.86%
HICC	549,070	596,985	597,152	605,670	1.45%
Workers Comp	693,601	794,268	720,871	815,167	2.63%
Total Budget	75,208,107	85,418,091	107,750,671	110,538,921	29.41%
Personal Services	30,537,879	32,906,970	29,949,956	38,746,513	17.75%
Operating Expenses	19,889,857	22,292,992	22,559,980	24,157,809	8.37%
Capital Outlay	15,850,147	18,696,258	43,771,963	34,069,381	82.23%
Debt Service	2,009,632	2,466,820	2,466,820	1,866,663	-24.33%
Grants & Aid	40,640	162,500	82,500	242,500	49.23%
Contingency	2,099,667	5,018,140	3,712,305	3,788,454	-24.50%
Transfers	4,780,285	3,874,411	5,207,147	7,667,601	97.90%
Total Budget	75,208,107	85,418,091	107,750,671	110,538,921	29.41%

STAFFING	2017-18 BUDGET	2018-19 BUDGET	2019-20 BUDGET	2020-21 BUDGET	2021-22 BUDGET
General	264.30	269.30	274.80	272.80	286.61
Spring Hill CRA	0.00	0.00	2.00	2.00	2.00
Water & Sewer	111.87	116.50	122.70	130.70	137.70
Airport	8.00	8.00	7.10	8.10	8.10
Stormwater	9.50	9.50	9.75	11.25	13.25
Permits & Inspections	14.55	16.55	19.80	20.52	20.90
	408.22	419.85	436.15	445.37	468.56

**Fiscal Year 2022 City Summary
Expenditure Summary - By Source**



**Fiscal Year 2022 City Summary
Expenditure Summary -
By Fund**



Budget Message

Last year was one of the most challenging years we have experienced in local government. At the start of 2020, DeLand was poised for another great year economically from the standpoint of business growth, low unemployment and property values. However, we were facing some challenges dealing with the impacts of growth and having sufficient capacity to service it. Despite the discussions the City Commission had last year on ways in which to address those deficiencies, the COVID-19 pandemic forced us to alter those strategies and focus on ways in which we can simply maintain existing capacity and do our best to address community needs while we all work through the impacts of COVID-19.

A year later we are climbing out of the pandemic driven recession and its economic impacts. I am pleased to inform you that revenues were not impacted as much as we predicted and are looking strong for FY 21-22. As a result, we turn back to the focus we had at the beginning of 2020 by addressing capacity needs to serve an ever-growing population. In addition, the voters approved a \$15/hr. minimum wage that will have a significant impact on our recruitment and retention of a capable workforce ready to serve our residents.

PERFORMANCE MEASURES

For many years, the City has included performance measures in the budget document as part of an effort to be transparent about our performance as an organization. We had typically used internal metrics (past performance) or benchmarked our performance against that of other cities through the ICMA Center for Performance Management. Four years ago, we spent a considerable amount of time analyzing how we can improve upon this effort as many of the measures were more output measures as opposed to efficiency and effectiveness measures. As a result, those changes were made to the budget format and were implemented with the FY 16/17 Budget. We have earned a Certificate of Achievement in Performance Management from ICMA for the past 5 years.

STRATEGIC PLAN UPDATE

The Commission had considerable discussion at this year's strategic planning workshop about how we bridge the gap between increasing service delivery needs and the resources available to serve those needs. During our Strategic Planning session, the City Commission discussed some increases in personnel and ways in which we can improve employee retention and longevity to include the implementation of the \$15/hr. minimum wage as soon as possible. Additionally, the Commission discussed the need for improvements to our gateways, increasing our investment in infrastructure such as road resurfacing, sidewalks, trails, bringing new businesses to DeLand, and the development and/or support of workforce housing for our community.

Over the past 21 years, the City has used the community's vision and strategic plan as a road map to a successful and vibrant future. This has led to many positive outcomes for our great community to include improvements in our quality of life, an award-winning downtown, low unemployment, and commercial and residential growth. The actions that the City Commission has taken, while staying true to the promise of meeting our community's needs, values, and aspirations, has guided us well even in difficult financial times. It is in that spirit, that I humbly present our recommended budget for Fiscal Year 2021/2022.

OVERVIEW

General Fund	\$	40,965,738
Confiscated Fund	\$	3,000
Homelessness Fund	\$	551,677
Spring Hill CRA Fund	\$	357,485
Governmental Impact Fees Trust Fund	\$	1,214,857
Downtown CRA Fund	\$	607,152
Grants & Special Revenue Fund	\$	7,158,889
Debt Service Fund	\$	1,866,663
Capital Projects Fund	\$	2,640,586
Water & Sewer Fund	\$	35,766,888
Water & Wastewater Trust	\$	6,358,186
Airport Fund	\$	2,452,424
Refuse Collection Fund	\$	4,065,500
Stormwater Fund	\$	2,652,368
Permits & Inspections Fund	\$	2,456,671
Health Insurance Cost Containment Fund	\$	605,670
Workers Compensation Self Insurance Fund	\$	815,167
Total FY 2021-2022 City Budget	\$	110,538,921

GENERAL FUND

Revenue

The total pre-preliminary estimated taxable value for FY 21/22 is \$2,281,321,013. This is an increase of \$173,695,960 or 8.24% and includes \$89,575,787 in new construction and annexations. For many years, capital has been paid from operating savings from previous years and none of the operating millage had been dedicated as a permanent source of revenue for capital. Two years ago, the Commission dedicated .2 mills to the Capital Fund. Given the budget savings from each of the past five years, the capital reserve has increased to \$9,000,000. Therefore, the dedicated millage is not needed this year as the FY 21/22 capital program can be funded from the reserve. That said, the implementation of the \$15/hr. wage is \$2.013 million in FY 21/22. This equates to nearly a full mil in the ad valorem rate. To help offset the cost of the \$15/hr. wage implementation, the recommended rate of 6.9841 includes a .2 mill increase over the present rate of 6.7841 and represents a 6.83% increase over the rolled back rate of 6.5374. Based upon this rate, the ad valorem tax revenue for the year will be \$13,905,835 for the General Fund normal operating costs (6.5841 mills) and \$844,814 for the 15/hr. minimum wage implementation (0.4000 mills). Total ad valorem revenues, including delinquent taxes, for FY 21/22 is \$14,780,709 an increase of \$1,864,047 from the prior year.

Given the economic recovery we are experiencing, staff is projecting a \$2,274,034 increase in other revenues to include \$152,123 in Local Option Fuel, Use and Taxes, \$362,011 in Utility Services Tax, \$39,986 in Local Business Tax, \$41,568 in Franchise Fees, \$762,560 in State Shared Revenue, and \$140,438 in Charges for Services. Additionally, there is another \$606,576 in Grant Revenues which includes \$291,180 for five new fire fighters and \$50,000 of American Recovery Plan Act funds for the Bridge. We also built in a 1% vacancy savings and tightened up some revenue estimates based upon the last few years of experience. These increases combined with an increase in ad valorem results in a net increase in revenue of \$4,138,081. Additionally, this budget includes the use of the Capital Reserves (\$4,883,817), Tree Reserves (\$363,192) and Lot Maintenance Reserves (\$11,500).

Expenditures/Programs

The recommended budget increases General Fund expenditures from \$31,956,460 in FY 20/21 to \$40,965,738 or an increase of 28.19%. There are 286.61 FTEs in the proposed General Fund budget. There are 13.81 new positions including: 5 New Fire Fighters (\$354,055) (Mostly Grant Funded), 2 Police Officers (\$169,554), Administrative Assistant – City Clerk (\$25,153), Public Safety Community Information Specialist (\$63,921), IT Security Analyst (\$67,214), Community Development Deputy Director (Split with Permits & Inspections) (\$62,348), Maintenance Worker – Streets (\$42,517), Equipment Operator – Streets (\$48,247), Part-Time Sport Turf Specialist – Parks (\$39,590), Irrigation Technician – Parks (\$50,665) and a Part-Time Fire Inspector (\$13,425). The budget also includes \$228,136 to implement the new Pay Plan and \$2,012,985 to implement the \$15/hr. wage adjustments. These amounts do not include funds set aside in the enterprise funds. Overall, expenses have increased mostly due to operating expenditures that were cut last year due to COVID and a fairly large increase in operating supplies cost. The budget also includes additional funds for Gateway Improvement Grants (\$100,000), Implementation of Intermittent Advance Life Support Services (\$150,000), Comprehensive Plan Update and LDR Revisions (\$60,000), Economic Development Digital Marketing (\$15,000) and increases to include: Building & Equipment Maintenance (\$352,396), Insurance (\$24,150), and Retirement Contributions (\$624,554). The FY 21/22 also eliminates debt service payments for City Hall and Fire Station 83 in anticipation of those notes being paid off prior to the new fiscal year. The combined payoff of those notes is \$2,539,072 and eliminates \$247,925 in annual debt service payments.

The recommended budget includes Capital (\$8,799,475) and Operating Capital (\$539,057). To fund the proposed capital budget in the Grants and Special Revenue Fund (\$6,158,889), there is \$1,547,380 in transfers from Capital Reserves in the General Fund, \$200,000 in transfers from Park Impact Fees in the GIFT Fund and \$4,411,509 in grants which includes a \$2,899,272 contribution from Stetson for the renovation of Melching Field at Conard Park. To fund the proposed capital budget in the Capital Fund (\$2,640,586), there is \$1,955,434 in transfers from Capital Reserves and \$307,192 in transfers from Tree Reserves in the General Fund, \$180,000 in transfers from Park Impact Fees in the Gift Fund and \$197,960 in transfers from other funds (some items such as Information Technology are for multiple departments). A substantial portion of the increase in General Fund expenditures is a result of the Capital programmed in the budget. In the Grants and Special Revenue Fund, there is \$264,456 included from the Local Option Fuel Tax and \$240,367 included from the 1% PILOT from the General Fund for road resurfacing along with an additional \$495,177 from Capital Reserve in the General Fund to increase our investment in road resurfacing to \$1 million. Staff also discussed the possibility of constructing additional sidewalks and trails in key areas. All the potential projects would be in County right of way therefore staff has reached out to the County to determine if there are partnership opportunities. If so, those projects could be funded from the capital reserve but are not included in the budget at this point. Therefore, the combined Capital (\$8,799,475), Road Resurfacing (\$1,000,000), and Operating Capital (\$539,057) investment is \$10,338,532. The capital items include:

Level Pavers in Civic Plaza	\$ 5,200
Meeting Room Chair Replacement in City Hall	\$ 12,000
Total Administrative Services Capital	\$ 17,200

Accela Platform Enhancements	\$ 75,000
Cellebrite Forensic Cell Phone Analysis Software	\$ 17,500
Clear Gov Budget Software	\$ 12,400
Fortigate Replacement Firewalls	\$ 43,696
Laserfiche Upgrade/Workflow	\$ 80,000
Lexipol	\$ 29,500

Live Scanner System	\$ 6,300
Microsoft Server 2019	\$ 36,500
Replacement Copier	\$ 14,154
Server Replacement	\$ 72,000
Sperling Sports Complex Optical Network	\$ 14,500
Large Format Plotter	\$ 5,000
Total IT Capital	\$ 406,550

Fire Station 83 Improvements	\$ 100,000
Fire Station 81 FFE	\$ 125,000
Fire Station 81 Reserve Garage	\$ 385,000
Total Fire Capital Replacement	\$ 610,000

PD Parking Lot Security Fencing	\$ 181,000
Replace Vehicles – 6	\$ 351,084
Total Police Capital	\$ 532,084

Bucket Truck	\$ 250,344
Excavator	\$ 58,178
Trailers - 2	\$ 10,650
Thermo Sign Printer	\$ 28,755
Tractor/Mower	\$ 34,504
Handliner 360	\$ 13,075
Bulldozer Replacement	\$ 162,157
Mower Replacement - 3	\$ 27,534
Truck/Vehicle Replacement - 3	\$ 78,676
Stone Street – Right of Way and ADA Improvements	\$ 120,000
Total Public Works Capital	\$ 783,873

Melching Field Renovation – Offset by 50% Share from Stetson University	\$ 5,798,544
Replace Playground Equipment at Jackson Lane Park	\$ 198,345
Lights at Sperling Softball Practice Fields	\$ 180,000
Roof Replacement Fish Hospital	\$ 80,000
Tractor Replacement	\$ 19,086
Shade Structure – Chisholm Center	\$ 42,000
Truck Replacement	\$ 36,973
Sodcutter Replacement	\$ 6,150
Mower Replacement – 4	\$ 35,440
Blackout Drapes – Sanborn Center	\$ 9,830
A/C Replacement – Fish Hospital, Chisholm Gym, Burgess Building	\$ 43,400
Total Parks and Recreation Capital	\$ 6,449,768

Other expenditures included in this year's budget are:

- DeLand's participation in the Bridge (\$50,000). Although the expenditure is funded from the General Fund, a separate fund has been created for accountability purposes.
- There is \$350,000 in the budget for contingency along with \$517,421 in reserve contingencies.

Challenges/Opportunities

Despite the challenges of dealing with the impacts of a global pandemic, DeLand has proven to be a great place to live, work and play as evidenced by our current real estate market. The City's reputation of being a quality place to live has led to many new businesses and residents wanting to relocate here. Despite the pandemic in 2020, we issued 458 residential and 10 commercial building permits totaling \$89,575,787 million in construction value. Property values this year are estimated at 2.2 billion.

Since the great recession, DeLand has really tried to keep costs down for our residents. In order to do so we made significant cuts in personnel, capital and operating costs. However, given the reduction in personnel in 2008, and a capital program that has not kept pace, all departments have significant personnel and capital requests to keep pace with demand and growth along with deferred maintenance on City facilities and significant increases in operating supply costs. We have seen our road resurfacing program go from 20 years to 40 years. Additionally, over the past six months we have seen position vacancies rise to unprecedented levels. Some of this is likely caused by the pandemic; however, the most recent pay plan shows that salaries for the lower one-third of the organization are well behind other agencies. Additionally, the voters approved a \$15 minimum wage this past October which has put tremendous pressure on service sector and local government wages. During our annual strategic planning session, the City Commission discussed some strategies to overcome those gaps in service capacity. Last year due to the pandemic we were not able to fund any new positions in the general fund and capital investment was modest which only added to the gaps in service capacity. As a result, the FY 21/22 budget includes a significant investment in additional personnel and capital. Additionally, the budget includes the largest investment in road resurfacing ever made by the City as well as the most forward looking and comprehensive solution the City has ever undertaken to address employee compensation so that we can recruit and retain a great workforce to serve our residents.

This year, we have continued to make an investment in our organization by discussing the values (Helping People, Communication, Teamwork, Integrity, Respect, and Pride) that have made us successful and then linking those values to our organizational systems (onboarding, training, promotions, awards and recognition) to increase morale and productivity so that we can produce the best possible service for our residents. Succession planning is still a challenge at all levels of the organization. Given retirements in FY 20/21 and pending retirements in FY 21/22, there will continue to be succession planning challenges.

WATER AND SEWER FUND

Revenue

The Water and Sewer budget for FY 21/22 totals \$35,766,888, which is an increase of 56.94%, largely due the construction of a new Utilities Administration Building. The Commission approved a new rate structure implemented October 1, 2017, which is due to be updated in FY 21/22. Additionally, the Water and Wastewater Trust Fund, which derives its revenue from impact fees and grant revenues, includes capital projects totaling \$6,358,186.

Expenditures/Programs

For nearly a decade, the City has been working with its West Volusia partners and the St. John's River Water Management District (SJRWMD) on developing alternative sources of water to meet the requirements of the

Blue Springs Mitigation Strategy. Given the significant cost of these projects, the City has been setting aside funding each year in a reserve to help stabilize rates when it came time to do the projects. The balance in the capital projects reserve is approximately \$22,567,663. This FY 21/22 budget includes the use of some of those reserves (\$11,688,678).

Over the past decade there has been significant growth in the utility and the need to increase staffing to meet the demand. There is funding for a Water Plant Operator C (\$59,037), Utilities Distribution Technician (\$43,813), Laboratory Technician (\$55,007), Journeyman Electrician (\$57,528), Utilities Collection Technician (\$42,572), 2 Maintenance Construction Workers (\$106,754), and a Utilities Collection Technician (\$42,517). The budget also includes \$937,013 to implement the Pay Plan and \$15/hr. minimum wage adjustments.

The budget includes \$16,843,606 in capital in Water and Sewer Fund and \$6,358,186 in the Water and Wastewater Trust Fund to include:

Water Reclamation Facility South Reclaim Station Construction	\$ 1,600,000
Water Reclamation Facility Upgrade Design	\$ 2,540,000
Utilities Administration Building	\$ 10,090,000
Lift Station Pump and Control Replacements (5)	\$ 283,313
Turbidity and Suspended Solids Analyzer	\$ 8,750
Water Plant 12 CROM Tank Rehabilitation	\$ 47,300
Water Meter Replacements	\$ 520,000
Water Plant 2 & 4 Pump and Piping Replacements	\$ 78,602
Sewer Line Rehabilitation	\$ 150,000
Water Plant 2 & 4 Well Motor Replacements	\$ 27,719
A/C Replacements - 3	\$ 48,796
Water Plant 12 Variable Frequency Drive Replacement	\$ 20,720
Generator Repairs	\$ 91,824
Valve Maintenance Trailer	\$ 80,650
Autoclave Equipment	\$ 15,627
Pista Grit Concentrator	\$ 5,830
Manhole Rehabilitation	\$ 60,000
Lab Field Analyzer Equipment	\$ 7,965
Wheel Mounted Diaphragm Pump	\$ 5,950
Vivax Metrotech Locators	\$ 21,325
Vehicle Replacements (6)	\$ 236,017
Single Man Lift for Aerial Platform	\$ 8,327
Open Mowing Trailer	\$ 5,500
Water Plant 1, 3, & 12 Submersible Mixing Units	\$ 42,345
Recoat Metal Roof	\$ 16,767
Multi-tank Fuel Trailer	\$ 44,649
Sewer Jet Truck	\$ 454,894
Caterpillar Tire Life Truck	\$ 30,736
Neptune AMI PILOT	\$ 300,000
Total Water & Sewer Fund Capital	\$ 16,843,606

East Regional Force Main Sewer Design	\$ 300,000
Northeast Wellfield Acquisition	\$ 1,000,000
Water Main Improvements – Engineering & Planning	\$ 293,576
Water Main Improvements – Construction	\$ 2,348,610
Spring Hill Phase 4 Sewer Design	\$ 200,000
DeLeon Spring Water Main Extension	\$ 2,000,000
Reclaim Water Expansion Phase 5 Design	\$ 216,000
Total Water & Wastewater Trust Fund Capital	\$ 6,358,186

Challenges/Opportunities

The Utility Department continues, independently and in collaboration with other West Volusia utilities, to actively pursue strategies to protect the environment by increasing storm and wastewater recharge, improving removal of nutrients and other wastewater pollutants, and encouraging conservation of our water resources. Simultaneously, the department works to maintain, improve and expand utility infrastructure to provide reliable facilities which are consistently compliant with regulatory standards and meet the needs of our rapidly expanding population. Costs to address reasonably foreseen operational needs and regulatory mandates have largely been programmed in the budget for FY 21/22 or are included in the City’s Capital Improvement Plan. During the next three to five years, large capital expenditures will be needed to expand and upgrade the City’s Water Reclamation (sewage treatment) plant, major sewage transmission mains, reclaimed water pumping systems and transmission mains, potable water supply wells and water treatment facilities. While, in the recent past, the Utility Enterprise Fund has been able to pay for needed capital projects using available impact fees, reserves and recurring revenue, the magnitude of capital soon needed will require issuance of debt. The impact of this debt service on utility rates is the subject of an ongoing rate study to be completed in summer 2021. Fortunately, this fund is in good financial condition and significant reserves are available to alleviate “rate shock”.

Potable Water

The City last received a Consumptive Use Permit for groundwater withdrawal in 2017. Compliance with this permit requires additional distribution of reclaimed water, recharge in rapid infiltration basins and development of additional water sources outside the Blue Spring springshed. Projects proposed in FY 21/22 include aquifer performance and groundwater quality testing and continued design of new wells and treatment facilities east of I-4 near the Fairgrounds, a search for new wellfield property east of the City’s existing Tomoka Woods well sites and continued participation with the other West Volusia Water Suppliers in mutually beneficial recharge and water supply projects. Additional water main looping and reinforcement projects (2022 Water Main Improvements) are also proposed in the 21/22 fiscal year.

Reclaimed Water

Construction of a new reclaimed water tank and pumping facility in the NW portion of our service area (on N. Stone St.) has been authorized and will be completed in the upcoming fiscal year. Reclaimed water retrofits in the Cascades, Cascades Park and Glenwood Springs subdivisions and new reclaimed water lines on Adelle Avenue to transmit reclaimed water north from the treatment plant are under construction and will be completed in FY 21/22. A new high service reclaimed water pump station, designed to improve flow and pressure in the reclaimed water distribution system during peak demand periods is currently under design with construction programmed in the coming fiscal year.

Wastewater Collection and Treatment

The operating permit for our wastewater treatment plant was renewed in 2018. While projects completed in the past fiscal year allowed the treatment plant to meet advanced wastewater treatment standards for nitrogen and phosphorus during low flow conditions, additional treatment process improvements will be needed to treat additional flow generated by new connections and reliably meet advanced waste treatment requirements anticipated in the near future. Studies are currently underway to predict remaining capacity in the existing plant, determine the best solution for its upgrade and better estimate probable upgrade costs. Funding for engineering design and permitting of the plant expansion and upgrade are requested in the FY 21/22 budget.

Geographic Information System (GIS)

Over the past seven years, almost all of the City's Utility Service Area has been incorporated in the GIS. The GIS is now widely used by Utility and Public Works personnel. Maps of most right-of-way infrastructure are available to all City departments and can be accessed by our field personnel on laptops, tablets, and smart phones. Thousands of record infrastructure drawings are now accessible in a user-friendly electronic format. The new Cityworks Work Order Management System has been implemented throughout the Public Services divisions. This system graphically attaches work orders and maintenance history to physical asset locations through the City. Most meters and system valves have been located with precision GPS equipment and have been incorporated in the GIS. While much of the GIS development to date has been performed by consultants; in the coming fiscal year, staff proposes to maintain and expand the GIS in house with the addition of another GIS technician.

Administration

The City's Utility Department has grown to become a large enterprise which has outgrown its existing facilities. Additional office, meeting and work space as well as parking is needed now and these needs are expected to grow. Design of a new Administration Building is currently underway and funding for the new facility is included in the FY 21/22 budget.

With the planned expansion of the wastewater plant, construction of the Utility Administration Building with additional parking and in recognition of the need to replace the 48-year-old Vehicle Maintenance Building, it has become apparent that the Public Services Complex will soon be built out. Staff is working to determine the potential to purchase adjoining property and prepare a campus master plan to address future needs.

AIRPORT

Revenue

The principal source of revenue for the airport is charges for t-hangars and property lease revenue. The proposed budget includes lease, grant, and sponsorship revenue of \$2,452,424. This is a 66.76% reduction due to major capital projects included in the FY 20/21 budget.

Programs/Services

There are funds included in the budget for the Sport and Aviation Expo (\$159,590), which are partially offset by sponsorships and other revenue (\$98,149). The budget also includes funds to implement the Pay Plan and \$15/hr. minimum wage adjustment (\$65,256).

The budget includes \$724,000 in capital projects with \$652,600 being funded from Grants and \$49,356 from airport reserves.

Environmental Mitigation from Wildlife Hazard Mitigation Plan	\$ 350,000
New Fencing at Sport Aviation Village	\$ 14,000
Design Additional New Hangars	\$ 110,000
Design Rehabilitation of South-Central Apron	\$ 120,000
Design Phase 2 East Sport Aviation Village	\$ 130,000
Total Airport Capital	\$ 724,000

Challenges/Opportunities

This year we will host the Sport Aviation Expo after being cancelled last year. We have had a lot of interest in lots in the Village. This year we executed the first lease in the Village and the hangar will soon be under construction.

STORMWATER

Revenue

Stormwater revenue for FY 21/22 is estimated at \$2,652,368 or increase of 40.60%.

Expenditures/Services

In FY 09/10, the City assumed responsibility for maintenance of streets in several new subdivisions. Part of the responsibility includes street sweeping in order to properly remove debris prior to it entering the storm drains and to comply with the City's NDPEs permit. Last year, we brought that service in house and as a result we have been able to increase the level of service. The budget includes the addition of 2 Equipment Operators (\$97,094). Additionally, there are funds to cover the implementation of the Pay Plan and \$15/hr. minimum wage adjustments (\$114,557). Lastly, there is \$1,217,114 in funding for capital with use of \$631,256 in stormwater reserves:

Replace Ditch Bank Mower	\$ 201,715
New Pole Barn	\$ 245,000
Replace Skid Steer	\$ 71,266
Replace Sterling Tractor	\$ 199,951
Replace Mower	\$ 9,479
Replace Camera Truck Van and Camera Collection Unit	\$ 148,370
Pennsylvania Avenue Drainage Improvements	\$ 72,000
Replace Mobile Pump	\$ 49,333
Hubbard and High Drainage Improvements	\$ 100,000
Miscellaneous Neighborhood Stormwater Improvements	\$ 100,000
Miscellaneous Pond Improvements	\$ 20,000
Total Stormwater Capital	\$ 1,217,114

Challenges/Opportunities

Past hurricanes and tropical storms made us realize that there are still improvements that can be made to alleviate flooding in areas throughout the City. There are still several projects included in the Stormwater Master Plan and included in the rate study approved last year that could help alleviate these additional flooding concerns. We will also continue to work on neighborhood flooding issues.

PERMITS & INSPECTIONS FUND

Revenue

The proposed budget for FY 21/22 is \$2,456,671. This is a decrease of 2.86%.

Programs/Services

The budget includes \$75,000 for Accela Platform enhancements. The budget includes partial costs for a new Community Development Deputy Director (\$40,972) and Part-Time Fire Inspector (\$13,425). Additionally, there are funds to implement the Pay Plan and \$15/hr. minimum wage adjustments (\$170,604).

Challenges/Opportunities

The residential and commercial construction market has been robust for the past few years though Covid-19 did have an adverse short-term impact on many commercial projects. Residential construction remains extremely strong while many commercial projects were slowed during 2020 due to the uncertainty of Covid-19 impacts on the commercial sector. The first quarter of 2021 has seen commercial development begin to recover and positively respond to the increased rooftops in the city. There has been some turnover in the customer service positions within the department but moving to the \$15/hr. minimum wage should help resolve this issue. In the past two years we have been able to fill all vacant plans review and inspector positions and plan review and permitting turnaround times are now in line with our stated goals and performance measures. Additionally, we increased training and communication with front-end staff and added over the counter permits to enhance customer service experience.

The Accela Civic Platform electronic permitting software allows customers 24-hour online access to submit, track, schedule and coordinate permitting and inspection activities. This has improved service delivery time and increased the amount of information readily available to the development community and general public. The built-in workflow allows electronic documents to be easily shared and reviewed across departments. Mobile capabilities provide customers with faster and improved access to their data and it enhances staff productivity. With the implementation of the ePermitHub electronic plan review interface in the last quarter of 2020, applicants are now able to submit plans online and for staff to review and track them electronically. As a result, the permitting process is now 99% paperless. In addition, the Open Counter software solution provides an automated guide to the city's permitting processes and will gather the information required to submit applications in the Accela Civic Platform. The Business Portal guides entrepreneurs through the requirements of opening a business while the Residential Portal assists residents with identifying the permits and licenses they need for their home improvement projects.

The Building Division will continue to upgrade and enhance the Accela Civic Platform and cross-train customer service personnel in order to provide the best customer service experience available and optimize employee productivity.

COMMUNITY REDEVELOPMENT AGENCY

Revenue

The proposed budget is \$607,152, a 1.29% increase. The pre-preliminary taxable value in the downtown over the base year is \$40,061,197, an increase of \$462,757 or 1.17% from the prior year. This increase in taxable value -will generate an additional \$6,596 in taxes at the millage rate previously discussed. Using the proposed millage rate for the City, and the current ad valorem taxes collected for all other contributing taxing entities, the estimated ad valorem revenue for FY 21/22 is \$534,443. This is an increase of 1.47%. The proposed budget increases reserves by \$49,789 leaving an estimated \$599,000 at the end of FY 21/22. This does not include \$500,000 in unspent loan proceeds for a new parking lot on the existing fire station site that is to be demolished.

Programs/Services

Revenues are sufficient to cover expenditures to include all the costs for waived downtown Special Events. A new three-year agreement with MainStreet DeLand Association started in FY 20/21. The budget includes payment on the debt service for the Fire Station Parking Lot (\$38,435). The budget also includes funding for a graffiti repair grant to assist downtown properties to expedite graffiti mitigation (\$2,500). Estimated CRA reserves at the end of FY 21/22 are estimated to be \$599,000. Programs for the FY 21/22 year include:

- Mainstreet Administration
- Regional Marketing Campaign
- Downtown Sculpture Program
- Fire Station Parking Lot (Loan)
- Infrastructure Maintenance
- Special Events
- Historic Preservation
- Maintenance of Downtown Assets (Pioneer Park, Chess Park, Streetscape, etc.)
- Repair/Replacement of Christmas Decorations
- Grants
- New Independent Audit Requirement

Challenges/Opportunities

The CRA held a workshop this year on potential capital projects and staff is currently in the process of securing a firm for design services and anticipates project costs to be presented in the second quarter of FY 21/22. After securing a consultant and getting FDOT approval in August, the installation of pedestrian wayfinding signage is anticipated to be installed by December of 2021. The City Commission and CRA approved the development and acquisition agreement for the old jail property last May and we are waiting on a Planned Development Agreement from Glasshouse. Although the agreement includes an incentive from the CRA, funds are not included in FY 20/21 budget as the incentive will not begin until the developer has occupied the building expected in 2023. MainStreet DeLand, Stetson University, and representatives from Volusia County and the City of DeLand have begun to meet to discuss the formulation of a strategy for connectivity between downtown and SunRail. As the effects from the pandemic start to wane, the City will be working with all of its event organizers on strategies to safely bring back event activity in the Downtown.

SPRING HILL COMMUNITY REDEVELOPMENT AGENCY

Revenue

This year, the pre-preliminary taxable value in the Incorporated Area of Spring Hill over the base year is \$18,067,398, an increase of \$6,295,543 or 53.48% from the prior year. This increase will generate an additional \$42,416 in taxes at the millage rate previously discussed. Using the proposed millage rate for the City and the current ad valorem taxes collected for all other contributing taxing entities, the estimated ad valorem revenue for FY 21/22 is \$241,031. This is an increase of \$118,417 or 96.58%.

The preliminary taxable value for the Unincorporated Area of Spring Hill over the base year is \$6,618,978, a decrease of (\$4,262,801) or -39.17% from the prior year. Using the current ad valorem rates collected for all other contributing taxing entities, the estimated ad valorem revenue for FY 21/22 is \$81,797. This is a decrease of (\$24,569) or -23.10%.

Programs/Services

The proposed budget totals \$356,909 and includes funds to operate the new Dr. Joyce M. Cusack Community Resource Center (\$165,887). The Spring Hill CRA will also continue the Property of the Quarter program. The budget also includes funds for exterior improvement grants (\$5,000), connection assistance grants (\$100,000) which is offset by a grant from the Florida Department of Environmental Protection, and debt service on the new Dr. Joyce M. Cusack Resource Center (\$36,386). The proposed budget increases reserves by \$41,408, leaving an estimated reserve balance of \$360,000 at the end of FY 21/22.

Challenges/Opportunities

Values appear to be on track to cover the operations of the new Dr. Joyce M. Cusack Resource Center and the debt service for the facility. Staff recently opened the new facility and will continue to implement the community services that were outlined in the consultant report that was completed this past fiscal year. A pandemic delayed formal ribbon cutting will take place at the annual TURN Festival this September. The annual Mayor's Backpack Giveaway will be brought back to Earl Brown Park this year after last year's event was forced to be a drive-thru due to the pandemic. Due to COVID-19, many of the traditional in-person services offered at the Dr. Joyce M. Cusack Resource Center have either been scaled back or administered in a virtual manner to ensure client and staff safety but are slowing going back to in-person. FY 21/22 will challenge staff to find the best methods/practices to deliver these services to the safest extent as possible. City staff has been working with County Staff on bringing forth a work plan for dirt road paving and sidewalk installation with the use of reserve funds. Staff will be challenged to find a new use for the old Resource Center location at 910 S. Adelle Avenue. Staff will also be challenged with trying to encourage area property owners to sign up for the recently relaunched Sewer Connection Assistance Program that is aimed to get residents onto City sewer and off of septic.

ACKNOWLEDGEMENTS

I would like to recognize Dan Stauffer, Finance Director, Heidi Van Etten, Assistant Finance Director, and Nick Segel, Budget Manager, for their professionalism and continued dedication to continuous improvement in the budget process. I would also like to thank Mike Grebosz, Assistant City Manager for his hard work on the performance measures. Thanks to their efforts, the Government Finance Officers Association has awarded DeLand the Distinguished Budget Award for the past fifteen consecutive years. I would also like to recognize all of the department heads for their hard work in developing programs, goals, and performance measures that went into this budget. Their teamwork and professionalism are exemplary and the reason for our success. Thank you for this opportunity to present this recommended budget and I look forward to working with you to address the challenges and opportunities that lie ahead.

Very truly yours,

Michael Pleus, ICMA-CM
City Manager