

Introduction

CITY OF ORLANDO, FLORIDA

OPERATING AND CAPITAL IMPROVEMENT BUDGETS

FY 2003/2004

Mission Statement:

Serving Orlando with innovation, responsiveness, knowledge, courtesy and professionalism.

Buddy Dyer	Mayor-Commissioner*
Phil Diamond	Commissioner, District 1**
Betty T. Wyman	Commissioner, District 2*
Vicki Vargo	Commissioner, District 3**
Patty Sheehan	Commissioner, District 4*
Daisy W. Lynum	Commissioner, District 5**
Ernest Page	Commissioner, District 6*

*Term expires May 31, 2004

**Term expires May 31, 2006

Department Identifier:

- Executive Offices
- Economic Development
- Families, Parks & Recreation
- Finance
- Fire
- General Administration
- Housing
- Mgmt., Budget & Accounting
- Police
- Public Works
- Special Funds

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ACKNOWLEDGEMENTS

COMPILED BY THE STAFF OF THE MANAGEMENT, BUDGET & ACCOUNTING DEPARTMENT and THE GENERAL ADMINISTRATION DEPARTMENT

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MAYOR'S LETTER

July 28, 2003

Dear Citizens:

I am pleased to present the annual budget for fiscal year 2003/2004.

While the challenges we have faced in these first six months have at times been daunting, this administration and this City Council have met the challenge. Stop and think for a minute about the last six months.

After discovering a \$23 million shortfall for the FY 2002/2003 budget year, working with the City Council we were able to balance the City's budget without raiding the General Fund reserves...and we did it in the first 20 days of this administration.

We had a little more than 12 hours to transition from the Buddy Dyer for Mayor campaign to the Buddy Dyer administration at City Hall and I believe we managed that process seamlessly. Much of the credit for that successful transition must go to City staff.

City staff, who love their work, but above all, love this City and desperately want us to succeed and move the City Beautiful forward. City workers have been asked to roll up their sleeves and do more with less and we march forward today due in large part to their sacrifice and commitment to excellence.

I rescinded the implementation of the furlough program we designed in March to help us balance the FY 2002/2003 budget. Based on our end of the year projections, I believed we could maintain our balanced budget without that sacrifice...for those employees who already worked a day or more without pay, those dollars were returned to them.

Contained in my budget is a 2% increase in salaries, a holiday bonus and longevity bonus. What is not in this budget document is my sincere thanks to all City employees for seeing us through difficult months. I want to again say thank you to each and every City employee. My hope is that maintaining these pay incentives and bonus programs will demonstrate the value I place on each one.

While transition time was short, we did manage to successfully launch a transition team to review the functions of the City from top to bottom. Wayne Rich, who today serves as our City Attorney, led that effort. The transition team was charged with leaving no stone unturned in its review of City government. They were told that there were no sacred cows. In less than 90 days they produced a roadmap that will, over time, help lead us to the revitalization of our great City and the services we provide.

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MAYOR'S LETTER

We have watched our nation go to war and Orlando has been in the national spotlight, as we welcomed home David Williams. We have restored our relationship with Orange County, which has led not only to our staffs meeting and working together on a regular basis, but also to an agreement to move forward on Mobility 20/20. And we did it in a way that guarantees the City of Orlando will have a major role in the discussions surrounding our transportation future.

And we didn't stop there. In addition to the agreement on Mobility 20/20 we have reached seven additional agreements with the County Commission and Chairman Crotty. These include various boundary agreements, which had become contentious in the past, as well as an agreement facilitated by Commissioner Homer Hartage to provide reduced rate hook-ups to the City sewer system for County neighborhoods. I will continue to work to move the City and County forward...together.

Working with your City Commissioners, we have moved forward on developing a town center in Metro West that will create family-wage jobs and a greater sense of community in that area. The City Council also approved a Memorandum of Understanding with CNL that will create the impetus for building the first new office building in downtown Orlando in three years, creating over 400 new family wage jobs and allowing the citizens of Orlando to control the future development of the area we call the "Super Block" in our downtown corridor.

We have appointed a **Downtown Strategic Task Force**, chaired by Cari Coats, to do an exhaustive review of how and what our Downtown should look like in the future. And, to make recommendations on how we get there.

I have asked Bill Sublette to chair the **Mayors Education Action Group**. Bill has committed his energy and vitality to the mission of making the City of Orlando public schools better and to finding a way to expand the opportunity for children to attend Pre-K classes in Orlando.

Jim Pugh has accepted the challenge of helping to give direction to our plans to develop a new Performing Arts Center that will be located somewhere in our downtown corridor... perhaps across the street on the "Super Block".

We have, in the face of record budget deficits, successfully reorganized City government. Today, the City of Orlando has a cabinet that meets with your Mayor twice a week to interact and advise on the progress and challenges each of our departments face on a daily basis. Never before has the City had a structure in which each City department can listen and realize the potential of the synergy between departments. Fire Chief Bowman and Police Chief McCoy will tell you that they are the envy of their colleagues around the state because of the access they have to their Mayor. We are going to keep it that way.

We have taken the necessary, but incredibly difficult, steps to streamline City operations and downsize our workforce.

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With each action there is always a reaction. Some have argued that we have taken these steps and made these changes at City Hall as a political calculation...nothing could be further from the truth. The beaten path is always the safest...doing nothing or maintaining the status quo is far easier and safer politically than taking bold steps to effect change even when change is desperately needed. Doing what is right for the City regardless of the political consequences has been my guiding principle as we are moving the City forward.

We have done much, but we still have much to do.

As the City Commissioners and many of you know, we conducted extensive budget workshops for the first time in our City's history. During the budget camp we were advised by the Management, Budget and Accounting Department that we had a potential \$14 million shortfall based on revenue projections and the proposed 2003/2004 budgets that had been submitted. I asked our Directors to sharpen their pencils.

I am presenting a balanced budget, while holding the line on property taxes, without touching our General Fund reserves and without further work force reductions.

Many of the challenges we have faced as a city are due to circumstances beyond my control or the control of former Mayor Hood. Since September 11, 2001 our State, and in particular our City, has been reeling from an economic downturn that has dramatically affected the travel and tourism industry. Unemployment is down slightly from last year's high of 5.6%, when Mayor Hood presented her last budget address, to a slightly lower rate of 5.2% today. But what hasn't changed in this economic downturn is the disproportionate and dramatic impact every economic downturn has on African American and Hispanic families in our City and across this country. While the overall rate of unemployment for Orlando today is 5.2%, the unemployment rate among African Americans and Hispanic families is substantially higher.

As I worked with the cabinet in crafting this budget, we operated with several guiding principles in mind as we tried to make the cuts necessary to get us to a balanced budget. The first principle was that we would not cut public safety services to our citizens.

Cities were founded and established to provide police and fire services to their citizens. The foundation and core of our administration is the Police and Fire Departments of this City. I have pledged that regardless of the budget circumstances and economic downturn, I would not propose a City budget that compromises public safety services.

Working with Chief Bowman and Chief McCoy, as well as Sam Hoffman of the Fraternal Order of Police and Steve Clellan of the Orlando Firefighters, I am happy to report that, while we have done some belt tightening in both departments, the proposed budget will put more police officers on the street and more firefighters on trucks than last past years' budgets. This will help ensure that The City Beautiful also remains one of the safest cities in Florida.

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In addition, we are moving forward with conceptual plans to move and replace the Orlando Police Headquarters on Hughey Street, which is 30 years old. In this years budget we have committed \$1.5 million for design work on a new public safety complex.

Protecting our citizens is the core business of our City and I am committed to developing a comprehensive public safety complex with state of the art technology to provide our police officers with the tools they need to protect us.

Second, while we had advised all of the social services groups that the City has traditionally funded that they may face a cut in their budgets, I rejected that avenue as a way to balance the budget and advised Management, Budget and Accounting to go back to the drawing board. Why is it that when there is an economic downturn governments traditionally cut the very services people need when they are out of work? By adopting this budget we will not follow that trend.

Using funds which are available to us as a result of the Orlando Police Department's work over the years in confiscating contraband, forfeitures and stolen property, we will maintain funding at the FY 02-03 levels for the Arnold Palmer Hospital-Sexual Trauma Recovery Center, the Boys and Girls Club of Central Florida, the Center for Drug Free Living, the Center for Independence, Technology and Education, the Central Florida Police Athletic League, the Children's Home Society, the Christian Service Center, the Coalition for the Homeless, Community Care for Children, Community Services Network, Consumer Credit Counseling Service, the Devereux Foundation, Guardian Care, Harbor House, Legal Aid Society, Metropolitan Orlando Urban League, Quest, Salvation Army, Seniors First, Inc., Share the Care, Shepherd's Hope, and the Stepping Stone Foundation.

We have also maintained funding for the Economic Development Commission. These economic times have further illuminated our dependence on our tourism-based economy. We must find a way to create family wage jobs and diversify our economy and now is the time to do it! The EDC is one of the tools we need to use in that effort. The budget maintains funding for the EDC at FY 02-03 levels.

As I have already pointed out, in these difficult economic times African Americans and Hispanics face unique challenges as they pursue the American Dream right here in Orlando. Government must play a role in helping our neighbors help themselves. The budget calls for a 50% increase over last year for the Black Business Investment Fund and the Hispanic Business Initiative Fund. Both of these programs help our struggling small businesses flourish and prosper. Now is the time to make this investment in both of these programs.

During tough economic times governments look to cut repair and replacement funds and to do away with any dollars for capital construction. After meeting with and listening to my cabinet and your City Commissioners and hearing their recommendations, it became clear to me that to put off repair, replacement and capitol construction would set our City back... not move us forward. I ran for Mayor because I want our City to move forward, I did not run for Mayor in order to preside over the demise of our City.

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While unemployment is high, interest rates are at an all time low. With that in mind, the **City Council has authorized the sale of \$25 million in bonds to fund and complete our City's capital construction needs for the next 24 months.** We live in a time when I can safely say that these projects will not get any cheaper to build, nor will the cost of borrowing money ever be as cheap.

It is time to stop talking about new pools at the Northwest Community Center and the Smith Center. It is time to actually build those pools! The citizens of Rosemont and College Park need, want and have waited for new community centers. We need to move forward and build those centers. We need to complete the revitalization and renovation of Lake Eola. We need to have the matching funds available to maintain our commitment on the Hope VI project in Parramore. We must address the recreational needs of the families who live in Ivey Lane and Rock Lake. We need to keep Orlando moving forward and we can do so by being smart and taking advantage of market conditions in these difficult economic times.

We will take \$5 million from the Utility Tax Fund and maintain our commitment to things like curb ramp and brick street replacements, park signage replacement, neighborhood traffic management and sidewalk replacements. Under this plan all of our renovation and replacement needs will be met for this 2003-2004 budget year.

Finally, as I mentioned earlier, I have asked Bill Sublette to chair the Mayors Education Action Group. One of the challenges that the committee faces is finding a solution to providing additional pre-K classes in the City of Orlando. Early childhood education is critical to the development of our children and their ability to excel academically later in their lives. Today, there are 12 pre-k classrooms in Orlando. In the budget there is \$200,000 for the Orlando Pre-K initiative and I am committed to raising an additional \$200,000 from private sources. In addition, the Orange County School Readiness Coalition has already pledged \$100,000 to our efforts. These funds which total more than \$500,000 will allow us to enter into a partnership with the Orange County School Board to increase the number of pre-k classrooms by almost 50%, taking the number of classrooms from 12 to at least 17 Pre-K classrooms in Orlando...classrooms which will be located in the neediest areas of our City. The first two new classrooms will be ready in September with additional classrooms coming on line during the course of the year.

Ladies and gentlemen, I am able to make these recommendations today because of the difficult and prudent decisions this Council has made these past few months. While other cities face devastating budget issues and questions, your City Commissioners and Mayor have wrestled with these issues since the 25th of February and I am happy to report that we are ahead of the curve. The capital markets recognize that this administration is committed to a prudent fiscal policy and a willingness to make the tough and necessary decisions in an effort to keep our budget balanced during these difficult economic times.

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MAYOR'S LETTER

We are six months into building the great city I challenged all of us to envision on the steps of City Hall in February. Today, with this budget we maintain our course towards that end in the face of the daunting economic times we live in.

Florida Statute Section 166.241 requires that I present a balanced budget, which for FY 2003/2004 is \$589,987,149. I am proud to do just that.

Thank you for your time and attention and thank you for your confidence and support these past few months.

Sincerely,



Buddy Dyer
Mayor

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DIRECTOR'S LETTER

October 31, 2003

Mayor Buddy Dyer
and City Commissioners
City of Orlando, Florida 32801

It is my pleasure to present the approved City of Orlando fiscal year 2003/04 Budget. This document was assembled by the newly formed Department of Management, Budget and Accounting (MB&A). As part of Mayor Buddy Dyer's reorganization, the Comptroller's Office and the Management and Budget Office were combined to consolidate financial expertise in one area. I am grateful for the opportunity to serve as the first Director of this new Department. The budget was prepared through a collaborative effort of the MB&A Department and all City Departments under the leadership of the Mayor. The Council had input throughout the process during the Budget Camp workshops in early July and the presentation by the Mayor and myself on July 28, 2003. The citizens had opportunity for input during two formal public hearings in September and throughout the preparation and review process.

This year's budget is a sound budget, which maintains the City's current financial condition. As the Mayor had said in his budget address presented on the preceding pages, it has been a difficult year. Upon entering office through a special election, he faced a projected General Fund deficit after a deficit in FY 2002. Drastic action was required, and through the Mayor's leadership, the projected General Fund deficit was resolved. In fact, we are projecting a small surplus for the year ending September 30, 2003. The reduction in force during fiscal year 2002/03 gave the City the ability to absorb built-in expenditure growth in fiscal year 2003/04 caused by increased union salaries and overall benefit costs.

On October 7, the voters rejected Mobility 20/20, a half cent sales tax increase for Countywide transportation needs. This will require the funding of those needs from other revenue streams in the future, if at all. While maintaining the pledge not to use General Fund reserves, the City will continue necessary maintenance to our infrastructure through use of an accumulated surplus in the Utility Tax Fund. The City will continue to grow and expand our services through an anticipated capital improvement bond issue in 2004, which will help us meet citizen demands for governmental services.

The enterprise funds have suffered the same depressed economy that affects the governmental operating funds. With rising operating costs, principally personnel costs, and a flat or slightly rising revenue stream, all enterprise funds are under financial stress. This, coupled with capital commitments for improvements of existing infrastructure or growth, has resulted in projected deficits that will eventually lead to rate increases or service level changes in the coming year. Each of these will be addressed during the next calendar year.

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These difficult economic times have caused a culture shift at the City of Orlando. To maintain our historically strong financial condition, it has been necessary to implement more stringent budget and fiscal management practices. We are more focused on monitoring and control, as well as forecasting projections into the future for all fiscal events. In developing budget and fiscal policies, we are considering the *Recommended Budget Practices* established by the Government Finance Officers Association and the National Advisory Council on State and Local Budgeting. These policies and practices will serve the City well into the future and should still be maintained during a good economy.

I would like to take this opportunity to thank the Mayor and City Commissioners for their support during these difficult times, and each Department Director for their support, willingness, and cooperation during the budget process. This budget could not have come to fruition without dedicated Management and Budget staff led by Mike Stieber. It has been a pleasure working with them all.

Sincerely,



Robert R. Garner, CPA, CMA, CGFO
Director of Management, Budget and Accounting

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