

Mayor's Budget Address

TABLE OF CONTENTS

Mayor's Budget Address

2

Mission Statement:

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

Department Identifier:

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

Mayor's Budget Address

MAYOR'S BUDGET ADDRESS

July 19, 2004

City Commissioners:

As required by statute, I present to the Orlando City Council a budget for fiscal year 2004/2005, which begins on October 1, 2004, and runs through September 30, 2005.

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This marks my second budget presentation and follows, as it did last year, on the heels of a week we like to call budget camp, which is a series of hearings and presentations by each of the City departments to the City Council. This budget camp gives our Council the opportunity to examine spending levels by each Department and to provide the fiscal oversight mandated by their selection as your representative on this City Council.

These hearings and presentations were done in our City Council Chambers, and they were open to the public and rebroadcast on Orange TV.

This marks the second budget in which our City Council members have had the opportunity to quiz the Executive Offices which report to the Mayor on their spending habits, and to question whether or not each Department is making progress on their mission or charge. This process will remain in place as long as I am your Mayor. Both the City Council and citizens should always have the opportunity to examine and question how tax dollars are being spent.

Over the last 16 months, I am grateful that at different junctures, when given the opportunity, this City Council has implemented a series of recommendations and City policy changes that have brought to bear many of the financial rules and policies that exist in the private sector.

Department Identifier:

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

We have created a Finance Committee, which is providing financial oversight and advice to ensure that the City's finances are properly managed. This committee is made up of one Commissioner, Commissioner Diamond, your Mayor and three citizens from our community. **We have implemented a policy setting requirements for the reserves the City could maintain, and we have outlined why that policy is needed to keep our great City in good financial stead both here and on Wall Street.** We require all managers to examine their budgets on a monthly basis and require that they stay within budget and make the necessary adjustments to do just that. And for the first time in our City's history, we are doing budget projections far out in the future to plan what our City can afford today and tomorrow.

I would like to be able to report to you today that all these new policies will produce new revenue, but as you all know the adjustments we have made simply allow us to manage the revenue we receive in the most prudent fashion possible. And we are doing just that.

With all the new policies and procedures, with all the belt tightening and staff reductions that we have made, we still face challenges. Past reductions have changed our ratio of employees from 19

Mayor's Budget Address

MAYOR'S BUDGET ADDRESS

City staff per 1,000 residents in 1994 to 15 City staff per 1,000 residents in 2005. That's the good news.

However, last week if you had sharpened your pencils and kept score as each department reported their budgets, expenditures and our projected revenues, you would have reached the alarming conclusion that our expected expenditures exceed our expected revenues by almost \$27 million.

After months of examination and budget cutting, our City faces the same challenges that all cities across America and our state are facing.

*Fifteen percent increases in health care costs.

*Poor market performance driving our pension costs up.

*Labor contracts negotiated during the boom years of the 90's but coming due during this economic downturn.

*Homeland Security expenditures required as a result of the times we live in.

As I mentioned, Orlando is not alone in facing this challenge. Miami recently announced a projected budget shortfall of \$59 million. New Port Richey announced a budget shortfall of \$6.7 million, Apopka is considering a property tax increase for the first time in a decade in order to meet their needs, and the list goes on and on. News from the around the country isn't any better as it relates to cities, as Los Angeles recently announced that they were facing a \$300 million deficit.

All of these cities face the same challenges we do...a health care system with double-digit increases, pensions that need to be maintained and managed in a prudent fashion during a period of poor market performance...and the cost of living in a world that has changed drastically since September 11, 2001.

Because of the difficult decisions that we made last year, Orlando is ahead of most cities that are now facing tax increases and a reduction in services.

We have made every effort to trim and cut, to do more with less, in order to provide the services our citizens deserve.

Today I submit to you a balanced budget that represents almost six months of work and creative thinking on how to restructure our City services and finances in order to meet our obligations and close the projected budget gap for next year.

For a second straight year, I have rejected the siren calls to raise property taxes in order to balance this budget. Many have suggested that given the economic times we live in we should at least

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Department Identifier:

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

Mayor's Budget Address

MAYOR'S BUDGET ADDRESS

increase the millage rate to the level it was at prior to the reduction proposed by Mayor Hood in 2001 and adopted by this Council.

But I believe, through continued implementation of sound management practices, we can achieve a balanced budget for 2004/2005 without raising property taxes. I will caution this Council and our citizens that if market conditions do not improve, if we as a nation do not come to grips with the spiraling costs of our health care system, if at the federal level we do not recognize that in order to protect the homeland our cities need the resources to operate as the front line of defense in our war on terror, I cannot promise that I will return to this City Council chamber and submit a balanced budget to you next July for 2005/2006 without new revenue sources being identified in order to meet our obligations.

Recently, Fort Lauderdale announced that they would eliminate 42 sworn police officers in an effort to cure their budget woes.

I can promise this Council that at no time during the course of our administration here at City Hall we will waiver in our commitment to our public safety budgets, our Police Officers and our Firefighters, nor will I ask you to cut these budgets in an effort to balance our City's budget.

Last year we were able to add 13 new firefighters to your Fire Department. As you heard from Chief Bowman this past week, our City will need new firehouses in the new neighborhoods of our growing City like Lake Nona and Baldwin Park. We are taking the approach that new growth in our City should pay for itself. With that in mind, I can report to you that I will be bring to this Council in the coming months commitments to not only provide land for new stations, but through developer agreements a commitment on the behalf of developers to build the new stations we need.

Working within existing budgets we will staff these new facilities and provide the fire services that these neighborhoods deserve.

This year, while additions to our budget are few and far between, I am happy to report to you today that contained in our budget is the addition of eight new sworn police officers and one new lieutenant for our Parramore neighborhood. With Commissioner Lynum leading the way, we will provide her with the tools she needs to make Parramore the shining star in our galaxy of neighborhoods. What we will not do is listen to those who would suggest that Parramore isn't as bad as it used to be...because it is clear to all us that Parramore isn't as great as it can be.

When adopted, this budget and City Council will send a clear message to those who would sell drugs and destroy lives in this neighborhood...your days are numbered if you are operating in the Parramore neighborhood.

And we will increase our vigilance as it relates to code enforcement issues in this neighborhood.

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Department Identifier:

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

Mayor's Budget Address

MAYOR'S BUDGET ADDRESS

Today I am asking you for two additional code enforcement officers for Parramore in order to root out and prosecute code violators in this neighborhood...if this were a basketball game, I can tell you here today that my charge to Mike Rhodes, our Code Enforcement Division Manager, is to put a full court press on code violations and code violators in Parramore. These new code enforcement officers will be vigilant, persistent, and their presence will create a more livable Parramore neighborhood.

We, as a city, will not tolerate buildings in disrepair and families facing lives in rental units that are inadequate by any standard of decency. If you operate a rental unit and it is in disrepair, fix it...or face the consequences. I am committed to making The City Beautiful just that...for all of our neighborhoods.

Today I am submitting to you a budget that maintains our commitment to our new community centers in Rosemont and College Park, the new pool at the Smith Center, an addition for Dover Park, improvements at Barker Park and the additional projects that we approved in the last budget when we made the decision to take advantage of market conditions and create a two-year capital construction improvement package for our neighborhoods.

As I submit this budget to you today I want to again, as I did last year, thank our City employees and point out the incredible job they do for our citizens...they love their jobs and this City. Even in these difficult economic times we cannot ask our City employees to go year-to-year without a salary increase and so **again this year my budget recommendation is for a two percent increase across the board for our City employees.**

As contracts run their course, all employees need to know and understand that **it is at my direction that all wage increases must mirror the two percent that we are providing for our employees across the board whether you are in a collective bargaining unit or not.**

In an effort to balance our budget without raising property taxes, **we have restructured our utility enterprise funds so they will provide our City General Fund with a dividend from time-to-time, much like the dividend we receive annually from OUC. This year the dividend from utility Enterprise Funds is \$6.3 million dollars that we will use to close the budget gap and still maintain the reserves we need in each of these funds.**

This year our Risk Management Fund will produce dividends of \$2.6 million as a result of the prudent management of our liabilities.

In an effort to further close the gap, **I have asked our Cabinet members and day-to-day managers to manage their personnel budgets with extreme acuity and to spend only 97 percent of those budgets in the upcoming fiscal year.** At any given time this past fiscal year we had between 150-300 positions unfilled as a result of normal staff attrition and with prudent management our managers will be able to maintain service levels, fill open positions in a timely manner and keep the City budget balanced.

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

Mayor's Budget Address

MAYOR'S BUDGET ADDRESS

Finally, with the adoption of our fiscal management polices relating to our General Fund reserves, I am comfortable in including in this budget a recommendation to allocate \$7 million from our reserves, leaving our City with a General Fund reserve balance of \$47 million.

Florida Statue Section 166.241 requires that I present you with a balanced budget, which for FY 2004/2005 is \$604,139,779. I am proud to do just that.

Sincerely,



Buddy Dyer

Mayor

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[Executive Offices](#)
[Economic Development](#)
[Families, Parks & Recreation](#)
[Finance](#)
[Fire](#)
[General Administration](#)
[Housing](#)
[Mgmt., Budget & Accounting](#)
[Police](#)
[Public Works](#)