

**Upper Captiva Fire & Rescue District**

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13 July 2023

SUBJECT: FY24 Budget Proposals

BLUF: Chief Cottrell, Assistant Chief Tracy, and I are proposing spending in the **\$1.1 Million to \$1.2 Million** range and I recommend approving revenues of about **\$1.17 Million** (either at the maximum millage rate of **3.75 mils** and **NO special assessment OR** a millage rate **below the rollback rate** and a **dramatically reduced** special assessment (**reduced by more than 50%**). With the 26%+ increase in taxable valuations on the Island this year and the 1.3% DECREASE next year, the special assessment may not be needed at all in FY24 (**or might not have been proposed** by the last board for referendum had they waited one month for the increased baseline taxable valuations this year).

Fiscal Year	FY21	FY22	FY23	Estimated Numbers			
				FY24	FY25	FY26	
Ad Valorem Tax Rate (Mils)	3.3563	3.5000	3.1000	3.1419	3.7500	3.7500	3.7500
Estimated Rollback Rate	3.3563 RB	3.2029 RB	2.8177 RB	2.8007 RB			
Estimated Total Value (Millions)	\$227.728	\$240.536	\$303.52	\$299.468	\$308.452	\$317.706	
Annual Value Increase (Decrease)	\$2.5295	\$12.807	\$62.983	(\$4.051)	\$8.984	\$9.254	
Gross Ad Valorem Tax	\$764,324	\$841,875	\$940,910	\$940,911	\$1,123,006	\$1,156,696	\$1,191,397
Less Tax Discounts	(\$22,930)	(\$29,466)	(\$30,580)	(\$28,227)	(\$33,690)	(\$34,701)	(\$35,742)
Net Tax Revenue	\$741,395	\$812,409	\$910,330	\$912,684	\$1,089,316	\$1,121,995	\$1,155,655
Other Income			\$24,800	\$82,000	\$82,000	\$82,000	\$82,000
Special Assessment Income	\$447,400	\$447,400	\$447,400	\$177,000	\$0	\$0	\$0
<b>Total Revenue</b>	\$1,188,795	\$1,259,809	\$1,382,530	\$1,171,684	\$1,171,316	\$1,203,995	\$1,237,655

1. Chief Cottrell, Assistant Chief Tracy, and I agree that our likely proposed spending for FY24 should be in the **\$1.1 Million to \$1.2 Million** range after eliminating the non-recurring major costs in FY22 and FY23 (**and NOT including any recommended Capital purchases until January – March timeframe as part of a mid-year review**):
  - a. In FY22, there was a \$256,000 increase in spending over FY21
    - i. **\$75,000+ increase** in spending to give our “full-time” chiefs an additional 61+ paid days off each, without any change to the other components of their benefit packages
    - ii. At least **\$175,000** was attributable to the new garage
    - iii. Those costs are non-recurring in future years and would indicate **\$250,000+ in lower spending**
  - b. In FY23, there was a budgeted spending increase of \$121,000 over FY21:
    - i. Termination of the former Chief’s contract saved his compensation (**\$87,000+** that included a 10% pay raise), a 12% retirement contribution (**\$10,000+**), and a **\$27,000+** health insurance cost
    - ii. Our projected Pay and Benefits spending will likely be between \$815,000 - \$845,000, which is **\$55,000 - \$85,000 less** than budgeted this year
    - iii. Other spending this year that is non-recurring is **\$27,000** for the new **UTV**, unbudgeted **garage** spending of **\$70,000 - \$85,000**, and various post-IAN costs
    - iv. The expected ending reserves on 30 September 2023 is likely to be higher than the current estimates (since the ending reserve last September is likely to be higher than budgeted, based on our FY22 audit, and that number was our **STARTING** reserve number in FY23 .. that affects our **ENDING** reserve number expected on 30 September 2023)

- c. For FY24, most of the proposed spending budget is the **SAME** as what the **last board approved** in September 2022 for **this year** except:
  - i. Reduced Pay & Benefits costs (detailed worksheet is provided) **reduced by \$65,000** even after:
    - Including Chief Cottrell's new command staff
    - Including a raise that averages 4% that we propose to implement in January 2024 (just as Social Security, Federal & Military employment, and Federal & Military pensions are paid)
  - ii. Reduced **bookkeeping** and legal costs (although we know that Martin's lawsuit against the District will cost something above a baseline level of spend, I propose that we reevaluate those costs and the budget in April as part of a mid-year review)
  - iii. Reduced rents & leases at Pineland Marina by half, with the loss of one of the District's boats (if not replaced)
  - iv. Reduced uniforms & supplies now that our former Chief isn't buying himself a new full-dress uniform every few years (Chief Cottrell has proposed polo shirts with UCFRD insignia as their "dress" uniform for off-island meetings)
  - v. Reduced fuel budget, again due to the loss of the second boat and Chief Cottrell's transition from gas-operated vehicles to a "pure fleet" of diesels (higher per gallon cost but also better MPG)
  - vi. Lastly, I propose deferring discussion of a Capital Budget until January – March, to give our next permanent chief time to identify what is needed, development of costs and comparisons of alternatives, and more reasoned Board discussion, separate from the annual budget process
    - Historically, capital items were never BOUGHT until **after January**, well after revenues started each December
    - Our target of 17% of Operational Spending as a minimum Operational Reserve each year (about \$200,000 for next FY), that really shouldn't include capital spending
    - My background, coming from 27 years in the Army Medical Department, was that capital budgeting was always separate from the annual budget process, with different funding and approval processes .. and I propose something similar for the District starting next year
  - vii. As a reminder, there is NO proposed budget line for Insurance Proceeds (we have received nothing in FY23 from IAN) or possible FEMA Reimbursements for uninsured IAN losses
    - Chief Cottrell and/or our permanent chief will develop an FY24 Capital Budget during October – December 2023
    - Hopefully, we will have some idea about Insurance Proceeds by then, as well as an idea about what our FEMA Request for Public Assistance might generate (mostly in Capital replacement and funded repairs)
    - The final piece is that an audited FY22 should increase our likely ending reserves from FY22 (that impact our starting reserves in FY23 now, as well as our FY24 starting reserve estimates)
  - viii. Delaying a Capital budget development removes what might be the 2d most contentious issue (after Pay & Benefits) from our September discussions, allowing us to get to yes easier
2. Our final taxable values for the Island on the ad valorem side is \$299.47 Million that would generate:
  - a. \$1.123 Million at the 3.75 maximum millage rate
  - b. \$940,000 at the 3.142 millage rate (the millage rate generates the same amount of revenue as the approved Ad Valorem revenue for this current budget year, approved by the last board)
  - c. Up to \$447,400 from the last year of our 10-Year Special Assessment that was approved by our voters in the Summer of 2014, wasn't renewed at the last election, and will expire on 30 September 2024
3. The timeline for this summer:
  - a. The Board, at this meeting, must set the TENTATIVE millage rate for FY24, the TENTATIVE Special Assessment total, and the date for our First Budget hearing in September
    - i. I propose the First Budget Hearing for Saturday, 9 September 2023 at 10AM
    - ii. I propose the Second Budget Hearing for Saturday, either 23 or 30 September (that is decided at the First Budget Hearing) at 10AM, with our Monthly Meeting immediately after
    - iii. I propose that we NOT impose a Special Assessment next year

- iv. And I propose setting our tentative millage rate at the maximum 3.75 mils for next year; the LIMITS for millage rates, depending on Commissioner votes at this month's meeting are:
  - 3 of 5 votes required to approve 3.1314 mils or less
  - 4 of 5 votes required to approve between 3.1315 and 3.4445 mils
  - 5 of 5 votes to approve between 3.4445 to 3.75 mils (our limit)
  - My personal opinions are that:
    - If more than 2.5 mils are approved, the Special Assessment should be reduced by 50%+ or more
    - If 3.75 mils are approved, the Special Assessment should be completely eliminated a year early
- v. Once the tentative millage and Special Assessment amounts are set, revenue updates will be made to the working budget documents
- b. The Board, at our August meeting, must review and approve the Special Assessment Methodology and Roll, **if we decided to impose any or all** of the Special Assessment on our taxpayers; but if we decide NOT to impose a Special Assessment next year:
  - i. We would save the \$3000 study cost to Russ Weyer THIS year if there is no Special Assessment next year
  - ii. We would save the \$1700+ in payments to Lee Property Appraiser and Lee Tax Collector next year
  - iii. We would simplify the bookkeeping process for the District by ending the calculation and QuickBooks entries for allocating revenues and costs between the two funds
  - iv. And lastly, we would begin organizing QuickBooks data for the General Fund, allowing an easier future transition to QuickBooks On-Line (if that decision became necessary or desirable)
- c. And finally, the Board, at our September budget hearings, must review and approve the FY24 budget and final millage rate
- d. The steps to get us through the process include:
  - i. Chief Cottrell and I have our first draft of a proposed FY24 budget that accompanies this memo, for initial discussion during this month's meeting
  - ii. If we decide to impose a Special Assessment, Russ Weyer will create and I will propose the Special Assessment Methodology and Roll for board approval at the August meeting (as well as continuing to discuss the proposed budget); that assessment will cost \$3000 this year
  - iii. Chief Cottrell and I will adjust specifics of that tentative and then final proposed budget for the August and September board meetings, as we better understand current expenditures and future needs and requirements
4. The board and public will have the opportunity to discuss and change the proposed budget during the next 4 scheduled meetings (July & August monthly meetings, plus the First and Second Budget Hearings in September).

Secretary/Treasurer