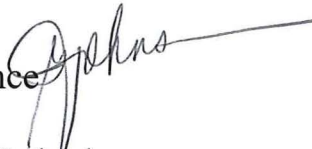




Interoffice Memorandum

From The Office Of The
Director of Finance

TO: Robert Bradshaw, City Manager

FROM: Gloria J. Johnson, Director of Finance 

RE: Local Option Gas Tax Allocation Method

DATE: May 7, 2015

I am in receipt and reviewed the correspondence from St. Lucie County on the change in the distribution formula of the local option gas tax to all municipalities in the County. The change from transportation expenditure to miles of roads allocation will eliminate \$500,000 in revenues which will have a devastating effect on the City's budget.

It has been a struggle to keep our budget at a status quo level over the past two years. Since 2008 we have been constantly reducing the budget; finally the past two years the budget has been in a status quo level. The City's resources are very limited. The local option gas tax is the City's third largest revenue source after ad valorem taxes and the Utility Authority transfer. Budget cuts will once again begin, if this major change was to ensue.

The City still has a lot invested in the expenditure distribution formula. This short notification with an effective date of September 1, 2015 is an unexpected change and gives the City no time to place itself in a position to plan for the change strategically and financially. Perhaps some concession can be made to extend the current inter-local agreement for another year to negotiate some type of phase-in plan so that the impact on the City's budget will not be so severe.

CC: Nick Mimms, Deputy City Manager
John Andrews, City Engineer
Mike Reals, Public Works Manager
Johnna Morris, Chief Accountant