

City of Key West

Financial Discussions

- FY 2018-19 Mid-Year Review
- FY 2019-20 Budget Strategy

May 30, 2019

Agenda

- **FY 2018-19 Mid-Year Review**
 - **Status of Irma FEMA Reimbursements**
 - **Status of General Fund Reserve Days**
 - **“Mall on Duval” Costs**
 - **Mid-Year Budget v Actuals**
- **FY 2019-20 Budget Strategy**
 - **Mayor & Commissioners FY 2020 Budget Goals**
 - **Possible Revenue Generators**
 - **Proposed Increase in Purchasing Thresholds**
- **Public Input**

Irma – FEMA Reimbursements

Summary:

- **Est. of Protective Measures, Debris Removal & Property: \$10,966,723**
- **Amount Obligated By FEMA: \$ 9,864,496**
- **Received from FEMA, State and Insurance: \$ 6,215,571**

- **Full Denial of Early Alert Emergency Mgmt. Support (\$229,071)**
 - **Denied on Procurement Approach**
 - **Under Appeal By City of Key West**
- **Partial Denial of Food Services (Total PW \$303,409) (\$183,564)**
 - **Denied on Both Procurement & Cost Reasonableness**
 - **City Will Not Appeal**
- **Estimate Does Not Include Direct Administrative Costs: Est. \$500,000**
 - **Eligible for Recovery from FEMA (5%)**

General Fund Reserve Days

Unassigned Fund Balance Policy	Minimum	72 Days	Maximum	92 Days
\$ 10,173,746	75.92	Reserves Days /Unassigned Fund Balance September 30, 2017		
\$ 3,471,074	25.52	Reserves Days /Unassigned Fund Balance September 30, 2018		
		\$ 53,430,475	Budgeted FY2019 Op. Rev. (Less Reserves & Assigned Fund Bal.)	
		<u>(\$ 52,910,101)</u>	Budgeted FY2019 Operating Expenses (Less Reserves and Capital)	
\$ 520,374	3.83	Budgeted FY2019 Operating Surplus		
\$ 4,124,123	30.32	IRMA Reimbursements In FY2019 / Federal Portion		
\$ 549,386	4.04	IRMA Reimbursements In FY2019/ State Portion		
\$ 349,385	2.57	IRMA Insurance Proceeds To Date		
\$ 1,107,252	8.14	IRMA Expenses Incurred and Not Reimbursed FY 2018		
\$ 500,000	3.68	Tidal Basin - Estimated Amount Recovered (5 % of Project Costs)		
	77.81	Projected Reserves Days /Unassigned Fund Balance Sept 30, 2019		

Mall on Duval

<u>Event Dates</u>	<u>Total Cost</u>	<u>Misc. Items</u>	<u>PD Hours</u>	<u>PW Hours</u>	<u>FD Hours</u>	<u>Code Hours</u>	<u>Total Hours</u>
2/15/2019 - 2/18/2019	\$ 22,110	\$ 2,825	151.50	102.00	42.00	28.00	323.50
2/22/2019 - 2/24/2019	\$ 15,172	\$ 2,020	110.00	75.00	24.00	14.00	223.00
3/1/2019 - 3/3/2019	\$ 13,716	\$ 1,395	107.50	52.00	24.00	25.00	208.50
3/8/2019 - 3/10/2019	\$ 11,745	\$ 1,122	110.50	36.00	24.00	14.00	184.50
3/15/2019 - 3/17/2019	\$ 13,697	\$ 1,122	124.00	43.00	24.00	21.00	212.00
3/22/2019 - 3/24/2019	\$ 10,469	\$ 1,342	80.00	36.00	24.00	21.00	161.00
3/29/2019 - 3/31/2019	\$ 10,205	\$ 1,362	68.00	42.00	24.00	21.00	155.00
4/5/2019 - 4/7/2019	\$ 10,444	\$ 2,052	72.00	42.00	24.00	14.00	152.00
4/12/2019 - 4/14/2019	\$ 10,861	\$ 1,509	76.50	48.00	24.00	-	148.50
4/19/2019 - 4/21/2019	\$ 5,664	\$ 1,359	44.00	36.00	-	-	80.00
4/26/2019 - 4/28/2019	\$ 7,032	\$ 1,359	56.00	39.00	-	-	95.00
5/3/2019 - 5/5/2019	\$ 5,443	\$ 1,671	62.00	42.00	-	-	104.00
5/10/2019 - 5/12/2019	\$ 6,566	\$ 1,671	54.00	36.00	-	-	90.00
	\$ 143,125						

Mid-Year Budget v Actuals

Revenues

➤ General Fund

- **Current Real Property (Property Taxes)** ↔
- **Amusement** ↑
 - **March Payment Received in Late April**
 - **March Payment Factored – Slightly Ahead**
- **½ Cent State Sales Tax / Municipal Rev. Sharing** ↔
- **Ambulance Fees** ?
 - **Recent Move to New Billing Agency / Lag**
 - **Prior Year Collections 40% of Billed (Net Contract Discounts)**
- **Cruiseship Disembarkation Fees**
 - **Actuals Plus Estimates for Balance of FY** ↓
 - **Recovery of Lost Mallory Sq. Revenue** ↑
- **Parking Fees (Estimated Down 4%)** ↓
- **Parking Fines** ↑
 - **15% Over Budget but Still Collecting 49.6%**
- **Code Enforcement Fines** ↓
- **Tropical Shell & Gift** ↑
 - **March/April Payments Received in Late April**
 - **March/April Payment Factored – Slightly Ahead**
- **Interest (Budgeted Conservatively)** ↑

Mid-Year Budget v Actuals (Cont.)

Revenues

- **Infrastructure Surtax Fund**
 - **Discretionary Sales Surtax** ↑
 - **Up 12% From FY18 Midpoint**
- **Internal Improvements (Gas Tax) Fund**
 - **Gas Tax** ↑
 - **Up 2.2% From FY18 Midpoint**
- **Truman Waterfront Fund**
 - **Amphitheater Fees**
 - **Budgeted \$100K / Collected \$25K at Midpoint** ↓
 - **Parking Fees**
 - **Budgeted \$75K / Collected \$64K at Midpoint** ↑
- **Sewer / Stormwater / Solid Waste Funds**
 - **No Significant Favorable or Unfavorable Variances**
- **Key West Bight Fund**
 - **No Significant Favorable or Unfavorable Variances**

Mid-Year Budget v Actuals (Cont.)

Revenues

- **Transit Fund**
 - **Local Bus Fares**
 - Mid Year Collections Identical to FY18
 - Budgeted \$225K / Collected \$94K at Midpoint ↓
 - **Lower Keys Bus Fares**
 - Mid Year Collections Identical to FY18
 - Budgeted \$250K / Collected \$123K at Midpoint ↔
 - **Parking Fees – Park-n-Ride** ↔
- **Garrison Bight Fund**
 - **Transient Dockage** ↑
 - **Recreational Dockage** ↓
 - **Daily / Monthly Mooring** ↑
- **All Other Funds – No Significant Variances**

Mid-Year Budget v Actuals (Cont.)

Personnel & Operating Expenses

- **All Funds**
 - **With Exception of O/T No Other Significant Unfavorable Variances**
 - **Overtime**
 - **Mall on Duval – PD / FD / Public Works / Code**
 - **Processing of Building Applications / Closing “Open”**
 - **Reclassification of PD O/T to Grants**
 - **FD Minimum Manning Requirements and FMLA**
 - **Lack of CDL Qualified Bus Drivers**
 - **Local & Lower Keys Transit O/T**
 - **“Duval Loop Drivers**
 - **Truman Waterfront Recreational Staff O/T**
 - **Splash Pad Electrical/Mechanical Issues**
 - **General Fund City Manager Contingency**
 - **Approx. \$35,000 Expended of \$200,000 Budget**

FY 2020 Budget Challenges

➤ Personnel Services

- How Do We Staff for the Growing Demands of Tourism & Quality of Life Issues**
- Competitive Salaries**
- Salary Compression Issues**

➤ Operating Services

- Maintain or Increase Current Service Levels**
 - Millage Pressure**
 - Utility Rates Under Pressure**
- Restore Reserve Days to Maximum – 92 Days**
- FEMA Maps**
- Maximize Grant Opportunities**
- Recent Legislative Change to Building Fees**

FY 2020 Budget Considerations (Cont.)

- **Capital Needs – Act Now or Pay Later?**
 - **High Priority Projects**
 - **Streets and Sidewalk Upgrades**
 - **Fire Station #3 & Critical Equipment Needs**
 - **Recreational Facilities**
 - **More / Better Built**
 - **KOTS Rebuild**
 - **Other Commission High Priority Projects**
 - **“Pay As You Go” and/or Debt Issuance**
 - **City Has No General Obligation Debt**
 - **Favorable Bond Rating**
 - **Debt Service – Infrastructure Surtax Funds**
 - **“Detailed & Comprehensive” 10 Year Cap Plan**

Mayor and Commission Input for FY 2020 Budget?

Revenue Opportunities

- **Fee for Commercial Use of City Property**
 - **Beach Weddings / Green Market**
 - Fitness in Park Spaces / Non Profits**
 - **Other Events Not Covered by Current Agreements**
- **Courthouse Parking**
- **Recommendations by Sustainability Advisory Board**
 - **Increase Employee Assistance Parking Fees**
 - **Truman Waterfront - Employee Parking Permit**

Revenue Generators (Continued)

- **Convenience Fee on Credit Card Transactions**
 - Approx. \$600K in FY2018 – All Funds
 - Parking / Fuel / Lease Payments
- **Business Tax Receipts**
 - Increase Fee Structure \$ 47K Est.
 - Additional Max Delinquent Penalty \$135K Est.
- **Commission Ideas?**

Proposed Increase In Purchasing Thresholds

- **CKW Ordinance Sec. 2-771 Establishes Approval Authority:**
 - **Awards < \$20,000 Does Not Require City Commission Approval**
 - **Department Head, Purchasing Agent and Finance Director**
 - **< \$500.00 Requires One Quote**
 - **> \$ 500.01 but < \$ 1,000.00 Two Quotes**
 - **>\$1,000.01 but < \$20,000 Three Quotes**
 - **Awards > \$20,000 Require City Commission Approval**
 - **Competitively Solicitated Through ITB, RFP or RFQ**
- **Increase City Commission Approval From \$20,000 to \$50,000**
 - **Thresholds Established in 1986**
 - **CPI Inflation Rate of \$20,000 in 1986 Increased to \$45,822.41 in 2018**
- **Consistent with MC BOCC & Other Governmental Agencies**
- **FY 2017-18 Approx. 40 CC Awards Made Between \$20,000 & \$50,000**
 - **Most Were Either “Piggyback” or Task Orders Pursuant to Previously CC Approved Contract**
- **Purchasing to Provide City Commission Quarterly Written Report**

Public Input