

# **City of Key West**

**BUDGET WORKSHOP II**

**July 22 & 23, 2020**

**ALL FUNDS**

**FISCAL YEAR 2020-21**



# Schedule

## ➤ Wednesday, July 22, 2020

### ➤ 9:00 A.M. - 12 Noon

- Changes in Personnel Services – All Funds
- Budget Highlights – All Funds
- General Fund                      Changes from Initial Workshop
- Stormwater Fund                Changes from Initial Workshop
- Commission Questions
- Public Comment

### ➤ Reconvene at 1:30 (Time Approximate)

- Certify Fiscal Year 2020-21 Millage Rate
- Discuss September 2020 Public Hearing Dates

## ➤ Thursday, July 23, 2020

### ➤ 9:00 A.M. – 12 Noon (If Necessary)

## **Changes in Personnel (All Funds)**

- **No Pay Increases for FY 2020-21**
  - Three Bargaining Units and Management
  - Does Include Step Increases (If Applicable)
  - Does Include Professional & Certification Pay
  - \$1,525,000 Estimated Savings
- **Suspended Positions (COVID-19)**
  - 29 Positions / Still Authorized
  - \$2,031,327 Estimated Savings
  - CM Can Fill Depending on Economic Improvements
- **Deleted Positions (Cruise Ship Referendum)**
  - Cruise Ship Referendum Related Deletions / 6 Positions
  - \$609,210 Estimated Savings
- **Deleted Positions (Departmental Recommendations)**
  - 3 Positions
  - \$176,014 Estimated Savings

## **Changes in Personnel (All Funds) (Cont.)**

- **No New Positions Proposed**
- **Health Insurance**
  - **Five (5) Percent Increase (April - September 2021)**
  - **Good Loss Experience / Projected Health Care Increases**
- **Pension Contributions**
  - **General Employees Retirement Fund – 8 Percent of Payroll**
  - **Police/Fire Pension Retirement Fund – 31 Percent of Payroll**

# Highlights of FY2020-21 Budget

## General Fund

### ➤ Fund Balance / Operating Reserve

- Policy: 72 Days to 92 Days
- FYE 2021 Est. Unassigned Fund Bal. 56 Days \*
  - \* Includes Anticipated IRMA & COVID-19 Reimbursements
  - \$152,000/Day – FY 2020-21 Proposed Budget
  - Proposed Budget Adds No Reserve Days

### ➤ Ad Valorem Taxes (Property Taxes)

- Calculated Millage Rollback Rate 2.0858
- Budget Formulated on Rollback Millage Rate 2.0858
- Certify Millage at July 22/23 Workshop
  - Better Revenue Projections
  - Better Projection of Minimum Reserve Days
  - Consider Setting Millage Higher
    - Two Months of Clarity – Only Down – Never Up

# **Highlights of FY2020-21 Budget (Continued)**

## **➤ General Fund (Revenues)**

- **Sales Tax**
  - **Local Government ½ Cent Sales & Municipal Rev Sharing**
    - **Budgeted @ 80 Percent of FY 2018-19 Actuals**
- **Street Parking / Mallory Square Parking**
  - **Budgeted @ 80 Percent of Prior Year Actuals**
- **Cruise Ship Disembarkation Fees**
  - **\$40,000**
  - **All Cruise Ships Meeting Criteria to Pier B**
- **Transfers In**
  - **\$1,750,000 From Key West Bight Fund**
  - **\$1,433,000 From Insurance Fund**
- **General Government Leases**
  - **Includes Recapture of 3 Month Deferment**

# **Highlights of FY2020-21 Budget (Continued)**

## **➤ General Fund (Expenditures)**

### **➤ Personnel Services**

- FY 2020-21 \$41,650,357**
  - Down 2.5 Percent (\$42,747,799) from FY 2019-20 Budget**
- 81 Percent of General Fund Total Expenditures FY 2020-21**

### **➤ Operating Expenditures**

- FY 2020-21 \$8,118,927**
  - Down 22.2 Percent (\$10,442,135) from FY 2019-20 Budget**
- 16 Percent of General Fund Total Expenditures FY 2020-21**

### **➤ Capital Expenditures**

- No Purchase of Vehicles / Trucks / Heavy Equipment**

### **➤ Transfers Out**

- No Transfer to Gas Tax for Paving**
- \$411,456 to Truman Waterfront Fund / Operating Subsidy**

## Highlights of FY 2020-21 Budget (Continued)

- **General Fund (Continued)**
- **Total Revenue (Less Reserves)                      \$49,805,547**
- **Total Expenditures (Less Reserves)                \$51,482,021**
- **Difference (Less Reserves)                              < \$ 1,676,474>**



## Highlights of FY20-21 Budget (Continued)

### ➤ Internal Improvements (Gas Tax) Fund

- Gas Tax Rev Budgeted @ 80% of FY 2018-19 Actuals
- \$500,000 In Sidewalk Funding
- No Paving Funding for FY 2020-21
  - Down From \$3,150,000 in FY 2019-20
- Plan Today for FY 2021-22 Bond Issuance

### ➤ Infrastructure Surtax Fund

- Infrastructure Rev Budgeted @ 80% of FY 2019 Actuals
- Truman Waterfront Phase 1B \$2,697,081
- 1<sup>st</sup> Year Funding for New KOTS \$1,500,000
  - 2<sup>nd</sup> Year in FY 2022 is \$1,500,000
- Duval Street Revitalization Design \$ 250,000
- Synthetic Turf Rose Hernandez \$ 400,000
- Cable Huts Design & Repair \$ 440,000
- KWPD HVAC Replacement \$ 350,000
- Refurbish Sports Complex Restrooms \$ 150,000
- Lease of SCBAs for Fire Department \$ 175,000

# Highlights of FY20-21 Budget (Continued)

## ➤ Transportation Alternative Fund

- Duval Loop Accounting Moved to Transit Fund 411
- 33% General Government Parking (Except Mallory) \$287K
- 50% Key West Bight Parking \$197K
- 67% Park n Ride Parking \$ 99K
- FDOT Transportation Alternatives Last Mile Grant \$510K
- Wickers Bicycle Trail Design \$100K
- Pedestrian Upgrades \$225K

## ➤ Truman Waterfront Fund

- Year 4 Operational & Capital Requirements \$854K
- 27% General Government Parking (Except Mallory) \$234K
- Transfer From General Fund \$411K
- Estimate for Amphitheater Revenue \$100K
- Estimate for Parking Fees \$ 50K

## ➤ Utility Funds

- Sewer No Increase To Base or Commodity Charge
- Stormwater 3.0% (\$3.23 Annually) Increase Per ESU
- Solid Waste No Increase To Residential or Tipping Charges

## **Highlights of FY20-21 Budget (Continued)**

- **Affordable Housing Fund**
  - **40% General Government Parking (Except Mallory)**
    - **\$347K Estimated In Annual Parking Fees**
  - **FYE 2019-20 Estimated Fund Balance \$631K**
    - **Assumes \$850K Remediation Reimbursement From Mosquito Control Board**
- **Community Fund (AIPP)**
  - **FYE 2019-2020 Estimated Fund Balance \$140K**
- **Caroline Street CRA**
  - **FYE 2019-20 Estimated Fund Balance \$1.7M**
  - **TIF Increment for FY 2021 \$1.1M**
  - **Caroline / Elizabeth / Greene St. Paving Project \$1.0M**
  - **Estimated FY 20-21 Reserve \$1.8M with FY2020**
- **Bahama Village CRA**
  - **\$ 4.1M Committed in PY & FY2021 Funding for Frederick Douglass Gym Expansion**
    - **Elimination of Health Relocation Project as well as the Infill and Dilapidated Structure Rehabilitation Project**

## Highlights of FY20-21 Budget (Cont.)

- **Return of Self Insurance Fund Surplus (Fund 502)**
  - **FYE 2019 Fund Balance \$6.75M**
  - **Favorable Aggregate and Improved Losses**
  - **Two (2) Independent Actuarial Reports FYE 2019**
    - **Glicksman Consulting, LLC**
      - **\$3.50M PV**                      **50 Percent Confidence Level**
      - **\$3.73M PV**                      **75 Percent Confidence Level**
      - **\$3.96M PV**                      **90 Percent Confidence Level**
    - **AMI Risk Consultants, Inc.**
      - **\$3.83M PV**                      **50 Percent Confidence Level**
      - **\$4.18M PV**                      **75 Percent Confidence Level**
      - **\$4.55M PV**                      **90 Percent Confidence Level**
- **\$2.5M Workers Comp / Property & Liability Surplus**
  - **Distribution based on Trailing 10 Years of Fund Contributions**
    - **General Fund**                      **\$1.433M**
    - **Sewer Fund**                      **\$ 293K**
    - **Solid Waste Fund**                      **\$ 96K**
    - **KW Bight Fund**                      **\$ 475K**
    - **Remaining Funds**                      **\$ 203K**

## General Fund Changes from Initial Workshop

\$ (1,676,474.00) Initial General Fund Deficit

### Revenue Increases

\$ 750,000.00 Additional Transfer From Key West Bight

\$ 347,891.00 Suspend Parking Fee Transfer to Affordable Housing Trust Fund

\$ 225,000.00 Planning Dept. Review Fee - Bldg. Applications (New Revenue)

\$ 440,490.00 Increase Millage 3 Percent over Rollback Rate

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\$ 1,763,381.00

### Expenditure Reductions

\$ 104,463.00 Fantasy Fest Overtime

\$ 18,400.00 Fantasy Fest Related Operating Expenses

\$ 130,918.00 Health Insurance - Plan Changes to Cover Plan Premium Increases

\$ 104,090.00 All General Fund Employees - One Non Paid Furlough Day

\$ 392,000.00 Credit Card Fees

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\$ 749,871.00

\$ 836,778.00 To Be Applied to Reserve Days (Approx. 5 Days)

# **General Fund – Final Comments**

- **Devil is in the “Assumptions”**
  - **80 Percent Factor Applied to Two of the Largest Revenue Sources in General Fund – Sales Tax and Parking**
    - **Five (5) Percent Over/Under is \$500,000**
- **General Fund Reserve Days**
  - **Fund Balance Policy – Plan to Achieve 72 Minimum Days**
    - **Recommendation: Five (5) Days Per FY for Next 3 FYs**
    - **Recovery Plan Must Be Reasonable - Required for Compliance Purposes**
- **Millage**
  - **Current Recommendation is 3 Percent Over Rollback Rate**
  - **Certify Millage at 5 Percent Over Recommendation – 8%**
    - **Allows for Flexibility if economic conditions change**
  - **Adopt in September at 3 Percent if no significant changes**

## **Stormwater Fund**

- **3 Percent Increase - Initial Staff Recommendation**
- **6 Percent Increase – Discussed at July 6 Workshop**
  - **Patricia & Ashby Piping Project Phase II**
  - **Favorable Construction Estimates**
    - **\$905K Budgeted in CIP for FY 2021**
    - **Recent Construction Estimate - \$700K**
- **Revert Back to 3 Percent Increase**
  - **Still Maintain Adequate Operating Reserves**
  - **As Always, Significant Unanticipated Stormwater Repairs Could Prove Challenging**

## **Final Actions:**

- **Millage Rate**
- **September 2020 Public Hearings**
  - **Currently 9<sup>th</sup> and the 21<sup>st</sup>**
  - **Recommending 9<sup>th</sup> and the 15th**