

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
 - 1st Year Funding for New KOTS \$1,500,000
 - 2nd 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

\$ 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

\$ 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 9th and the 21st**
 - **Recommending 9th and the 15th**