

City of Key West

BUDGET WORKSHOP

July 6 & 7, 2020

ALL FUNDS

FISCAL YEAR 2020-21

Schedule

- **Monday, July 6, 2020**
 - **9:00 A.M. - 12 Noon**
 - **Changes in Personnel Services – All Funds**
 - **Budget Highlights – All Funds**
 - **General Fund**
 - **Truman Waterfront Fund**

 - **Reconvene at 1:30 (Time Approximate)**
 - **Wastewater (Sewer) Fund**
 - **Stormwater Fund**
 - **Solid Waste Fund**
 - **Community Fund (AIPP)**
 - **Fort Taylor Surcharge Fund**

Schedule (Continued)

- **Tuesday, July 7, 2020**
 - **9:00 A.M. - 12 Noon**
 - **Community Development Office**
 - **Bahama Village CRA Fund**
 - **Caroline Street CRA Fund**
 - **Affordable Housing Fund**
 - **General Government Capital**
 - **Infrastructure Surtax Fund**
 - **Capital Projects Fund**
 - **Internal Improvements Fund (Gas Tax)**
 - **Reconvene at 1:30 (Time Approximate)**
 - **Key West Bight Fund**
 - **Garrison Bight Fund**
 - **Transportation Alternative Fund**
 - **Transit Fund**
 - **Insurance Fund**

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 >**

- **Recommendations**
 - **Additional Transfer from Key West Bight**
 - **Millage Increase**
 - **Further Personnel Adjustments**
 - **Credit Card Fees**

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**

City of Key West

GENERAL FUND
Fiscal Year 2020-21

General Fund – Ad Valorem

➤ Growth in Total Taxable Value - 2019 to 2020

➤ 2019 Final (VAB)	\$7,837,357,332
➤ 2020 (July 2020 Est.)	\$8,117,423,737

➤ Increase of 3.57 Percent in Total Taxable Value

➤ New Construction	\$ 18,739,904	.24 Percent
➤ Value Growth	\$261,326,501	3.33 Percent

General Fund – Ad Valorem

- FY 2019-20 Adopted Calculated Millage Rate 2.1535
 - Example: Residential Home \$460,000 in Taxable Value
 - \$ 991 – City Portion
- FY 2020-21 Calculated “Rollback” Millage Rate 2.0858
 - Example: Residential Home \$475,180 in Taxable Value
 - \$ 991 – City Portion
- FY 2020-21 Calculated Millage Rate Example 2.1067
 - 1% above Rollback Rate
 - Example: Residential Home \$475,180 in Taxable Value
 - \$1,001 – City Portion
 - \$10.00/YR For Each Millage Percent Above “Rollback”
- For Reference: 1 Percent above/below rollback = \$153,589

General Fund – Revenue Highlights

- **Federal, State, Local and TDC Grants** **\$1.838M**
 - **Federal**
 - **\$ 11K** **Byrne JAG Grant**
 - **\$ 15K** **HITDA**
 - **\$ 15K** **Vests**
 - **\$ 10K** **IRS**
 - **State**
 - **\$ 30K** **FDOT HVE Bicycle/Ped Grant**
 - **\$ 80K** **FDOT Traffic Grant**
 - **Monroe County School Board & Other Local**
 - **\$836K** **School Resource Officers**
 - **\$ 50K** **Fire Academy**
 - **TDC**
 - **\$791K** **Beach Cleaning**

General Fund – Revenue Highlights

- **Cruise Ship Disembarkation Revenue**
 - **35 Scheduled Port Calls for FY 2020-21**
 - **Ships Conforming to the Referendum Passenger Count Restriction**
 - **14,553 Passenger Count @ \$2.63 / Manifested Passenger**
 - **Passenger Count Discounted 50% Due to Uncertainty of COVID-19**
 - **All Port Calls Directed to Pier B**
 - **Requires no City Security**
 - **Minimal City Involvement**
 - **\$40,000 Estimated Disembarkation Revenue**
 - **Six (6) Directly Related Positions Deleted From Budget**
 - **\$1.75M to \$2.0M of Indirect Personnel Service Allocations**

Cruise Ship Operating Activity (2018 Study)

Description	Mallory Square	Pier B	Outer Mole	Total
Revenues:				
Dockage	\$24,239	\$135,439	\$60,256	\$219,935
Disembarkment	731,330	1,300,843	2,239,800	4,271,973
Security	46,074	0	141,107	187,181
Total	\$801,643	\$1,436,282	\$2,441,164	\$4,679,088
Operating Expenses:				
Navy Lease Fees	\$0	\$0	\$839,925	\$839,925
Outer Mole Transportation	0	0	1,127,183	1,127,183
Port Security	26,838	0	101,115	127,953
Allocated Port Operations Costs	94,442	0	146,111	240,553
Other Departmental Allocations	171,527	1,056,702	525,324	1,753,553
Total Operating Expenses	\$292,807	\$1,056,702	\$2,739,657	\$4,089,167
Capital Expenses:				
Cash-Funded Capital Expenditures	\$406,112	\$0	\$92,667	\$498,779
Total Operating and Capital Expenses	\$698,919	\$1,056,702	\$2,832,324	\$4,587,946
Revenues Over/(Under) Expenses	\$102,724	\$379,579	-\$391,161	\$91,142

General Fund – Revenue Highlights

- **Building Fees Budgeted at \$2,400,000**
 - **Consistent with FY 2019-20 projected collections**
- **Business Tax Receipts Budgeted at \$1,219,016**
 - **Consistent with FY 2019-20 projected collections**
- **Major State Sales Tax Revenues**
 - **Budgeted @ 80% of FY 2019 Actuals**
- **Ambulance Fees**
 - **Budgeted at \$1,200,000**
- **\$1,750,000 Transfer In From Key West Bight**
- **\$1,433,625 Transfer In From Insurance Fund**
- **Street Parking**
 - **Budgeted at 80% of Prior Year Actuals**

General Fund – Expenditure Highlights

- **Homeless Services/KOTS** **\$706,101**
 - **SHAL Management Contract** **\$680,601**
 - **24 Hour Operation**
 - **Utilities and Major Repairs** **\$ 25,500**

- **Aid to Private Organizations** **\$ 95,000**
 - **Rotary (Fireworks)** **\$ 45,000**
 - **FIRM** **\$ 50,000**

- **All Other Non-Profit and Youth Sports Subsidies Suspended for FY 2020-2021**

General Fund – Other Expenditure Highlights

➤ Analysis of FEMA Flood Map Changes	\$ 80,000
➤ Appropriation to FIRM – Windstorm Rates	\$ 50,000
➤ Lobbying Services	\$ 72,000
➤ Strategic Planning	\$ 50,000
➤ Grant Writer Services	\$ 60,000
➤ Community Rating System (CRS)	\$ 14,086
➤ City Manager General Fund Contingency	\$ 200,000
➤ Citation Management Solution (Parking)	\$ 80,000

Recap

- **Certify Millage at July 22/23 Workshop**
- **Meet In August 2020 (If Necessary)**
- **Budget Hearings**
 - **1st Public Hearing** **September 9, 2020**
 - **Final Public Hearing** **September 21, 2020**
- **Any Final Questions**

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)**

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**

City of Key West

September 9, 2020

1st Public Hearing

ALL FUNDS

FISCAL YEAR 2020-21



Highlights of FY2020-21 Budget

General Fund

- **Fund Balance / Operating Reserve**
 - Policy: 72 Days to 92 Days
 - FYE 2021 Est. Unassigned Fund Bal. **63 Days ***
 - * Includes Anticipated IRMA & COVID-19 Reimbursements
 - \$152,000/Day – FY 2020-21 Proposed Budget
 - **Proposed Budget Adds Eight (8) Reserve Days**
 - **71 Days at End of FY 2020-21**

- **Ad Valorem Taxes (Property Taxes)**
 - Calculated Millage Rollback Rate **2.0858**

 - Certified Millage at Eight Percent Over Rollback Rate
 - Three (3) Percent Required, and
 - Additional Five (5) Percent “Safety Measure”

 - **Staff Recommends Final Adoption at Rollback Rate **2.0858****

Highlights of FY2020-21 Budget (Continued)

➤ **General Fund (Revenues)**

➤ **Sales Tax**

- **Local Government ½ Cent Sales & Municipal Rev Sharing**
 - **Budgeted @ State Recommended Levels**
 - **Add: \$581K**

➤ **Transfers In**

- **\$ 400,000 From Key West Bight Fund (Poinciana Gardens)**
- **\$ 275,000 From Key West Bight Fund (Tenant Relief)**
- **\$ 200,000 Additional From Insurance**

➤ **Transfers Out**

- **\$ 400,000 To KWHA (Poinciana Gardens)**
- **\$ 30,000 To FKAA**

Highlights of FY20-21 Budget (Continued)

- Internal Improvements (Gas Tax) Fund
 - **Updated Per State Revenue Projections**
 - **Decrease by \$4,866**

- Infrastructure Surtax Fund
 - **Updated Per State Revenue Projections**
 - **Decrease by \$233,779**

Recap

- **Budget Hearings**
 - **Final Public Hearing**
- **Any Final Questions**

September 21, 2020