



CITY MANAGER'S OFFICE MEMORANDUM

TO: Jim Scholl, City Manager

FROM: Mark Z. Finigan, Assistant City Manager

DATE: September 6, 2011

SUBJECT: Proposed Fiscal Year 2011-12 Budget
Public Hearing - September 8, 2011

Commission Directed Changes:

On July 25th and 26th 2011 the City of Key West City Commission participated in a properly noticed workshop for the purpose of reviewing and commenting on the City Manager's Proposed Fiscal Year 2011-12 Budget. All City Funds were presented by Staff with much exchange of ideas, perceptions, expectations and concerns between the Staff and Commission as it related to proposed revenues and expenditures proposed for the next operating cycle. The following summarizes direction to Staff from the Commission regarding the City Manager's Proposed Fiscal Year 2011-12 Budget which required change to the line item budget presented.

- Mobile Outreach Program – A Commissioner proposed \$75,000 appropriation was discussed with the final determination made to move the appropriation from a “specific program” line item to the City Manager's proposed operating contingency line item. If and when more program specifics are presented to the Commission, the full amount or a portion thereof could be moved back to the “specific program” line item. Such action could happen before budget adoption at 2nd reading or such movement of budget could occur during FY 2011-12.
- Smathers Beach Parking Revenue – After much discussion it was the direction of the Commission to eliminate paid parking at Smathers Beach, effective April 15, 2012. The April date was selected in an attempt to realize parking meter fees through the season and then discontinue paid parking. Parking fees for Smathers Beach were budgeted at \$37,200. With an April 15th 2012 discontinuance date, Staff's revised estimate for parking revenue through such date was \$22,000, or a loss of \$15,200 in revenue.
- Compensation Increase for Commission – A discussion regarding compensation increases for the Commission resulted in new City Manager proposed compensation levels for the Mayor and Commission as well as implementation alternatives. Those implementation options were discussed and the Commission determined that a four year “phase in” was preferred, effective the upcoming

budget cycle. The budgetary impact to the City Manager Proposed Fiscal Year 2011-12 Budget is slightly under \$22,000, when factoring in obligatory payroll taxes.

Propose City Commission Compensation

- \$22,500 Mayor
- \$20,000 Commissioner

Implementation Options:

- \$81,500 total increase to budget
 - (+\$12,500 Mayor; +\$11,500 / Commissioner)
- \$40,750 / budget yr for 2 yr implementation
 - (+\$6,250 / yr Mayor; +\$5,750 / yr / Commissioner)
- \$27,167 / budget yr for 3 yr implementation
 - (+\$4,167 / yr Mayor; +\$3,833 / yr / Commissioner)

- **\$20,375 / budget yr for 4 yr implementation plus FICA/Med**

- **(+\$3,125 / yr Mayor; +\$2,875 / yr / Commissioner) plus FICA/Med**

The aggregate budgetary impact of the aforementioned changes totaled approximately \$37,200, all related to the General Fund. Budgetary expenditure reductions in the Police, Fire, Parking and Facility Maintenance operating accounts, specifically the .52 operating supplies line item, are proposed to cover the projected loss of revenue from Smathers Beach and the additional expenditure to be incurred as a result of the Commission compensation increases. It should be noted none of the proposed operating supply reductions will compromise the ability of the effected departments to execute their respective responsibilities.

Other Required Changes:

As with the development of any budget document, changes occur before and after adoption of a final budget. The evolution of the City's budget document starts in April/May and culminates with a 2nd reading in late September. Much new data and information can surface within those endpoints that can cause modification of budget assumptions and projections. This budget cycle is no different. The following summarizes several changes and revelations that require Commission awareness and possible input.

- Key West Fund 405 underestimated their cleaning obligation to the MARC House for general cleaning services by \$15,000. Budget was adjusted by the use of \$15,000 of general reserves. The unrestricted fund balance reserve requirement was not impacted.
- School Resource Officer (SRO) / Key West High School - \$100,000 was budgeted representing the full cost of a "by name" SRO for Key West High School. In retrospect, the officer will not perform duties throughout the year that

are 100 percent attributable to the performance of SRO duties. Police department schedules for the last several years indicate that the officer is available to the Key West Police department for normal operational uses around 25 percent of the year. Therefore, the budgeted revenue number representing reimbursement proceeds from Monroe County School District should have been closer to \$77,200. Further complicating the issue is that Monroe County School District only has \$50,000 to commit to the SRO. Therefore, if it is the determination of the Commission to support the SRO program and accept the \$50,000 available from the Monroe County School District, then Staff will need to identify \$50,000 in either further expenditure reductions or additional revenue – or a combination of both. Alternatively, reserves could be used, however, Staff strongly urges the Commission not to consider that source. If the Commission is inclined to not support the SRO program, even with a \$50,000 commitment from the Monroe County School District, the Staff will be required to look for \$100,000 in reductions or revenues.

- Sustainability Coordinator - \$20,000 was budgeted to cover the consulting services necessary to cover the execution, monitoring and advancement of the Climate Action Plan. In retrospect, it is the opinion of Staff and the members of the Sustainability Board that an additional \$10,000 will need to be allocated if the desired results are to be achieved.