



CITY MANAGER'S OFFICE MEMORANDUM

TO: Bob Vitas, City Manager

FROM: Mark Z. Finigan, Assistant City Manager

DATE: September 13, 2012

SUBJECT: Proposed Fiscal Year 2012-13 Budget (Final)
Final Public Hearing - September 18, 2012

Commission Directed Changes:

On September 6, 2012 the City of Key West City Commission participated in a properly noticed Public Hearing for the purpose of reviewing and approving a Tentative Fiscal Year 2012-13 Budget. The Tentative Fiscal Year 2012-13 Budget was approved subject to the following changes:

General Fund

- Creation of a nine (9) person Rights of Way (ROW) cleaning crew, to include necessary operating and capital support. Total estimated cost for this new program is approximately \$400,000.
- Inclusion of a \$34,000 appropriation for a summer jobs program, administered by A Positive Step of Monroe County, with the one caveat being all program participants be assigned to the City of Key West. To the extent the City does not have position(s) availability, then A Positive Step can assign those participants to other organizations as A Positive Step determines.
- FY 2011-12 funding levels for AARP, Boys and Girls Club and Guidance Care Center will be restored for the budget period FY 2012-13 in the amounts of \$1,800, \$25,000 and \$30,500, respectively.
- The professional line item for the City Attorney will be increased by \$39,000 and the Police Department Overtime budget will be increased by \$50,000 over amounts recommended by the City Manager.

- The Reclassification/Position Elimination program put forward by the City Manager will be implemented resulting in a net \$42,810 decrease to the General Fund expenditure base.
- An additional \$232,500 added to the Salary Contingency Reserve.
- To accomplish the aforementioned expenditure increases the following revenue changes were necessary:
 - Creation of a HARC Application Fee, anticipated to generate \$50,000 per annum.
 - Creation of 30+/- new paid parking spots primarily located on Front Street and the Southernmost Point area, anticipated to generate \$111,000 per year.
 - An increase in the per hour rate for street parking from \$1.75 to \$2.00. A \$1.75 per hour rate was proposed by the City Manager for FY 2012-13, representing an increase from the current \$1.50 rate. This \$.50 per hour rate increase is anticipated to generate \$600,000 per annum.
 - Ad Valorem Millage – The City Manager proposed a 2 percent increase in the FY 2012-13 millage rate over the calculated “roll back” millage rate. The Commission set “tentative” millage during the July 2012 budget workshops at 5 percent over the calculated “roll back” millage rate. At the first public hearing, September 6, 2012, the Commission decreased the tentative millage rate from 5 percent to 3 percent over the calculated “roll back” millage rate. Slightly over \$400,000 will be generated by the assessment of a 3 percent over calculated “roll back” millage rate.
 - Use of slightly more than one (1) “reserve day”, roughly \$126,000. Note, even with the use of one reserve day the City will still maintain an unrestricted reserve position at the upper end of the Fund Balance policy. With that said, Management does not recommend further use of reserve amounts as a means to support recurring operating requirements.

To follow are some major highlights of the proposed Fiscal Year 2012-13 Budget:

➤ **General Fund**

- Ad Valorem Millage rate of 2.9471, or \$2.9471 per thousand dollars of assessed value. The proposed rate of 2.9471 is three (3) percent over the calculated roll back rate of 2.8613.
- Cruiseship Revenue – Projected \$418,000 budgeted loss of net income from prior year.
- “Street parking” per hour rate to increase from \$1.50 per hour to \$2.00 per hour.
- Operating lease payments on Habana Plaza of \$418,100.

- Use of one reserve day to effectively “balance the budget”.
- No new positions, other than the ROW program. Elimination of two positions: Crime Scene Investigator and an Accounting Clerk III.
- Aid to Private Organization restored to historical levels.
- Funding for a summer jobs program.
- Creation of a Rights of Way cleaning program.
- \$444,118 for management of KOTS and Mobile Outreach Program.
- Funding to cover an anticipated 12.1 percent increase in employee health premiums. Health program will still require plan changes even with City absorbing 12.1 percent premium increase.
- Manager’s Operating Contingency of \$225,000.
- Adequate funding for planned pension requirements.

➤ **Capital**

- Full Funding of \$4,995,000 is “in place” for Fire Station #2 replacement in addition to site improvements and surface parking for the Angela Street site.
- Approximately \$12.5M available for a replacement city hall. Recently developed design and construction estimates for a Glynn Archer City Hall indicate a shortfall in project funding. Once more mature estimates are developed Management will provide the City Commission with funding options.
- A multi-year Infrastructure Surtax supported funding profile is planned for the development of the Truman Waterfront. Approximately \$9.5M will be available by the end of Fiscal Year 2015, with a majority available during this executable budget cycle. Similar to the city hall project, as the design matures funding requirements will develop in greater accuracy and any funding shortfalls would need to be addressed at that time.
- A front line fire pumper is funded for next fiscal year as a replacement for Fire Engine #4.

➤ **Sewer Fund**

- Billing to transition to FCAA, effective October 1. 2012. Should improve future collections significantly.
- No increase to sewer rate for Fiscal year 2012-13.

➤ **Stormwater Fund**

- Billing to transition to property tax bill, effective October 1. 2013. Should improve future collections significantly.
- Stormwater rate to increase by CPI or 1.6 percent for Fiscal year 2012-13.

➤ **Solid Waste Fund**

- Billing to transition to property tax bill, effective October 1, 2013. Should improve future collections significantly.
- Solid Waste rate to increase by 2 percent for Fiscal year 2012-13.
- Reclassification of a vacant Administrative Assistant position to a full time Recycling Coordinator.

➤ **Key West Bight Fund**

- Over \$2.0M in construction and facility improvements are planned for Fiscal Year 2012-13. To follow are several of the larger planned projects:
 - Thompsons Fish House Renovation \$750,000
 - Trumbo Rd. Floating Dock \$430,000
 - Common Area Renovation/Traffic Circle \$543,400

➤ **Transit Fund**

- Full grant funding for new Transit Facility.
- A three year FTA funded replacement program for the City's public transportation fleet will commence with six (6) buses planned for Fiscal Year 2013.
- Another FTA funded effort will construct 44 bus aprons throughout the lower keys, offering shuttle passengers a safe manner in which to board and disembark from Lower Keys shuttle buses.
- A favorably low subsidy of only \$420K will be required by the Transit Fund from the Gas Tax fund.

➤ **Garrison Bight Fund**

- Over \$2.1M in construction and facility improvements are planned for Fiscal Year 2012-13.
 - Tarpon Pier Replacement \$520,000
 - Replace electrical Transient Piers \$250,000
 - New Transient Boater Facility \$650,000
 - Wahoo Pier Rebuild project \$270,000
 - Sewer Bonefish and Bonita Piers \$ 20,000
 - ADA Compliant Ramp transient pier \$ 15,000
 - Irrigation for landscaping \$ 10,000