

City of Key West

Financial Discussions

- FY 2018-19 Mid-Year Review
- FY 2019-20 Budget Strategy



May 30, 2019

Agenda

- **FY 2018-19 Mid-Year Review**
 - **Status of Irma FEMA Reimbursements**
 - **Status of General Fund Reserve Days**
 - **“Mall on Duval” Costs**
 - **Mid-Year Budget v Actuals**
- **FY 2019-20 Budget Strategy**
 - **Mayor & Commissioners FY 2020 Budget Goals**
 - **Possible Revenue Generators**
 - **Proposed Increase in Purchasing Thresholds**
- **Public Input**

Irma – FEMA Reimbursements

Summary:

- Est. of Protective Measures, Debris Removal & Property: \$10,966,723
- Amount Obligated By FEMA: \$ 9,864,496
- Received from FEMA, State and Insurance: \$ 6,215,571

- Full Denial of Early Alert Emergency Mgmt. Support (\$229,071)
 - Denied on Procurement Approach
 - Under Appeal By City of Key West
- Partial Denial of Food Services (Total PW \$303,409) (\$183,564)
 - Denied on Both Procurement & Cost Reasonableness
 - City Will Not Appeal
- Estimate Does Not Include Direct Administrative Costs: Est. \$500,000
 - Eligible for Recovery from FEMA (5%)

General Fund Reserve Days

Unassigned Fund Balance Policy	Minimum	72 Days	Maximum	92 Days
\$ 10,173,746	75.92	Reserves Days /Unassigned Fund Balance September 30, 2017		
\$ 3,471,074	25.52	Reserves Days /Unassigned Fund Balance September 30, 2018		
\$ 53,430,475		Budgeted FY2019 Op. Rev. (Less Reserves & Assigned Fund Bal.)		
<u>(\$ 52,910,101)</u>		Budgeted FY2019 Operating Expenses (Less Reserves and Capital)		
\$ 520,374	3.83	Budgeted FY2019 Operating Surplus		
\$ 4,124,123	30.32	IRMA Reimbursements In FY2019 / Federal Portion		
\$ 549,386	4.04	IRMA Reimbursements In FY2019/ State Portion		
\$ 349,385	2.57	IRMA Insurance Proceeds To Date		
\$ 1,107,252	8.14	IRMA Expenses Incurred and Not Reimbursed FY 2018		
\$ 500,000	3.68	Tidal Basin - Estimated Amount Recovered (5 % of Project Costs)		
	77.81	Projected Reserves Days /Unassigned Fund Balance Sept 30, 2019		

Mall on Duval

<u>Event Dates</u>	<u>Total Cost</u>	<u>Misc. Items</u>	<u>PD Hours</u>	<u>PW Hours</u>	<u>FD Hours</u>	<u>Code Hours</u>	<u>Total Hours</u>
2/15/2019 - 2/18/2019	\$ 22,110	\$ 2,825	151.50	102.00	42.00	28.00	323.50
2/22/2019 - 2/24/2019	\$ 15,172	\$ 2,020	110.00	75.00	24.00	14.00	223.00
3/1/2019 - 3/3/2019	\$ 13,716	\$ 1,395	107.50	52.00	24.00	25.00	208.50
3/8/2019 - 3/10/2019	\$ 11,745	\$ 1,122	110.50	36.00	24.00	14.00	184.50
3/15/2019 - 3/17/2019	\$ 13,697	\$ 1,122	124.00	43.00	24.00	21.00	212.00
3/22/2019 - 3/24/2019	\$ 10,469	\$ 1,342	80.00	36.00	24.00	21.00	161.00
3/29/2019 - 3/31/2019	\$ 10,205	\$ 1,362	68.00	42.00	24.00	21.00	155.00
4/5/2019 - 4/7/2019	\$ 10,444	\$ 2,052	72.00	42.00	24.00	14.00	152.00
4/12/2019 - 4/14/2019	\$ 10,861	\$ 1,509	76.50	48.00	24.00	-	148.50
4/19/2019 - 4/21/2019	\$ 5,664	\$ 1,359	44.00	36.00	-	-	80.00
4/26/2019 - 4/28/2019	\$ 7,032	\$ 1,359	56.00	39.00	-	-	95.00
5/3/2019 - 5/5/2019	\$ 5,443	\$ 1,671	62.00	42.00	-	-	104.00
5/10/2019 - 5/12/2019	\$ 6,566	\$ 1,671	54.00	36.00	-	-	90.00
	<u>\$ 143,125</u>						

Mid-Year Budget v Actuals

Revenues

➤ General Fund

- Current Real Property (Property Taxes) ↔
- Amusement ↑
 - March Payment Received in Late April
 - March Payment Factored – Slightly Ahead
- ½ Cent State Sales Tax / Municipal Rev. Sharing ↔
- Ambulance Fees ?
 - Recent Move to New Billing Agency / Lag
 - Prior Year Collections 40% of Billed (Net Contract Discounts)
- Cruiseship Disembarkation Fees
 - Actuals Plus Estimates for Balance of FY ↓
 - Recovery of Lost Mallory Sq. Revenue ↑
- Parking Fees (Estimated Down 4%) ↓
- Parking Fines ↑
 - 15% Over Budget but Still Collecting 49.6%
- Code Enforcement Fines ↓
- Tropical Shell & Gift ↑
 - March/April Payments Received in Late April
 - March/April Payment Factored – Slightly Ahead
- Interest (Budgeted Conservatively) ↑

Mid-Year Budget v Actuals (Cont.)

Revenues

- **Infrastructure Surtax Fund**
 - **Discretionary Sales Surtax** ↑
 - Up 12% From FY18 Midpoint
- **Internal Improvements (Gas Tax) Fund**
 - **Gas Tax** ↑
 - Up 2.2% From FY18 Midpoint
- **Truman Waterfront Fund**
 - **Amphitheater Fees**
 - Budgeted \$100K / Collected \$25K at Midpoint ↓
 - **Parking Fees**
 - Budgeted \$75K / Collected \$64K at Midpoint ↑
- **Sewer / Stormwater / Solid Waste Funds**
 - No Significant Favorable or Unfavorable Variances
- **Key West Bight Fund**
 - No Significant Favorable or Unfavorable Variances

Mid-Year Budget v Actuals (Cont.)

Revenues

- **Transit Fund**
 - **Local Bus Fares**
 - Mid Year Collections Identical to FY18
 - Budgeted \$225K / Collected \$94K at Midpoint ↓
 - **Lower Keys Bus Fares**
 - Mid Year Collections Identical to FY18
 - Budgeted \$250K / Collected \$123K at Midpoint ↔
 - **Parking Fees – Park-n-Ride** ↔
- **Garrison Bight Fund**
 - **Transient Dockage** ↑
 - **Recreational Dockage** ↓
 - **Daily / Monthly Mooring** ↑
- **All Other Funds – No Significant Variances**

Mid-Year Budget v Actuals (Cont.)

Personnel & Operating Expenses

- All Funds
 - With Exception of O/T No Other Significant Unfavorable Variances
 - Overtime
 - Mall on Duval – PD / FD / Public Works / Code
 - Processing of Building Applications / Closing “Open”
 - Reclassification of PD O/T to Grants
 - FD Minimum Manning Requirements and FMLA
 - Lack of CDL Qualified Bus Drivers
 - Local & Lower Keys Transit O/T
 - “Duval Loop Drivers
 - Truman Waterfront Recreational Staff O/T
 - Splash Pad Electrical/Mechanical Issues
 - General Fund City Manager Contingency
 - Approx. \$35,000 Expended of \$200,000 Budget

FY 2020 Budget Challenges

➤ Personnel Services

- How Do We Staff for the Growing Demands of Tourism & Quality of Life Issues**
- Competitive Salaries**
- Salary Compression Issues**

➤ Operating Services

- Maintain or Increase Current Service Levels**
 - Millage Pressure**
 - Utility Rates Under Pressure**
- Restore Reserve Days to Maximum – 92 Days**
- FEMA Maps**
- Maximize Grant Opportunities**
- Recent Legislative Change to Building Fees**

FY 2020 Budget Considerations (Cont.)

- **Capital Needs – Act Now or Pay Later?**
 - **High Priority Projects**
 - **Streets and Sidewalk Upgrades**
 - **Fire Station #3 & Critical Equipment Needs**
 - **Recreational Facilities**
 - **More / Better Built**
 - **KOTS Rebuild**
 - **Other Commission High Priority Projects**
 - **“Pay As You Go” and/or Debt Issuance**
 - **City Has No General Obligation Debt**
 - **Favorable Bond Rating**
 - **Debt Service – Infrastructure Surtax Funds**
 - **“Detailed & Comprehensive” 10 Year Cap Plan**

Mayor and Commission Input for FY 2020 Budget?

Revenue Opportunities

- **Fee for Commercial Use of City Property**
 - **Beach Weddings / Green Market**
Fitness in Park Spaces / Non Profits
 - **Other Events Not Covered by Current Agreements**
- **Courthouse Parking**
- **Recommendations by Sustainability Advisory Board**
 - **Increase Employee Assistance Parking Fees**
 - **Truman Waterfront - Employee Parking Permit**

Revenue Generators (Continued)

- **Convenience Fee on Credit Card Transactions**
 - Approx. \$600K in FY2018 – All Funds
 - Parking / Fuel / Lease Payments

- **Business Tax Receipts**
 - Increase Fee Structure \$ 47K Est.
 - Additional Max Delinquent Penalty \$135K Est.

- **Commission Ideas?**

Proposed Increase In Purchasing Thresholds

- CKW Ordinance Sec. 2-771 Establishes Approval Authority:
 - Awards < \$20,000 Does Not Require City Commission Approval
 - Department Head, Purchasing Agent and Finance Director
 - < \$500.00 Requires One Quote
 - > \$ 500.01 but < \$ 1,000.00 Two Quotes
 - >\$1,000.01 but < \$20,000 Three Quotes
 - Awards > \$20,000 Require City Commission Approval
 - Competitively Solicitated Through ITB, RFP or RFQ
- Increase City Commission Approval From \$20,000 to \$50,000
 - Thresholds Established in 1986
 - CPI Inflation Rate of \$20,000 in 1986 Increased to \$45,822.41 in 2018
- Consistent with MC BOCC & Other Governmental Agencies
- FY 2017-18 Approx. 40 CC Awards Made Between \$20,000 & \$50,000
 - Most Were Either “Piggyback” or Task Orders Pursuant to Previously CC Approved Contract
- Purchasing to Provide City Commission Quarterly Written Report

Public Input