



**SEBASTIAN BUDGET REVIEW ADVISORY COMMITTEE
AGENDA**

**6:00 P.M. MONDAY – JUNE 29, 2020
CITY HALL
1225 MAIN STREET**

THE MEETING WILL BE CONDUCTED IN THE CITY COUNCIL CHAMBERS, WITH ENCOURAGEMENT TO WEAR MASK AND TO TAKE DUE CARE TO MAINTAIN SOCIAL DISTANCING. IT WILL BE BROADCAST LIVE AS USUAL. THE PUBLIC CAN ACCESS THE MEETING VIRTUALLY VIA ZOOM BY FOLLOWING THE DIRECTIONS SHOWN AT THE BOTTOM OF THIS AGENDA.

- a. **Call to Order**
- b. **Pledge of Allegiance**
- c. **Roll Call**
- d. **Approval of Minutes:**
 - a. **Meeting of March 16, 2020**
- e. **Presentation of Draft Budget by Ken Killgore, Administrative Services Director/CFO and Committee discussion of the Draft Budget and Capital Improvement Plan.**
- f. **Agree on Next Meeting Date (Monday, July 13, 2020)**
- g. **General Discussion by Members**
- h. **Comments by Staff**
- i. **Public Comments**
- j. **Adjourn**

Agenda Attachments:

- **Minutes for Meeting of March 16, 2020**
- **Power Point Presentation of Draft Budget**
- **Draft Budget and Capital Improvement Plan – Available at the following link:**
http://public.cityofsebastian.org/PDFs/2021Budget/20200624_DraftBudgetBook.pdf

ANY PERSON WHO DECIDES TO APPEAL ANY DECISION MADE WITH RESPECT TO ANY MATTER CONSIDERED AT THIS MEETING WILL NEED A RECORD OF THE PROCEEDINGS AND MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE HEARD. (F.S.286.0105)

IN COMPLIANCE WITH THE AMERICAN WITH DISABILITIES ACT (ADA), ANYONE WHO NEEDS A SPECIAL ACCOMMODATION FOR THIS MEETING SHOULD CONTACT THE CITY'S ADA COORDINATOR AT 589-5330 AT LEAST 48 HOURS IN ADVANCE OF THIS MEETING.

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/89784191571>

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**CITIZENS BUDGET REVIEW ADVISORY COMMITTEE
MINUTES OF REGULAR MEETING
MARCH 16, 2020**

I. Chairman Napier called the Citizens Budget Review Advisory Committee meeting to order at 6:00 p.m.

II. Pledge of Allegiance was recited by all.

III. Roll Call

Present

Mr. Gilbert Lewin

Mr. Harry Hall

Mr. Larry Napier

Ms. Amber Cerda

Ms. Andrea Ring (a)

Absent

Mr. Keerthi Weragoda (a) -- Excused

Mr. Bruce Hoffman -- Excused

Mr. Ed Herlihy -- Excused

Also Present

Mr. Ken Killgore, Administrative Services Director/CFO

Ms. Cindy Watson, Human Resources Manager

Ms. Janet Graham, Technical Writer

Mr. Napier announced that Ralph Holmes has withdrawn as a member of the Committee. Messrs. Hoffman, Herlihy, and Weragoda have been excused from this meeting.

IV. Approval of Minutes

A. Meeting of January 13, 2020

Mr. Napier asked if all Committee members had reviewed the Minutes of January 13, 2020. All indicated they had. He called for a motion unless there were any changes or corrections to be made. Hearing no changes or corrections, a motion to accept the Minutes as presented was made by Mr. Lewin, seconded by Ms. Cerda, and approved unanimously via voice vote.

V. Review of First Quarterly Report -- Fiscal Year 2020

Mr. Killgore reviewed the City Council Agenda Transmittal Form, Resolution No. R-20-04, the Summary of Budget Changes for Quarter Ending December 31, 2019, and the various Fund Summaries and Department Reports (SEE ATTACHED). He explained there is still about \$140,000.00 due the City from Hurricane Matthew and \$34,104.00 due from Hurricane Dorian that have yet to be authorized. He will present these reports to City Council at its next meeting. He asked the Committee for questions or comments.

Mr. Lewin addressed the First Quarterly Report. The largest single expenditure seems to be the Police Department, which is running approximately 33 percent of the year-to-date budget. The actual appears to be substantially higher than the previous year's actual for the same quarter. He questioned if this is something to be concerned about going forward.

Mr. Killgore stated it is in line with what was allowed in the budget calculations in their collective bargaining agreement. They are allowed to cash in some sick leave, which is actually paid out in December. So that inflated their normal quarterly spending accordingly. There was also a police officer who entered the DROP program that was created in the Pension Fund. When that is done, the employee is treated like a regular employee who terminates with the City and is entitled to the payout of their accrued leave time. So with that large payout, because it was a long-term employee who qualified for the DROP program, he was basically paid his accrued leave time. Now he is in the DROP program, which gives him a five-year period during which he is going to resign, but no later than five years. He can start accumulating his retirement benefits, although he doesn't get his hands on his retirement monies, but he starts creating a balance that is earmarked in the Pension Trust Fund, which is earmarked as his funds, that he can receive as a lump sum once he actually does retire and leave employment.

Mr. Lewin asked if that is only permitted during the first quarter. Mr. Killgore stated it is just coincidental that it happened this quarter. This was approved in the Pension Plan about three years ago as an additional benefit to the police officers. This happens to be the first officer who elected to sign up for it and commit to retiring no later than the end of the five years.

Mr. Lewin asked if the year-to-date budget is still considered to be an acceptable one. Mr. Killgore stated yes, it is adequate for the remainder of the year, barring any excessive overtime due to hurricanes or something out of the ordinary.

Mr. Hall addressed the entry of False Alarms. There are 56 false alarms listed and only \$100.00 in assessments. Mr. Killgore stated that may be due to the fact that, although

there is a penalty for false alarms, sometimes they do not kick in immediately. He will follow up on that and inform the members regarding that item.

VI. Review of Presentation to City Council of Budget Process

Mr. Napier stated the Committee members can read that. Mr. Killgore stated questions or comments from the Committee members can be addressed to him by phone at his office or via emails.

VII. Review of Fiscal Year 2020-21 Budget Objectives

Mr. Killgore stated the Committee can review it. This did go to City Council as an agenda item. There were no comments or suggestions by the Council.

Mr. Napier asked if the Committee members had any questions or comments.

Mr. Lewin asked when the budgeting process for next fiscal year will begin. Mr. Killgore stated the reports from department heads were due last week. He is in the process of working them into a document to schedule them out in order to see if projected revenues are adequate to cover them. That's the first step that the City Manager will start reviewing in May. The department heads will submit their operating account budgets in May. By the end of May the City Manager will endorse what has been put together as far as a working draft and make any changes that he feels are necessary before it is presented to the Council. The Council reviews it at a workshop in August. While that is going on, the Budget Committee is being informed on what the City Manager's recommendation is and whether the Committee wants to comment on it before it goes to the Council. In September, public hearings before City Council are held. At that time this Committee can either agree with what is recommended, or the Committee has the opportunity to state that they don't agree with staff's recommendation.

Mr. Napier stated the estimated values will be presented around the first week in June. Mr. Killgore stated those are due by June 1st, and the County actually certifies and says those are the values the City must use by July 1st. The Budget Committee does not get a working document until June, and then they can see what has been developed based on what staff sees as revenues and what they are recommending for expenditures as well as the capital program.

Mr. Hall suggested the outline of the budgetary process should be done every year. It is a good refresher, and he is glad to see it this year. He would also like to see the Budget Objectives as well. He also asked if, as City Council makes their recommendations for

budget objectives that can be relayed to this Committee before they get their June update. Mr. Killgore stated he would generally alert the Budget Committee as to anything Council did that would affect the direction that is being taken.

VIII. General Discussion by Members

Ms. Ring is still concerned about the Minutes and the motion that was not in the previous Minutes that had to do with streets. Mr. Napier asked if she had anything to present to the Committee on this, and Ms. Ring stated she is relying on her memory. Mr. Napier stated that will be left up to the City Manager.

Mr. Lewin asked if anybody has discussed the impact the virus situation will have on the budget. Mr. Killgore stated there has been much discussion on how to deal with it. There have been ongoing considerations about what the next steps will be. His immediate concern is not the immediate precautions that may be taken, but the long-term economic impact because of what is going on nationally as to cutting interest rates and probable recession. He stated the City may be on the cusp of either a tax increase or making tough decisions on what projects can be done. He stated there is much uncertainty as to what the budget going forward will be.

Mr. Hall stated he likes the presentation of the review of the budgetary process.

IX. Comments by Staff

Mr. Killgore stated at the next meeting on June 15th is when there will be more detailed discussions of what the departments are asking.

X. Public Comments -- None

XI. Next Scheduled Committee Meeting: June 15, 2020

XII. Adjourn

There being no further business, Chairman Napier concluded the meeting at 6:29 p.m.

By: _____

Date: _____



2021 Budget and Capital Program

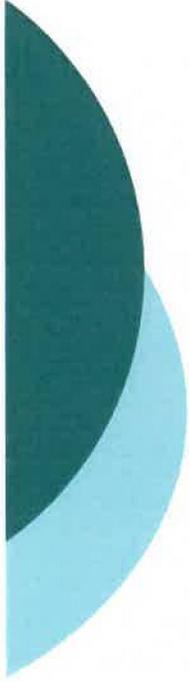
Presentation on Draft 2021 Budget Budget Review Advisory Committee Meeting Monday June 29, 2020

Prepared By:
Ken Killgore
Administrative Services Director/CFO



2020 Budget and Capital Program

- Changes to General Fund Budgets.
- Changes to General Fund Revenues.
- Enterprise and Other Funds.
- Other Considerations.



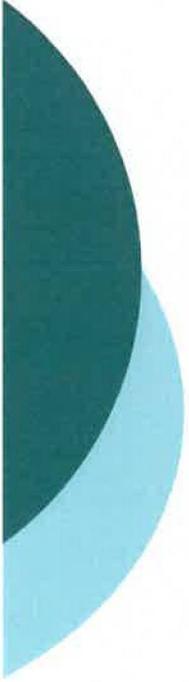
General Fund Personnel Additions/Deletions

- No Full-time Additions
- No Full-time Deletions
- No Part-time Additions
- Part-time Deletions:
 - Leisure Services - Asst. Recreation Supervisor
 - Leisure Services – Maintenance Worker I



Draft FY2021 General Fund Budget Versus Current FY2020 Budget

\$ (11,060)	Personnel Costs
(161,429)	Operating Expenses
(125,228)	Capital Spending
<u>(4,691)</u>	Transfers to Other Funds
\$ (302,408)	Decrease in Budget



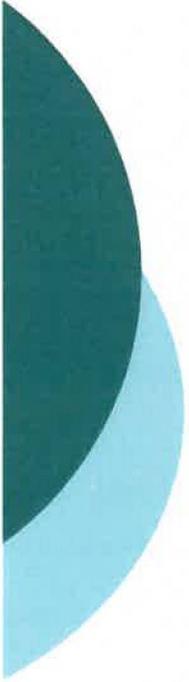
Personnel Down \$11,060

- Zero Provided for Pay Increases.
- Health Insurance Premiums Down 3%.
- No Increase in Full-Time Employees.
- Decrease of 2 Part-time Employees.
- \$37,600 Provided for Retirement Payout.
- \$51,632 Provided for Added Responsibilities.
- Zero Funding for Holiday Bonus or Incentives.



What's Included? – Revenue Assumptions

- Franchise Fees and Utility Taxes Looking to be Equal to 2019 This Year. Assuming Collections Improve and 4.5% More is Received for 2021.
- State Revenues - ½ Cent is 35% Less than Same Month in Prior Year (April). Assuming This Improves and 4.5% More Received for 2021.
- Assumed \$50K Reimbursement for COVID-19.
- 33% Property Tax, 11% Franchise Fees, 18% Utility Taxes and 18% State Revenues Equal 80% of Total Revenues.



Enterprise Funds: Golf Course

- Assuming 4.5% More Revenue than 2020.
- \$30,000 for Restaurant Lease.
- \$106,135 for Airport Rent.
- Paying \$38,366 Principal and Interest on \$700,000 Building Fund Loan.
- Paying \$35,000 Toward General Fund Loans.
- Forecasting Long-term Reduction in Deficit.



Enterprise Funds: Airport

- Added Revenue from Property Rentals.
- Covering Personnel and Operational Cost.
- Paying off \$150,000 General Fund Loan.
- Paying Scheduled Amortization of Loans from Discretionary Sales Taxes.
- DST Funds for Matching Requirements on Grants for a Taxi Lane and to Establish Sewer Service on West Side of Airport.



Enterprise Funds: Building

- Budgeting Minor Decrease in Revenues.
- Adding Administrative Assistant.
- Covering Personnel and Operational Cost.
- Making Improvements to Front Counter.
- Expecting \$38,368 for Principal and Interest on Golf Course Loan.



Special Revenue and Other Funds: Special Revenue Funds

- Local Option Gas Tax:
 - 31% Less than Same Month Prior Year (March). Assuming Collections Improve and Equal 2020.
 - \$400,000 Allocated for Road Resurfacing.
 - \$100,000 Allocated for Sidewalks.
 - \$81,000 Allocated for Roadway Signs.
 - \$176,000 Allocated for Equipment.
 - \$243,340 for Payment on Notes. (\$591,000 Outstanding at 9/30/2020. Matures in 2022.



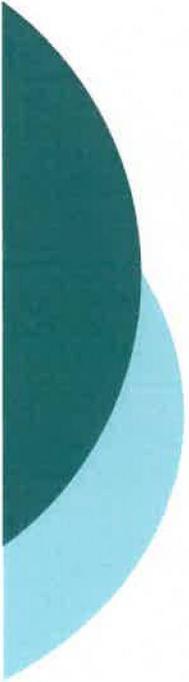
Special Revenue and Other Funds: Special Revenue Funds

- Discretionary Sales Tax:
 - 37% Less in April vs. Same Month Prior Year. Assuming Collections Better & Up 4.5% 2021.
 - Allocations to MIS and Police Vehicles.
 - \$500,000 for Road Reconstruction Work.
 - Harrison St. Plaza/Design of N. Central Plaza.
 - Tree Protection Plan.
 - Canal Restoration.
 - Slip Lining
 - Economic Development Hangar.
 - May Defer Projects If Collections Not Adequate.



Special Revenue and Other Funds: Special Revenue Funds

- Riverfront CRA Fund:
 - 4% Increase in Taxable Values.
 - Landscaping/Parking Improvements and Repairs at Working Waterfront.
 - Special Events and Sign Grants.
 - Expecting No New Sewer Connection Grant Funds Needed for 2021.
 - Allocation of CRA Manager Cost.
 - ½ of Landscaping Contract.



Special Revenue and Other Funds:

Special Revenue Funds

- Recreation Impact Fee Fund:
 - Fully Allocating the Available Collections.
 - Unspecified Improvements (\$5K per Zone).
 - Additional Park Signage.
 - Completing Barber Street Bleachers.
 - Playground Improvements (Including All Inclusive Features).
 - Future Projects Dependent on Collections.



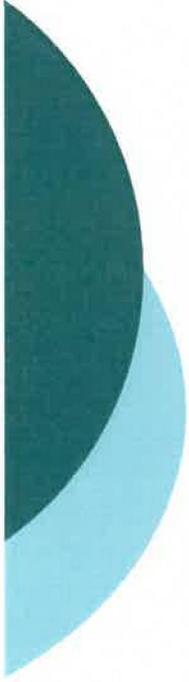
Special Revenue and Other Funds: Special Revenue Funds

- Stormwater Utility Fund:
 - Fees Covering Ongoing Personnel and Operational Cost.
 - Includes Equipment Replacements.
 - \$100,000 Allocated for Roadway Swales and Culverts Work.
 - ½ of Landscaping Contract.
 - \$200,000 Allocated for Developing an Updated Stormwater Master Plan.



Special Revenue and Other Funds: Special Revenue Funds

- Law Enforcement Forfeiture Fund:
 - Used Only for Unbudgeted Items.
 - Specific Items Need City Council Approval.
 - Current Balance is \$32,700.
- Parking In Lieu Of Fund:
 - Expecting \$57,835 Year End 2020 Balance.
 - \$3,000 in 2021 on Crab Stop Agreement.



Special Revenue and Other Funds: Special Revenue/Trust Funds

- Cemetery Trust Fund:
 - ½ of Sales Expendable on Expansions or Cost Incidental to Adding Future Sites.
 - Funding Columbarium Niches.
 - ½ of Sales on Operations and Maintenance.
 - Allocation for Equipment, Driveway Resurfacing and Grounds Improvements.
 - Transferring \$85K to General Fund, Then \$90K in Future Years.



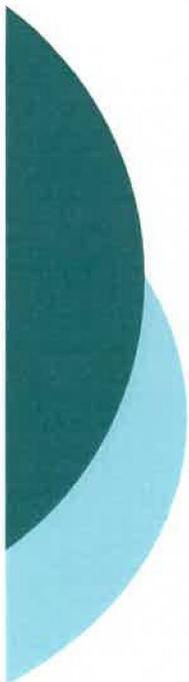
Special Revenue and Other Funds: Debt Service Funds

- Stormwater Utility Debt Service:
 - Includes Required Bank Note Payments Which are Paid by Discretionary Sales Tax.
 - \$782,000 Outstanding as of 9/30/20.
 - Final Maturity on 5/01/22.



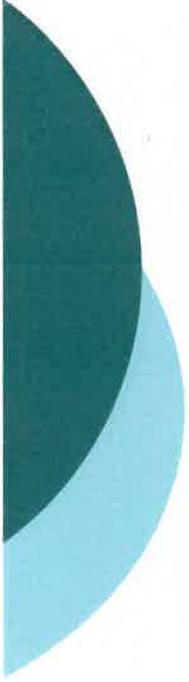
Capital Improvement Program

- \$27.6 Million Over 6 Years. \$5.8 Million Next Fiscal Year. \$23.2 Million Last Year.
- Largest Items for Next Fiscal Year:
 - \$900,000 Street Repaving/Reconstruction.
 - \$200,000 Stormwater Master Plan.
 - \$500,000 Canal Restoration.
 - \$569,264 New Taxi Way at Airport.
 - \$1,000,000 Sewer Services at Airport.



Property Values and Millage: Certified Taxable Values

- Rolled-Back Millage is 2.8090. Budget Assumes Same 2.9399 as This Year, A 4.66% Increase.
- Total Certified Taxable Property Values Increased \$99,290,047 or 7.18% Above 2020.
 - Additions Account for \$33,685,698 or 2.44% of the Increase.
 - Reassessments Account for \$65,604,349 or 4.74% of the Increase.
- Last Year's Millage of 3.1514 Would Increase Revenues by \$300,917 Over the 2.9399 Millage Currently Assumed in 2021 Budget Draft.



Property Values and Millage: Taxable Value Additions

Dollar Value of Tax Roll Additions:

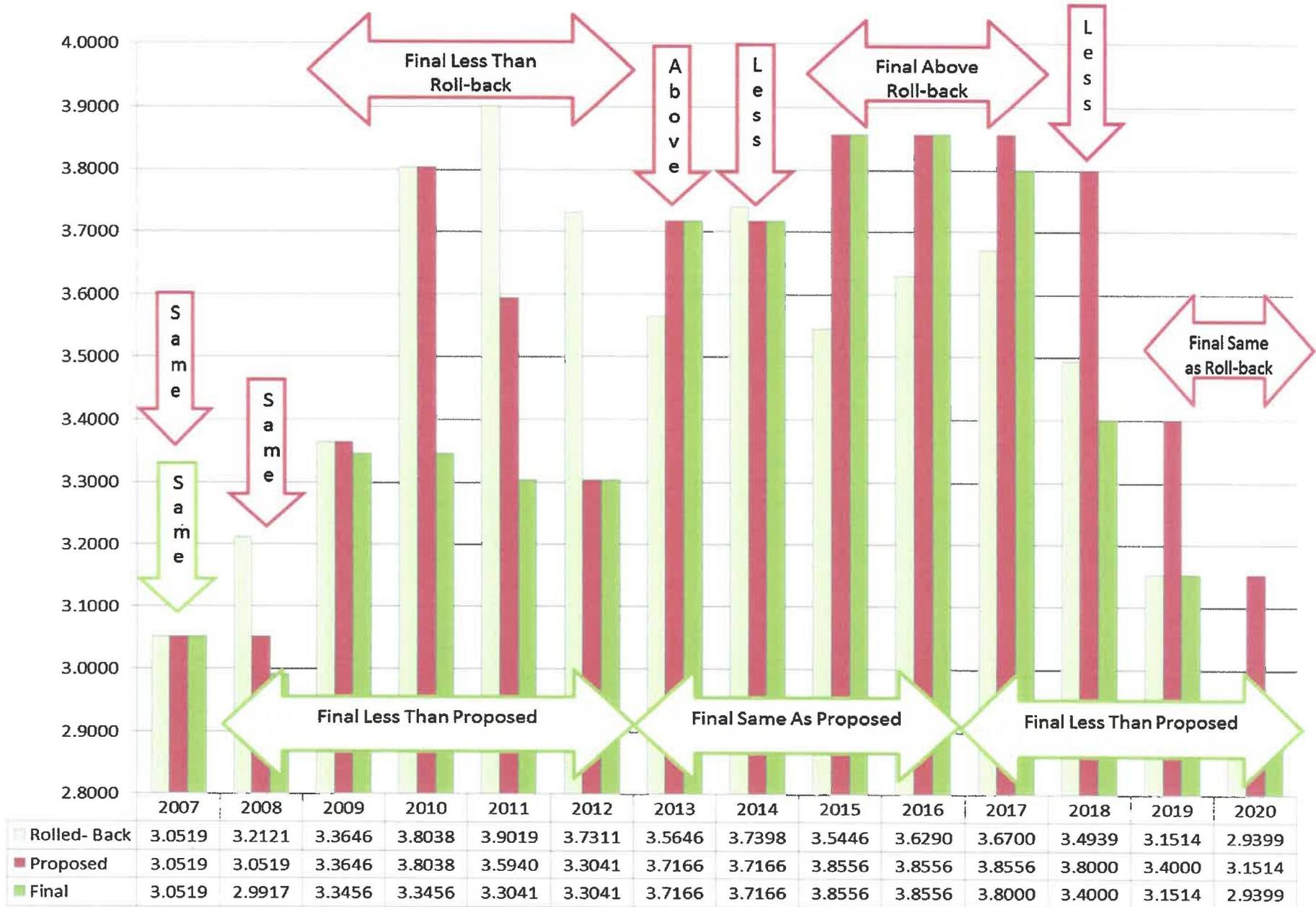
2020	33,685,698	2016	25,763,700
2019	23,351,814	2015	25,492,245
2018	15,998,366	2014	19,914,805
2017	35,951,704	2013	9,435,090

Tax Roll Additions Yield \$95,071 of Added Revenue for 2021 at the 2.9399 Millage).

Property Values and Millage: 3.1514 Mills Versus 2.9399

	<u>1. 0322% On Homestead:</u>		<u>10% On Others:</u>	
	<u>2.9399</u>	<u>3.1514</u>	<u>2.9399</u>	<u>3.1514</u>
ASSESSED VALUES	\$200,000	\$202,064	\$200,000	\$220,000
TAXABLE VALUES	\$150,000	\$152,064	\$200,000	\$220,000
TAXES	\$441	\$479	\$588	\$693
CHANGE (8.6% - 17.9%)		\$38		\$105
.....				
ASSESSED VALUES	\$250,000	\$252,581	\$250,000	\$275,000
TAXABLE VALUES	\$200,000	\$202,581	\$250,000	\$275,000
TAXES	\$588	\$638	\$735	\$867
CHANGE (8.5% - 18.0%)		\$50		\$132
.....				
ASSESSED VALUES	\$300,000	\$303,097	\$300,000	\$330,000
TAXABLE VALUES	\$250,000	\$253,097	\$300,000	\$330,000
TAXES	\$735	\$798	\$882	\$1,040
CHANGE (8.6% - 17.9%)		\$63		\$158

City of Sebastian Yearly Millage Setting





Other Considerations

- Labor Agreements Negotiations.
- Hurricane Season.
- Legal Settlements.
- Additional Experience of Virus Effect Revenues – Might Adjust Revenue Estimates.
- Assumed Better Revenues by October 2020.
- Balanced by Optimistic Revenue Estimates, Cutting Pay Increases, Cutting Operating Accounts and Funding Capital Items with Other Funds or Deferring Them to Next Year.