MINUTES
BUDGET WORKSHOP
DESTIN CITY COUNCIL
JUNE 23, 2022
ANNEX COUNCIL CHAMBERS
5:30 PM

The Council of the City of Destin met in special session with the following members and staff present:

Destin City Council

Mayor Pro Tem Dewey Destin
Councilmember Rodney Braden
Councilmember Johnny King
Councilmember Terésa Hebert
Councilmember Bobby Wagner (virtual)

City of Destin Staff

City Manager Lance Johnson
City Clerk Rey Bailey
Grants/Projects Manager Jeffrey Cozadd
Library Director Wen Livingston
Community Development Director Louis Zunguze
Deputy City Manager Webb Warren
Finance Director Krystal Strickland
Parks/Recreation Director Lisa Firth
Public Works Director Michael Burgess
City Attorney Kyle Bauman

CALL TO ORDER

Mayor Pro Tem Dewey Destin called the meeting to order at 5:30 PM.

WORKSHOP

A. Fiscal Year 2023 Budget Workshop

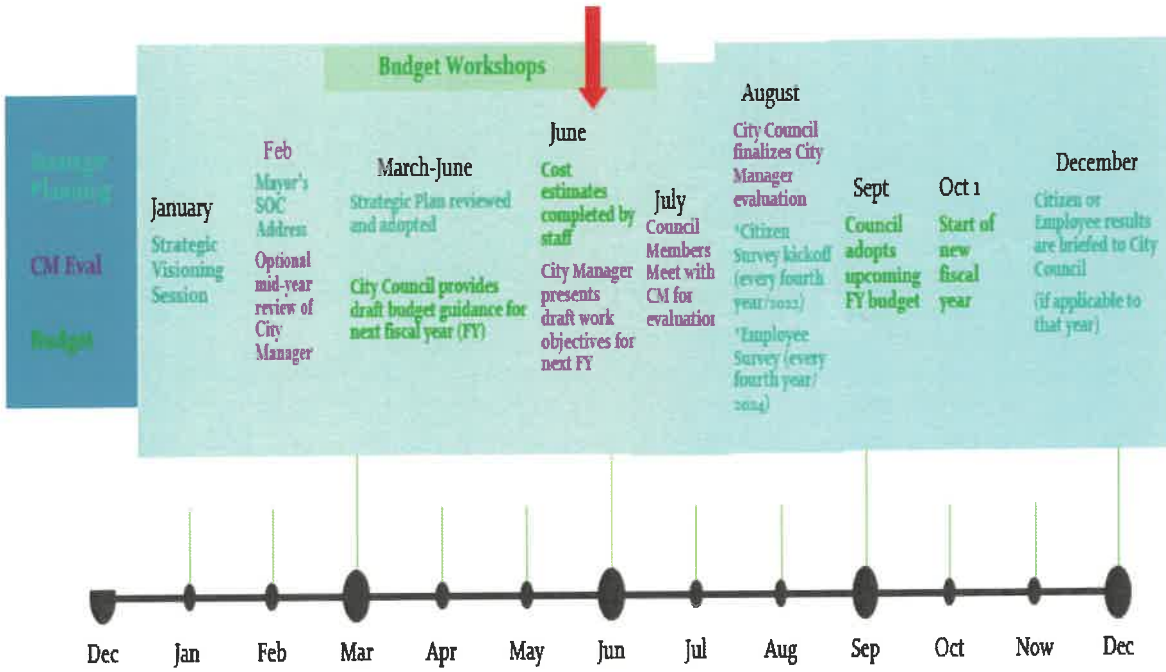
City of Destin Finance Director Krystal Strickland gave the following presentation:

2023 Budget Process

- Visioning Session – January 2022
- Operational Budget Workshop – May 17, 2022
- Capital Budget Workshop – June 23, 2022
- Capital Budget Workshop – July 14, 2022
- Adopt Tentative Millage Rate and Certify to Property Appraiser – August 1, 2022
- Adoption of a Balanced Budget – September 2022

Strategic Planning, CM Eval and Budget Cycle

Calendar Year Timeline



Strategic Planning Review

- In January 2022, council participated in the annual visioning session and voted in March 2022 to approve council objectives.

3 Kind of Priorities

- Critical priorities must be successfully accomplished within a specified time, no matter what. Resources from "desirable" priority items may have to be acquired to meet the established deadline.
- Important priorities have fixed resources with varying time requirements and/or objectives.
- Desirable priorities have variable resources and time. The organization desires an outcome but cannot absolutely commit specific resources over a specified timeframe. Resources from these are diverted to critical priorities when required.

Council Objectives

- Critical Priorities
  1.1 – Offer livable wages and benefits to attract and maintain high caliber, qualified staff.
  1.2 – Research viability of multi-use convention/sports/community center (Phase 1 Feasibility Study).
- Important Priorities
  1.3 – Complete two-lane Crosstown Connector
  1.4 – Public beachfront acquisition
  1.5 – Underground utilities

- Desirable Priorities
  - 1.6 – Annexation of unincorporated enclaves
  - 1.7 – Transit/Trolley System
  - 1.8 – City Marina (Phase 1 Feasibility Study)
  - 1.9 – Improve parking, explore options (i.e., garage, surface, etc.)
  - 1.10 – Beach renourishment, planning and scheduling (Partnership w/county and state)

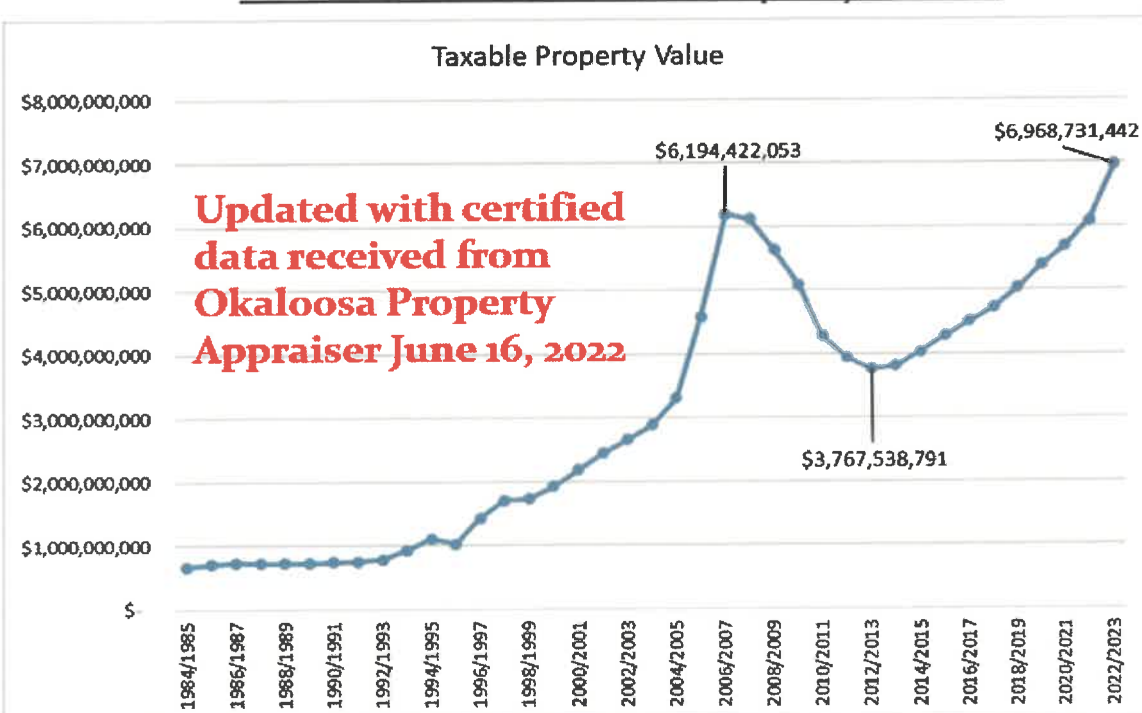
Strategic Goals

1. Financially sound city providing service excellence
2. Enhanced quality of life and safety for families
3. Economic /development and revitalization
4. Effective, efficient, and aesthetically pleasing infrastructure
5. Improve mobility and connectivity
6. A green and sustainable environment

Fiscal Year 2023 Updates

- Ad valorem tax projection increased for:
  - General Fund - $875,416
  - Town Center CRA - $273,178
  - Harbor CRA - $114,768
- Solid waste franchise projected revenue decreased - $109,500 (franchise fee from 6% down to 3%)
- Sheriff's contract updated to requested projection increase - $127,931

Ad Valorem – Taxable Property Values



Ad Valorem – Actual vs Projected

	FY2022 Actual	FY2023 Projected	Amount of Increase	% Change
GF Ad Valorem @ 1.6150	$ 8,718,801	$ 9,779,416	$ 1,060,615	12.2%
Town Center CRA (city)	402,452	499,581	97,129	24.1%
Harbor CRA (city)	356,309	412,779	56,470	15.8%
	$ 9,477,562	$ 10,691,776	$ 1,214,214	

1.6150 mills is more than the rolled-back rate of 1.4391 mills by 12.22%

Ad Valorem – at Different Millage Rates

Ad Valorem Taxes Payable per Household
Two scenarios to demonstrate the difference 1/10th of a mill creates

Property Taxable Value	1.6150	1.5150	Variance
$100,000	$161.50	$151.50	-$10.00
$491,000	$792.97	$719.63	-$73.34

Zip code 32541 median home value = increased from $475,000 to $491,000
source: https://www.neighborhoodscout.com/fl/destin/real-estate

Funding to the City at the two Different Millage Rates

Total Taxable Property Taxable Value*	1.6150	1.5150	
$6,620,294,870	$10,691,776	$10,029,747	$662,029

*for budgetary purposes use 95% of value as per regulations

	FY2023 @1.6150	FY2023 @1.5150	Difference
GF Ad Valorem	$ 9,779,416	$ 9,173,880	$ (605,536)
Town Center CRA (city)	499,581	468,647	(30,934)
Harbor CRA (city)	412,779	387,220	(25,559)
Subtotal City Ad Valorem	$10,691,776	$ 10,029,747	$ (662,029)
Town Center CRA (county)	$ 1,185,012	$ 1,185,012	$ -
Harbor CRA (county)	412,779	387,220	(25,559)
Subtotal County Ad Valorem	$ 1,597,791	$ 1,572,232	$ (25,559)
Total	**$12,289,567**	**$ 11,601,979**	**$ (687,588)**

General Fund Operating Expenditures

DESCRIPTION	2021 ACTUALS	2022 Projected	FY 2023	FY 2024	% Change FY22 vs FY23
TOTAL GENERAL GOVERNMENT	*3,326,395*	*3,944,940*	*4,429,486*	*4,524,740*	12%
TOTAL PUBLIC SAFETY	*2,996,101*	*2,988,883*	*3,561,561*	*3,669,420*	19%
TOTAL PHYSICAL ENVIRONMENT	*142,017*	*172,870*	*297,767*	*307,380*	72%
TOTAL TRANSPORTATION	*1,663,328*	*1,666,641*	*2,192,323*	*2,263,060*	32%
TOTAL ECONOMIC DEVELOPMENT	*13,209*	*14,452*	*14,500*	*14,650*	0%
TOTAL HEALTH AND HUMAN SVCS	*64,531*	*50,149*	*89,098*	*89,140*	78%
TOTAL CULTURE AND RECREATION	*2,943,335*	*3,492,668*	*4,511,427*	*4,663,600*	29%
TOTAL DEBT SERVICE	*4,243,603*	*88,416*	*22,644*	*23,223*	-74%
TOTAL OPERATING EXPENDITURES	15,392,518	12,419,018	15,118,806	15,555,213	22%

Personnel Costs are projected to be 35% higher in FY23 due to compensation study increases PLUS assuming 25 vacancies filled

General Fund Available for Capital Investment

	FY2023@1.6150	
FY23 Net Increase to Fund Balance	$ 1,712,546	(before CIP)

Estimated Fund Balance at 09/30/2023 BEFORE CIP	
	General Fund
Fund balances:	
Nonspendable	2,474,640
Restricted	-
Committed (reserves)	10,300,000
Assigned	1,375,011
Unassigned	14,265,163
Total fund balances (deficit)	**28,414,814**

General Funds
Invested in FY23 Capital Budget

PROJECT DETAILS	FY 2023 Gen Fund $'s	FY 2023 Other Sources	Notes
Annexation Study	$ 10,000		
Multi-Use Convention/Sports/Comi	75,000		
Disaster Response	100,000		Usually 75% reimbursed by FEMA
Network Infrastructure Repair	37,000	$ 37,000	50/50 w/Tech Fund
Virtual Server Replacement	75,000	75,000	50/50 w/Tech Fund
Facilities SMS/Asset Management S	100,000		Data collection summer 2022
Civic Clerk Agenda Sys Upgrade	15,000		
City Marina - Feasibility Study MARI	75,000		Revenue project
Pickleball Courts	400,000		6-10 courts, lighting, parking
Clement Taylor Park Renovations - I	35,000	729,918	RESTORE grant
Renewal & Replacement Program	974,220	1,361,998	PY RR Fund Balance
Total GF for Capital Improvements	$ 1,896,220	$2,203,916	

Councilmember Hebert asked what is involved in the Annexation Study as indicated above.

According to the Deputy City Manager Webb Warren, they reserved $10,000 for the Annexation Study but they currently do not have the specific details on the study. The Community Development Director and staff is working on some annexation procedure which would be brought before this council within the next few months.

Long Range Capital Planning

Planning for Primary projects

Date finance needed:	*Completed*	*Aug-22*	*Aug-22*	*Oct-22*		*Fall 2023*	*Summer 2024*	*Spring 2025*	*TBD*	*pay-go*	*pay-go*	
ORG Description	Beach 1 (59/41) Crystal Beach (completed fy21)	Beach 1 (59/41) Crystal Beach	CM001 Beach 1 (50/50) Crystal Beach	Beach 2 (50/50)	EN615 x-town	2023 Under ph1 Hwy 98 Marler Bridge-Airport (Harbor CRA)	2024 Under ph2 Hwy 98 Airport to Matthew Blvd	2025 Under ph3 Hwy 98 to Walton County	2026 Under ph4 TC CRA	Stormwater (SW56 and ARP)	Public Works/ Safety	TOTAL
TDC (city portion est $1.5m/yr)		1,548,656	1,920,545	8,625,000								12,094,201
Oka 1/2 Penny	2,818,990		629,455			2,400,000	2,400,000	2,400,000	2,400,000	1,600,000	800,000	15,448,445
BOCC	4,053,801	2,228,553	2,550,000	8,625,000	3,300,000							20,757,354
Electric Franch						3,375,000	3,375,000	3,000,000	3,000,000			12,750,000
Harbor CRA						5,000,000			1,000,000			6,000,000
TC CRA						500,000			4,000,000			4,500,000
Road Impact$					1,600,000							1,600,000
FDOT xtown ROW					2,700,000							2,700,000
MM$					140,000							140,000
GasTax#2					500,000							500,000
ARPA										1,000,000		1,000,000
TBD (grants? Special assessments?)					3,660,000	1,725,000	7,225,000	7,600,000	3,600,000			23,810,000
	6,872,791	3,777,209	5,100,000	17,250,000	11,900,000	13,000,000	13,000,000	13,000,000	14,000,000	2,600,000	800,000	101,300,000

Fiscal Year 2023-2027 Capital Improvement Project Budget

5-year Capital Budget Summary

Capital Projects	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Citizen/Council Directed	$39,328,966	$ 14,000,000	$14,000,000	$ 11,975,000	$ 325,000	$ 79,628,966
Renewal & Replacement	3,264,218	2,240,030	3,164,030	2,141,486	2,331,986	13,141,749
Growth Necessitated	610,000	395,000	60,000	60,000	-	1,125,000
Other Capital Projects	3,967,551	427,500	1,182,500	7,305,140	9,837,140	22,719,831
Total Projects	**$47,170,735**	**$ 17,062,530**	**$18,406,530**	**$ 21,481,626**	**$12,494,126**	**116,615,546**
Funding Sources						
General Fund	3,281,718	1,395,363	2,084,363	1,211,819	1,097,819	9,071,082
Special Revenues	9,518,500	2,820,667	3,520,667	5,495,667	445,667	21,801,167
Impact Fees/Restricted	6,878,500	4,151,500	3,541,500	3,541,500	574,000	18,687,000
Grants	26,607,017	60,000	60,000	60,000	-	26,787,017
Funding Source TBD	885,000	8,635,000	9,200,000	11,172,640	10,376,640	40,269,280
Total Sources	**47,170,735**	**17,062,530**	**18,406,530**	**21,481,626**	**12,494,126**	**116,615,546**

There were some discussions relative to the impact fee money. Ms. Strickland noted that the State of Florida has a rule that impact fee moneys would have to be spent within 10 years or give them back to the developers. However, the City of Destin adopted a more stringent rule whereby they have to spend the money within 6 years.

Councilmember Destin asked if they could go back to the state standard of 10 years for the impact fee moneys if they decide to do so, since it was the city that adopted a more stringent policy. He added they need to avoid any risk of losing the money.

According to the City Attorney, they should be able to, but he would need to find out how the city adopted that standard, either by way of an ordinance or by some other means.

5-year Capital Budget Details

		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Citizen/Council Directed							
EN615	Cross-Town Connector	$ 7,878,966	$ 1,000,000	$ 1,000,000	$ -	$ -	$ 9,878,966
CM001	Beach Acquisition	18,750,000	-	-	-	-	18,750,000
EVENT	Multi-Use Convention/	75,000	-	-	-	-	75,000
UNDER	Undergrounding	12,540,000	13,000,000	13,000,000	11,975,000	325,000	50,840,000
MARINA	City Marina	75,000	-	-	-	-	75,000
ANNEX	Annexation Study	10,000	-	-	-	-	10,000
	Subtotal	**$39,328,966**	**$ 14,000,000**	**$14,000,000**	**$ 11,975,000**	**$ 325,000**	**$ 79,628,966**

Accounts for 83% of Fy23 Capital Budget

		GF	Impact & Restricted	Grants	Oka 1/2	CRAs	Funding TBD	FY 2023
Citizen/Council Directed								
EN615	Cross-Town Connector		$2,240,000	$ 5,638,966				$ 7,878,966
CM001	Beach Acquisition			9,375,000				18,750,000
EVENT	Multi-Use Convention/	75,000						75,000
UNDER	Undergrounding		3,375,000		1,940,000	6,500,000	725,000	12,540,000
MARINA	City Marina	75,000						75,000
ANNEX	Annexation Study	10,000						10,000
Citizen/Council Directed Subtotal		**$ 160,000**	**$5,615,000**	**$15,013,966**	**$ 1,940,000**	**$ 6,500,000**	**$ 725,000**	**$39,328,966**

Funding:
EN615 grants FDOT & BOCC
CM001 grants BOCC & loan of future TDC
UNDER restricted Electric Franchise

Councilmember Destin commented that $50 million dedicated for the undergrounding of utilities is a lot more than they have ever spent on a capital project probably since the city's incorporation. They will need to decide soon how many phases of this project they could afford to do realistically. If they dedicate all the capital project money for the next 20 years to undergrounding of utilities, they will have nothing left for other projects.

Grant Funding Sources

- Cost Reimbursement
- Current major grantors:
  - Tourist Development Council (TDC)
  - Okaloosa Board of County Commissioners (BOCC)
  - Florida Department of Environmental Protection (FDEP)
  - Florida Department of Transportation (FDOT)
  - RESTORE (Deep Horizon) via BOCC
  - American Rescue Plan (ARP)

FY 2023 Grants

PROJECT DETAILS	FY 2023 Grant Funded	Supporting Sources	Support Description
ARPA Americal Rescue Plan Strmwtr	$ 1,135,133		
TDC 12.5% Beach Acquisition	9,375,000		
BOCC Beach Acquisition	9,375,000		Beach#2 as per 50/50 agreement
FL Linear Trail Park (Main to Mattie Kelly)	270,000	270,000	TC CRA
BOCC Cross Town Connector–Construction	3,300,000	2,240,000	Gas Tax #2; Road Impact Fees
FDOT Cross Town Connector– ROW acquisition	2,338,966		$2m Funding TBD
BOCC RESTORE Clement Taylor Park Renovations	729,918	35,000	GF match
FDEP Stormwater Cleanouts	60,000		
Morgans Kid Park Playground	23,000		
Total Grant-Funded CIP	**$ 26,607,017**	**$ 2,545,000**	

Capital Improvement Programming

- Renewal and Replacement Fund (R&R)
  - Facilities Renewal and Replacement
  - Infrastructure Renewal and Replacement

- Capital Improvement Program (CIP)
  - Citizen/Council Priority Projects
  - Comprehensive Plan and Growth Necessitated (Impact Fees)
  - Other Capital Projects

5-year Capital Budget Details

Renewal & Replacement		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
RR051	General Government	23,000	51,500	28,500	28,500	28,500	160,000
RR052	Public Safety	286,000	184,044	128,044	239,500	239,500	1,077,089
RR053	Physical Environment (	300,000	426,307	1,667,307	500,307	698,307	3,592,227
RR054	Roads, Sidewalks, Stre	1,147,000	1,031,667	1,011,667	1,011,667	1,044,167	5,246,167
RR057	General Culture & Recr	-	-	-	-	-	-
RR571	Library	224,000	90,833	50,833	50,833	50,833	467,332
RR572	Parks and Recreation	639,718	428,978	265,978	298,978	258,978	1,892,631
RR573	Other Facilities (i.e. M	46,500	26,701	11,701	11,701	11,701	108,303
RRVEH	Vehicles	598,000	-	-	-	-	598,000
	Subtotal	$ 3,264,218	$ 2,240,030	$ 3,164,030	$ 2,141,486	$ 2,331,986	$ 13,141,749

Accounts for 7% of FY 2023 Capital Budget
Funding:
General Fund prior year RR fund balance ($2.3m), Gas Tax #1 ($530k), Parking Fund ($96k), NPEB ($150k)

Renewal and Replacement

- Established in FY 2021 with an initial $2 million investment
- Funded by General Fund, Gas Tax #1, Parking Fund, NPEB
- National average for commercial building replacement value is $50 per square foot + re-sodding turf + replacing park amenities average need is $600,000/year
- Roads/Sidewalks/Streetlights – Restripe every 7 years; resurface every 15 years requires over $1 million/year
- Investing at rate of asset depreciation would be $3 million /year
- Not to be confused with operating repairs and maintenance
- R&R is to renew/replace major building components (roof, HVAC, exterior paint, flooring).

Infrastructure Renewal and Replacement

- Local Option Gas Tax #1 ($500,000/year)
  - Establishing, operating, and maintaining transportation system and related equipment and facilities
  - Acquisition, construction, reconstruction and maintenance of roads, streets, ROWs, sidewalks, signage, pavement markings, and street lighting, equipment and storage facilities for transportation equipment
  - City is using for Transportation and Pedestrian Facilities, primarily restriping and resurfacing of roads

CIP Restricted Funding Sources

- Parking Fund ($350,000/year)
  - Adding (CIP), maintaining (Ops), renewing (RR) paid parking areas

- Local Option Gas Tax #2 ($200,000/year)
  - Not for routine maintenance
  - To meet requirements of capital improvement elements of an adopted comprehensive plan to meet immediate local transportation problems and for critical roadway networks

- Okaloosa ½ Penny Surtax (1.6 million/year 2019-2028)
  - On May 2, 2022, Council adopted a motion to allocate the funds as follows:
    - 25% Beach Acquisitions
    - 60% Undergrounding
    - 10% Stormwater
    - 5% Public Works/Public Safety Committee Initiatives (TRSAF)

CIP Restricted Funding Sources

- Impact Fees
  - Collected from Developers for "Growth Necessitated Improvements". Use w/in 6 years of receipt*.

	PROJECTED FY 2023 BEGINNING BALANCE	PROJECTED FY 2023 ADDITIONS	AVAILABLE TO BUDGET FY 2023	*AT RISK 2023**	SCHEDULED FY 2023
POLICE IMPACT FEES	$ 18,398	$ 500	$ 18,898		$ 10,000
MULTI-MODAL IMPACT FEES	335,906	30,000	365,906		140,000
ROAD IMPACT FEES	3,009,160	50,000	3,059,160	*221,256*	1,600,000
LIBRARY IMPACT FEES	377,283	5,000	382,283	*69,814*	140,000
PARK IMPACT FEES	804,061	30,000	834,061	*7,677*	422,000
NPEB	528,308	500	528,808		182,500
TOTAL IMPACT FEES	$ 5,073,116	$ 116,000	$ 5,189,116	*$ 298,747*	$ 2,494,500

Ms. Strickland emphasized that impact fees are to be used only for "Growth Necessitated Improvemens" adding that impact fees are being misused throughout the State of Florida. They have added in their Land Development Code that impact fees collected are to be used within 6 years of receipt. She noted that the "At Risk 2023" column on the previous slide are impact fee funds that have been collected about 6 years ago. They have to be used by next year or developers could request them back. She also pointed out that $1.6 million of road impact fees are mostly going towards the crosstown connector, which is one of the council's top priorities.

5-year Capital Budget Details

		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Growth Necessitated & Comp Plan							
LB002	Library Impact Fee Projects	140,000	235,000	-	-	-	375,000
SW54	Stormwater Cleanouts	60,000	60,000	60,000	60,000	-	240,000
TR619	Sibert-Zerbe Parking Lot Consolidation	150,000	-	-	-	-	150,000
TR622	General Parking Improvements	250,000	100,000	-	-	-	350,000
	Subtotal	$ 600,000	$ 395,000	$ 60,000	$ 60,000	$ -	$ 1,115,000

$1.9 million of impact fees are invested as match towards "Council Directed" programs, such as $1.6m of Road impact fees to complete the Cross-Town Connector.

Other Capital Projects		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
ARP	Infrastructure Project TBD	1,135,133	-	-	-	-	1,135,133
CRH64	Harbor CRA Wayfinding Pla	-	150,000	-	-	-	150,000
CRT17	Town Center CRA Easement	540,000	50,000	1,000,000	5,368,000	-	6,958,000
CRT64	Town Center CRA Wayfindi	100,000	-	-	-	-	100,000
HURRIC	Hurricane Response	100,000	-	-	-	-	100,000
IT002	Tech Fund Hardware/Softw	225,000	-	-	-	-	225,000
IT003	Other Hardware/Software F	115,000	85,000	-	-	-	200,000
MM001	Multimodal expansion prog	-	-	-	1,784,640	8,634,640	10,419,280
NPDES	National Pollutant Discharg	32,500	32,500	32,500	32,500	32,500	162,500
PW015	Vehicle WashDown Station	-	-	-	20,000	20,000	40,000
RC124	Morgan's Children's Park Pl	100,000	-	-	-	-	100,000
RC127	Pickleball Court	400,000	-	-	-	-	400,000
RC128	Morgan's Bathrooms/Storag	345,000	-	-	-	-	345,000
RC129	World's Luckiest Fishing Po	-	-	50,000	-	-	50,000
RC216	Clement Taylor Park Renov	764,918	-	-	-	-	764,918
SW56	Stormwater Swale Work	10,000	10,000	-	-	-	20,000
SW57	Stormwater Basin Studies	-	-	-	-	1,050,000	1,050,000
TRSAF	Intersection Safety	100,000	100,000	100,000	100,000	100,000	500,000
	Subtotal	$ 3,967,551	$ 427,500	$ 1,182,500	$ 7,305,140	$ 9,837,140	$ 22,719,831

UNFUNDED/UNDERFUNDED

		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
RR053	Stormwater Swale Renewa	150,000	400,000	400,000	400,000	400,000	1,750,000
SW56	Stormwater at Restaurant R	10,000	10,000				20,000
UNDER	Utility Undergrounding	725,000	7,225,000	7,600,000	3,600,000		19,150,000
	Subtotal	$ 885,000	$ 7,635,000	$ 8,000,000	$ 4,000,000	$ 400,000	$ 20,920,000

General Fund Available for Capital Investment

	FY2023@1.6150	
FY23 Net Increase to Fund Balance	$ 1,712,546	(before CIP)

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	General Fund
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General Funds
Invested in FY23 Capital Budget

PROJECT DETAILS	FY 2023 Gen Fund $'s	FY 2023 Other Sources	Notes
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Multi-Use Convention/Sports/Comı	75,000		
Disaster Response	100,000		Usually 75% reimbursed by FEMA
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Civic Clerk Agenda Sys Upgrade	15,000		
City Marina - Feasibility Study MARI	75,000		Revenue project
Pickleball Courts	400,000		6-10 courts, lighting, parking
Clement Taylor Park Renovations - I	35,000	729,918	RESTORE grant
Renewal & Replacement Program	974,220	1,361,998	PY RR Fund Balance
Total GF for Capital Improvements	$ 1,896,220	$2,203,916	

Ms. Strickland pointed out that the $1.7 million figure listed in the preceding slide is the projected addition to fund balance if they keep the millage rate at 1.6150. The council can either invest the full amount into capital projects, shorten the capital projects list, or lower the millage rate a little bit and cut the general funded list of capital projects even more. She continued that she will be publishing more of these figures on July 11th for a capital budget workshop scheduled for July 14th. The council could then provide staff some directions after they have reviewed all the information.

Councilmember Wagner recommends keeping the millage rate the same. They have one of the lowest millage rates in the State of Florida. He stated that they could get in a bind if they try to be good stewards and bring the millage rate down. If they hit another property value drop as they had in the past it would be hard to come back from it. He also stated that most people in the community are homesteaded and the average home price for people who have lived in Destin for more than a decade is almost a completely different universe of pricing. People are coming into Destin knowing what the prices and expenses are and it would not be a surprise to them as they decide to move into this community.

Councilmember Destin expressed his support in keeping the millage at its current rate. He also stated that all the proposed spending and the list of capital projects are based on staff's recommendation. The ultimate decision on spending lies with the council. He urged each member of the council to meet with management individually and discuss any changes they wish to make or any ideas they have that could change or readjust any of the proposed spending. They could then have a group discussion at the next budget workshop.

The City Manager asked if council want the $75,000 allocated for the multi-use convention center feasibility study to remain in the Council Contingency Fund at this time. It was the consensus of the council to keep the money where it is.

Next Steps

- July 14: Budget Workshop #3 CIP & Millage
- July 27-29: Individual Budget Briefs with Council Members
- August 1: Adopt Tentative Millage Rate
- August 4: Certify Tentative Millage Rate and Public Hearing #1 with Property Appraiser
- August 11: Optional Budget Workshop #4
- August 24: TRIM Notices mailed by Property Appraiser
- September 8: Budget Public Hearing #1

PUBLIC COMMENTS:

Mr. Jim Wood, a Destin resident and chairman of the Public Works and Safety Committee and Local Planning Agency, noted that during his time with the Transportation Planning Organization (TPO) the Destin Crosstown Connector was listed in the priority list as being fully funded. He was informed that it has been placed under the partially funded list per request from the City of Destin so they could ask for more money from the county. The TPO record shows $1.6 million for 3 years coming from the county TDD for a total of $4.8 million. The slides shown tonight showed $3.3 million.

Grants and Project Manager Jeff Cozadd explained that he had asked the TPO to move the Destin Crosstown Connector to the partially funded list because they need to pursue some opportunities to get additional funding from the TDD to complete that project. The total amount of funding has been reduced and the commitment from the TDD has changed since the city started working with them on the beach acquisition. He added there was a gap between what the city has and what it will need in order to make all the acquisitions.

Mr. Wood noted that one of the slides shown tonight has $6.5 million coming from the CRAs for the city's undergrounding project. He stated that during his time with the council he never knew the CRAs having any money. He asked what has changed between then and now.

Ms. Strickland explained that they can take the tax incremental financing and the revised master plan to obtain those funds. She has been sharing with each the two CRA Advisory Committees their financial projections out through their sunset years. They have a lot of money that they need to invest, and which is the source of the $6.5 million.

Next, Mr. Wood noted that Diamond Lakes Homeowner's Association has expressed interest in annexing into the city. He did not have the proper procedures to provide to them. He asked if the city has any information they could provide.

Community Development Director Louis Zunguze stated that they are in the process of preparing a response, but it will be provided to the City Manager in a more global fashion so they could have a more comprehensive approach to any annexation requests that come to the city.

Mr. Wood inquired about some discussions about a possible neighborhood special assessment to do the undergrounding. He stated that since his neighborhood utilities are already underground whether they could be forced to participate in the special assessment if it becomes necessary.

Mr. Strickland stated if there are no enhancements to their property they cannot be assessed under the special assessment.

Ms. Michell Sandstead, a Destin resident and member of the Town Center CRA, stated that the committee has been unable to meet regularly for a variety of reasons, one of which was for lack of quorum. He urged the council to appoint more people to the committee.

ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 6:55 PM.

Gary Jarvis, Mayor

ATTEST:

Rey Bailey, City Clerk__