MINUTES
BUDGET WORKSHOP
DESTIN CITY COUNCIL
JULY 14, 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 Gary Jarvis
Councilmember Kevin Schmidt
Councilmember Bobby Wagner (arrived 6:30 PM)
Councilmember Dewey Destin
Councilmember Jim Bagby
Councilmember Rodney Braden

City of Destin Staff

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

CALL TO ORDER

Mayor Gary Jarvis called the meeting to order at 5:30 PM, followed by the recitation of the Pledge of Allegiance.

WORKSHOP

A. Fiscal Year 2023 Budget Workshop

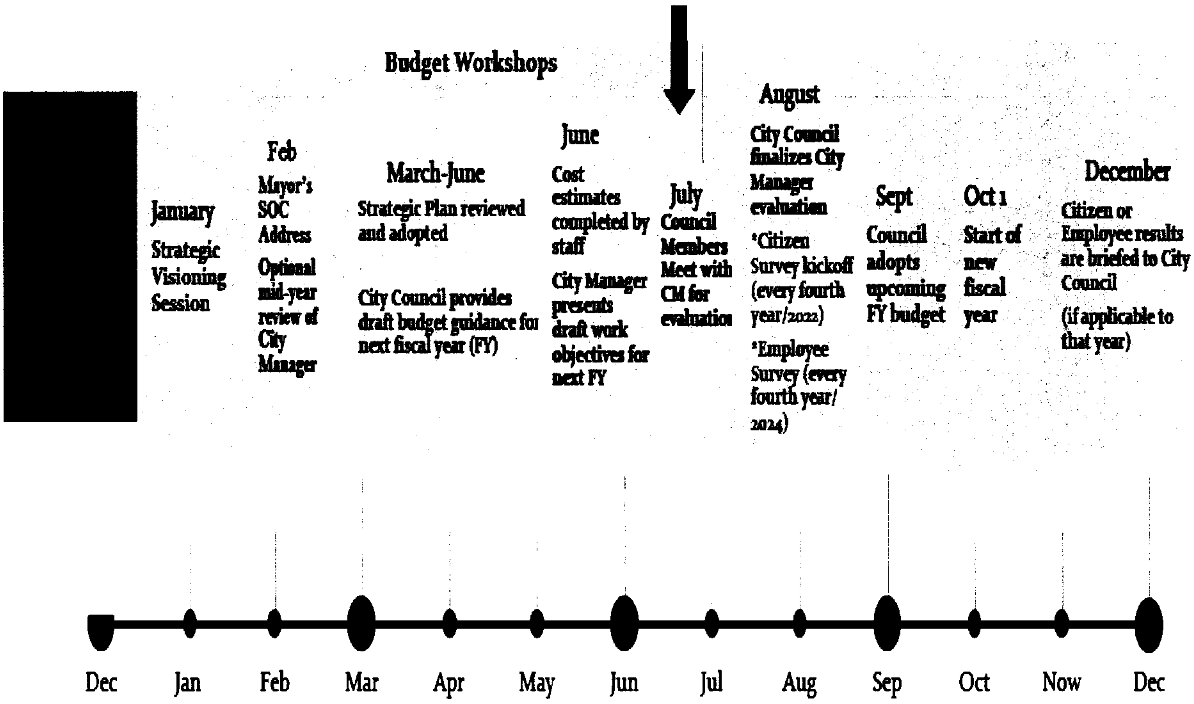
City of Destin Finance Director Krystal Strickland provided the following presentation:

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

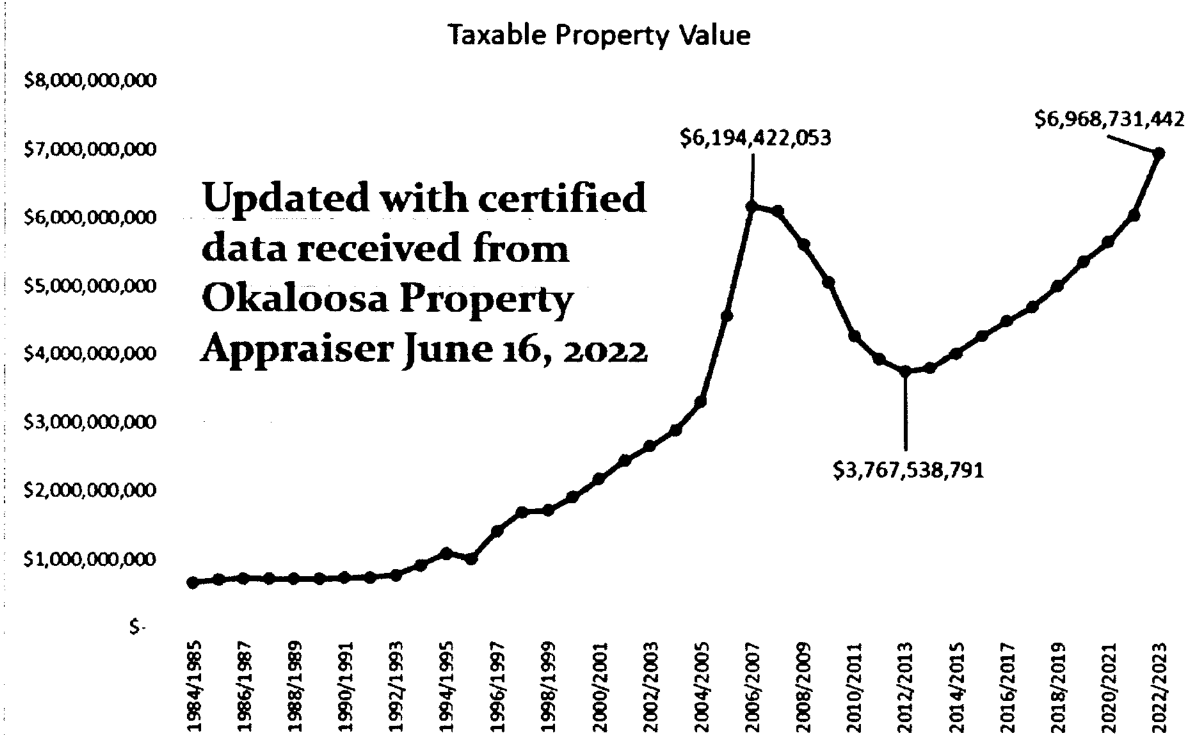
FY 2023 Budget Updates since Workshop #2

1. Personnel insurance increased from $1.5 million to $1.65 million (7% to 20% increase) – General Fund increased $160,000.
2. IT002 Server Updates: A larger portion of server replacement will be paid by tech fund (data usage allocation reviewed) – General Fund increase $117,000.
3. Event Center Feasibility Study removed – General Fund decrease $75,000
4. Council Contingency increased $20,000 to $95,000 – General Fund increase $20,000
5. Exclude Stormwater Management position Fiscal Year 2023 (pilot test) – General Fund decrease $46.000.
6. CM001 BEACH: New Interlocal Agreement for fall beach acquisitions increased revenues and expenditures $25 million ($25 million ($5.5 million might be expended in FY22)

Net change: Decreased usage of Fund Balance from $184,000 down to $105,000

FISCAL YEAR 2023 OPERATIONAL BUDGET

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%

General Fund Revenues

	FY 2021 ACTUALS	FY 2022 PROJECTED	FY2023 PROJECTED	FY2024 PROJECTED	% Change 22 vs 23
Taxes	11,740,988	10,342,254	11,403,017	12,044,130	10%
Licenses & Permits	2,885,812	3,045,336	3,006,450	2,999,050	-1%
Intergov	8,053,048	3,110,826	3,241,511	3,473,630	4%
Charges for Svcs	937,122	488,560	463,900	473,930	-5%
Other Revs	135,803	(608,292)	311,901	314,101	-151%
Total GF Revenue	**23,752,772**	**16,378,684**	**18,426,779**	**19,304,841**	

- Taxes: Ad Valorem, CST, BTRs, Gas Tax#1
- Licenses & Permits: franchise fees, rental registrations, zoning reviews
- Intergovernmental: State ½ Cent; Municipal sharing; TDC & FDEP Ops; FDOT medians, traffic signals, hwy lighting; County Library Cooperative
- Other Revs projects a net loss in FMV of investment portfolio FY22

General Fund Revenue Highlights

- Reminders:
  - ✓ Parking fees ($400k/yr) moved to Parking Fund 122
  - ✓ Building Permit Fees (Permits $900k/yr) moved to Building Fund 111
  - ✓ New 2% Electric Franchise fee recorded in "restricted" 315 Fund

FY2023 Projects

- Reviewing/revising the Schedule of Fees for all departments with possible increases in Parks and Recreation and Community Development fees
- Exploring incorporation of parcels within City Limits

General Fund Operating Expenses

GENERAL FUND DETAILS			FORECAST	
DESCRIPTION	2021 ACTUALS	2022 PROJECTIO	FY 2023	FY 2024
TOTAL GENERAL GOVERNMENT	*3,326,395*	*3,932,539*	*4,535,592*	*4,627,100*
TOTAL PUBLIC SAFETY	*2,996,101*	*3,187,503*	*3,593,073*	*3,701,830*
TOTAL PHYSICAL ENVIRONMENT	*142,017*	*162,207*	*288,283*	*297,480*
TOTAL TRANSPORTATION	*1,663,328*	*1,616,374*	*2,082,732*	*2,149,020*
TOTAL ECONOMIC DEVELOPMENT	*13,209*	*14,452*	*14,500*	*14,650*
TOTAL HEALTH AND HUMAN SVCS	*64,531*	*50,404*	*89,098*	*89,140*
TOTAL CULTURE AND RECREATION	*2,943,335*	*3,320,646*	*4,567,540*	*4,720,820*
TOTAL DEBT SERVICE	*4,243,603*	*88,416*	*22,644*	*23,223*
TOTAL OPERATING EXPENDITURES	**15,392,518**	**12,372,541**	**15,193,462**	**15,623,263**
NET OPERATING (REV-EXP)	**8,360,254**	**4,006,143**	**3,233,317**	**3,681,578**

Personnel Costs are projected to be 37% higher in FY23 due to compensation study increases PLUS assuming 25 vacancies filled, and Personnel Insurance assumed to increase 20%

Personnel: 99 FT & 29 PT

	FY 2022 PROJECTED	FY 2023 PROJECTED	% Change 22 vs 23
Salaries + OT	$ 4,997,369	$ 6,670,611	33.5%
Benefits	1,737,782	2,413,551	38.9%
ALL FUNDS	$ 6,735,151	$ 9,084,162	34.9%

- 8.54% Cost of Living*
- 2% Merit
- Estimated Insurance increase 7%
- Stormwater Mgmt Position to be covered internally FY23 (decrease $46k)
- New Positions ($160K Sals + $97k Bens=$257k)
  - 4 FT wishlist: Engineering, Stormwater, Facilities, Parks
  - 1 PT wishlist: Finance Intern (max 29 hours/week x 16 weeks/year)
- Currently recruiting to fill 14 FT and 11 PT vacancies

**Per staff policy for recommendations of annual CPI/COLA to City Council*

General Fund Expenditure Highlights

Series Id: CUUR0000SA0
Not Seasonally Adjusted
Series Title: All items in U.S. city average, all urban consumers, not seasonally adjusted
Area: U.S. city average
Item: All items
Base Period: 1982-84=100

Download: xlsx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	228.850	230.338
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.366	233.548
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812	236.384	237.088
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525	236.265	237.769
2016	236.916	237.111	238.132	239.261	240.229	241.018	240.628	240.849	241.428	241.729	241.353	241.432	238.778	241.237
2017	242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524	244.076	246.163
2018	247.867	248.991	249.554	250.546	251.588	251.989	252.006	252.146	252.439	252.885	252.038	251.233	250.089	252.125
2019	251.712	252.776	254.202	255.548	256.092	256.143	256.571	256.558	256.759	257.346	257.208	256.974	254.412	256.903
2020	257.971	258.678	258.115	256.389	256.394	257.797	259.101	259.918	260.280	260.388	260.229	260.474	257.557	260.065
2021	261.582	263.014	264.877	267.054	269.195	271.696	273.003	273.567	274.310	276.589	277.948	278.802	266.236	275.703
2022	281.148	283.716	287.504	289.109	292.296									

8.54% March 22 vs March 21 CPI
8.26% April 22 vs April 21 CPI
8.58% May 22 vs May 21 CPI

policy is June

DISCUSSIONS:

Councilmember Bagby stated that as a result of the compensation study, some members of staff received salary increases of 10 to 20 percent, and some even as high as 25 percent; adding they should not get an 8 percent cost of living increases in addition to it. He would also like to know who received a raise from the smallest to the largest amount percentagewise. He further stated that he supports the 2 percent merit system for everybody; however, the management team that did not get a raise and did not benefit from the study should get a bigger cost of living increase.

According to Ms. Strickland, the compensation study was completed on all the salary levels last fall. They considered how long people have been with the city and whether they have had positive reviews throughout their tenure. They tried to bring all these things into balance to reduce compression, and that they finally got the employees to where they should have been salary-wise. She also explained that the 8.54 percent cost-of-living allowance recommendation is based on their cost-of-living policy that they follow the CPI index year after year. The CPI has been around 8.5 percent the past few months and finally reached 9.01 in June. They are not recommending the full CPI due to the merit increase, but the council should probably have some discussions in that regard.

Councilmember Braden pointed out they have a lot of positions to fill, and that they would need to fill these positions to take some of the workload off the other members of staff.

Councilmember Destin noted that he supported the salary increases. But they are already closed to 40 percent on their compensation package and 25 more positions two fill, adding that the rate they are going is not sustainable. He also stated that the philosophy of moving away from contracting and going for full time employment is contrary to what it has been in the past and is actually the opposite way to go if they want to create a balanced budget. Contracting is generally much cheaper, and it is easier to get rid of contractors if they do not perform the job than it is for full-time employees. He recommends reviewing what has worked for the city in the past and following the same route. Staff should provide recommendations as to which positions need to be contract focused and those that they need to fill. If they feel they need to hire for all 25 positions, they should provide the top 10 positions now, and then maybe revisit the issue at the next budget year and hire more.

Ms. Strickland pointed out that the 25 vacant positions have already been budgeted. The current budget estimate, which is 37 percent higher than in 2022, assumes that they would have all 25 positions, as well as the 4 new positions, filled . She also noted that most of the 25 positions have been opened for quite a while, mostly due to low wages which has now been addressed through the compensation study. They are hoping it would entice more people to come in and apply for employments.

Councilmember Schmidt stated that many staff members are overworked due to personnel shortage. This needs to be considered as they discuss and decide how many of the vacant positions to eliminate. He also noted that council's number one priority is to offer livable wages and benefits to attract and maintain high caliber, qualified staff, which is why he is not considering giving less money to staff. Employees are quitting and going somewhere else because they are not getting paid enough. He continued they have conducted a compensation study and gave staff a raise a few months ago to get them to a level comparable with other agencies or municipalities., but it may not be enough to actively recruit or keep the right people. The cost of living/CPI continuous to go up, which is why he fully supports what is being presented by staff.

The mayor asked for the City Manager's opinion with regards to compensation.

According to the City Manager, they should definitely consider stewardship of the tax dollars; adding that a 9.01 cost-of-living increase for staff would really be nice but not sustainable, nor it is the right thing to do given the current situation. They would need to come up with a percentage increase that would help staff survive the current state of the economy. He added that during a recent meeting with other City Managers, he has learned that the average cost of living increase and merit increase combined in most municipalities is around 5 percent.

The City Manager also noted that the majority of the vacant positions are in the Parks and Recreation Department. Many of the part time positions that are currently vacant are the lowest paying jobs. They have to meet certain standards in order to run some of their programs. If necessary, they may need to make decisions on which programs to cut and which to continue. He added that the maintenance jobs are those they could consider contracting.

Councilmember Bagby noted that the recommended budget that had been brought before the council was developed with an 8.54 percent cost of living increase. Upper management and other members of staff who received no raises from the compensation study could receive up to 2 percent merit increase and 3 percent cost of living increase for a total of 5 percent. Those who received a raise could also get up to 2 percent merit increase and one percent cost of living increase for a total of 3 percent. This would bring the 8.54 percent to approximately 4 percent for a 4.5 percent savings. He also stated that he is not opposed to contracting; however, they would normally contract functions and not positions. Staff needs to recommend which functions they could contract out instead of hiring a part time or full-time employee and bring that information back. He added that staff could also start working on an RFP; however, it is doubtful they could get all these accomplished before October 1st.

Councilmember Destin asked if the proposed budget include the increases the management staff did not receive from last year's compensation study.

According to Ms. Strickland, the 8.5 percent cost of living increase was applied uniformly to all the positions. It did not separate out different sections.

Councilmember Destin requests the exact amount of the increase be provided to council as it would be instrumental to the council's decision making with regards to this matter.

General Fund Available for Capital Investment

FY2023@1.6150

FY23 Net Increase to Fund Balance $ 1,680,988 (before CIP)

Estimated Fund Balance at 09/30/2023 BEFORE CIP		
@1.6150 Millage Rate		
	General Fund	
Fund balances:		
Nonspendable	2,474,640	
Restricted	-	
Committed (reserves)	11,300,000	Increase $1m for ILA
Assigned	1,375,011	
Unassigned	13,149,661	
Total fund balances	**28,299,312**	

General Funds Invested in FY23 Capital Budget

PROJECT	FY 2023 Gen Fund $'s	FY 2023 Other Sources	Notes
ANNEXATION STUDY CAPITAL PROJ	10,000		
HURRICANE RESPONSE	100,000		Usually 75% reimbursed by FEMA
NETWORK INFRA/SERVERS	45,000	105,000	Tech Fund contribution
SOFTWARE: ASSET MGMT; CIVIC CLRK	65,000		
CITY MARINA	75,000		
PICKLEBALL COURTS	400,000		6-10 courts, lighting, parking
CLEMENT TAYLOR PARK RENO	35,000	729,918	RESTORE grant
RENEWAL & REPLACEMENT PROGRAM	1,052,025	1,307,193	FY 2022 RR Fund Balance
TOTAL GF FOR CAPITAL IMPROVEMENTS	**1,782,025**	**2,142,111**	

FY23 Net Increase to Fund Balance	**$ 1,680,988**	(before CIP)
FY 2023 Proposed usage of GF Fund Balance	$ 101,037	

Long-Range Capital Planning

Planning for Primary projects

Date finance needed:	***Completed***	*Aug-22*	*FY23*	*FY23*		*Fall 2023*	*Spring 2024?*	*TBD*	*TBD*	*pay-go*	*pay-go*	
ORG Description	Beach 1 (59/41) Crystal Beach (LTD Expended*)	CM001 Beach 1 (59/41) Crystal Beach land acq	CM001 Beach 1 (59/41) Crystal Beach developmt	Beach2 (50/50)	EN615 x-town	2023 Under ph1 Hwy 98 Marler Bridge-Airport (Harbor CRA)	2026 Under ph4 West Destin TC CRA	2024 Under ph2 Hwy 98 Airport to Matthew Blvd	2025 Under ph3 Hwy 98 to Walton County	Stormwater (SW56 and ARP)	Public Works/ Safety	TOTAL
TDC (48.5% of the 12.5%)		404,920	509,736									914,656
TDC advanced funding agreement		1,270,048	354,952	8,375,000								10,000,000
Oka 1/2 Penny	3,064,426	990,032				2,625,000	3,500,000	2,400,000	1,075,000	1,600,000	800,000	16,054,458
BOCC	4,213,193	3,835,000	1,244,307	8,375,000	3,300,000							20,967,500
Electric Franch						4,875,000	4,500,000	3,375,000				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										1,130,000		1,130,000
TBD (grants? other?)					3,660,000		-	7,225,000	11,925,000			22,810,000
	7,277,619	6,500,000	2,108,995	16,750,000	11,900,000	13,000,000	13,000,000	13,000,000	13,000,000	2,730,000	800,000	100,066,614

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	$45,864,610	$14,000,000	$ 14,000,000	$11,975,000	$ 325,000	$ 86,164,610
Renewal & Replacement	3,264,218	3,573,030	3,164,030	2,141,486	2,331,986	14,474,749
Growth Necessitated	610,000	395,000	60,000	60,000	-	1,125,000
Other Capital Projects	3,842,551	427,500	1,182,500	7,305,140	9,837,140	22,594,831
Total Projects	**$53,581,379**	**$18,395,530**	**$ 18,406,530**	**$21,481,626**	**$12,494,126**	**124,359,190**
Funding Sources						
General Fund	3,089,218	1,395,363	2,084,363	1,211,819	1,097,819	8,878,582
Special Revenues	10,501,032	2,820,667	3,520,667	5,495,667	445,667	22,783,699
Impact Fees/Restricted	6,878,500	4,151,500	3,541,500	3,541,500	574,000	18,687,000
Grants	32,227,629	60,000	60,000	60,000	-	32,407,629
Funding Source TBD	885,000	9,968,000	9,200,000	11,172,640	10,376,640	41,602,280
Total Sources	**53,581,379**	**18,395,530**	**18,406,530**	**21,481,626**	**12,494,126**	**124,359,190**

5-year Capital Budget Details

Citizen/Council Directed

		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
EN615	Cross-Town Connector	$ 7,878,966	$ 1,000,000	$ 1,000,000	$ -	$ -	$ 9,878,966
CM001	Beach Acquisition	25,360,644	-	-	-	-	25,360,644
EVENT	Multi-Use Convention/Spoı	-	-	-	-	-	-
UNDER	Undergrounding	12,540,000	13,000,000	13,000,000	11,975,000	325,000	50,840,000
TR621	Transit Trolley	-	-	-	-	-	-
MARINA	City Marina	75,000	-	-	-	-	75,000
ANNEX	Annexation Study	10,000	-	-	-	-	10,000
	Subtotal	$45,864,610	$14,000,000	$ 14,000,000	$11,975,000	$ 325,000	$ 86,164,610

Accounts for 86% of Fy23 Capital Budget

DISCUSSION:

Councilmember Schmidt pointed out that the annexation of unincorporated enclaves is listed under desirable priorities and is at the bottom of the list for $10,000 to conduct a study in Fiscal Year 2023. The City Marina, which is also a desirable priority, is projected to spend $75,000 for the feasibility study. However, Critical Priority 1.2 – *Research viability of Multi-Use Convention/Sports/Community Center*, which is a higher priority, is not budgeted under the 5-year capital budget projects. This does not seem to be in alignment with the council's objectives with regards to investment of their capital improvement funds. He further stated he does not necessarily feel they need to spend $75,000 to conduct a study just to see if they could build a marina.

The City Manager noted that the Multi-Use Convention/Sports/Community Center is still part of their strategic plan, and that the money for the feasibility study is currently in the council contingency fund and is available if the council wants to use it for that purpose.

Ms. Strickland stated that the Capital Improvement Project is a 5-year project and so they can delay spending the money until Fiscal Year 2024 if they desire.

Councilmember Destin noted that with the exception of the $10,000 for the annexation study, the rest of the funding would have to come back to council for approval.

Ms. Strickland clarified that a certain amount over the procurement policy which they are about to renew and revise, even if it is budgeted, has to come back for council's approval.

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)

5-year Capital Budget Summary

Capital Projects	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Citizen/Council Directed	$ 45,864,610	$ 14,000,000	$ 14,000,000	$ 11,975,000	$ 325,000	$ 86,164,610
Renewal & Replacement	3,264,218	3,573,030	3,164,030	2,141,486	2,331,986	14,474,749
Growth Necessitated	610,000	395,000	60,000	60,000	-	1,125,000
Other Capital Projects	3,842,551	427,500	1,182,500	7,305,140	9,837,140	22,594,831
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Special Revenues	10,501,032	2,820,667	3,520,667	5,495,667	445,667	22,783,699
Impact Fees/Restricted	6,878,500	4,151,500	3,541,500	3,541,500	574,000	18,687,000
Grants	32,227,629	60,000	60,000	60,000	-	32,407,629
Funding Source TBD	885,000	9,968,000	9,200,000	11,172,640	10,376,640	41,602,280
Total Sources	**53,581,379**	**18,395,530**	**18,406,530**	**21,481,626**	**12,494,126**	**124,359,190**

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	10,914,656	990,032	Oka 1/2 Penny
BOCC Beach Acquisition	13,455,956		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	**$32,227,629**	**$3,535,032**	

DISCUSSION:

Councilmember Schmidt wants to know more about the $270,000 they are allocating for Fiscal Year 2023 for the Town Center CRA Linear Trail Park.

Ms. Strickland explained they have attained a matching grant for the engineering and design of the park. The initial cost estimate for the project by the former city engineer was $13 million from end to end. The $270,000 grant has been awarded. The matching amount is $270,000 of the CRA funds which has to be spent within the Town Center CRA.

Councilmember Bagby asked why there is no tech fund for software asset management system and CivicClerk.

Ms. Strickland explained that the tech fund is related to COMPASS and Energov System which is related to the Community Development and the Building Permitting Processes. It is not related to other general government functions.

Councilmember Bagby asked when the Renewal & Replacement Study coming back to council.

Public Works Director Michael Burgess stated that the city hall assessment is being finalized and could take a few more weeks before the Renewal & Replacement Study for all 12 facilities will be completed.

Councilmember Bagby noted that one of the reasons they have not spent the money for the feasibility study for the Multi-Use Convention/Sports/Community Center was because they are not sure about the exact location for that facility.

Ms. Strickland asked if the council wants Hurricane Response budgeted amount of $100,000 to be removed from the list.

Councilmember Schmidt recommends keeping the item stating that there has to be a good reason staff placed the item on the list, such as in case of an emergency.

According to the mayor, most of the money will get reimbursed. The $100,000 is all about timeliness of response to an emergency such as removing debris from the road shortly after the storm event.

Councilmember Bagby stated he will not argue against keeping this item on the list. The city will reimburse itself out of the committed reserves first until they receive the reimbursement money from FEMA which could take a while.

Councilmember Bagby recommends placing the $75,000 for the City Marina study in Council Contingency until they determine the exact location in the harbor for the marina.

Ms. Strickland recommends delaying it for one year and placing it on the capital budget list again for Fiscal Year 2024 for council to review. She expressed concern that money placed in Council Contingency could be spent on other things as they are not earmarked for specific purpose.

Councilmember Bagby inquired as the time frame RESTORE ACT grant will be awarded for the Clement Taylor Park project.

Grants/Project Manager Jeff Cozadd explained that the grant money has been obligated and budgeted, but the county has not received a Notice to Proceed from the Treasury Department.

Ms. Strickland added that the RESTORE ACT grant was given to Okaloosa County by the Treasury Department, with the City of Destin as the sub-grantee. But a Notice to Proceed has not been given to the county. The information the city has been getting from the county grants manager is to wait until Capt. Royal Melvin Heritage Park is completed and then they will go back to the Treasury Department to request for the Notice to Proceed.

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 (Storı	300,000	426,307	1,667,307	500,307	698,307	3,592,227
RR054	Roads, Sidewalks, Street Lig	1,147,000	1,031,667	1,011,667	1,011,667	1,044,167	5,246,167
RR057	General Culture & Recreati	-	-	-	-	-	-
RR571	Library	224,000	90,833	50,833	50,833	50,833	467,332
RR572	Parks and Recreation	639,718	1,761,978	265,978	298,978	258,978	3,225,631
RR573	Other Facilities (i.e. Museu	46,500	26,701	11,701	11,701	11,701	108,303
RRVEH	Vehicles	598,000	-	-	-	-	598,000
	Subtotal	$ 3,264,218	$ 3,573,030	$ 3,164,030	$ 2,141,486	$ 2,331,986	$ 14,474,749

Accounts for 6% 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 $2m investment
- Funded by GF, Gas Tax#1, Parking Fund, NPEB
- National average for commercial building replacement value is $50 per square foot + re-sodding turf + replacing park amenities avg need is $600k/year
- Roads/Sidewalks/Streetlights – Restripe every 7 years; resurface every 15 years requires over $1m/year
- Investing at rate of asset depreciation would be $3m/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 ($500k/yr)
  - 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/yr)
  - Adding (CIP), maintaining (Ops), renewing (RR) paid parking areas

- Local Option Gas Tax #2 ($200k/yr)
  - 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

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**

5-year Capital Budget Details

		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Growth Necessitated & Comp Plan							
CE002	Code Enforcement Equipm	10,000					10,000
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 Co	150,000	-	-	-	-	150,000
TR622	General Parking Improvem	250,000	100,000	-	-	-	350,000
	Subtotal	**$ 610,000**	**$ 395,000**	**$ 60,000**	**$ 60,000**	**$ -**	**$ 1,125,000**

$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.

CIP Restricted Funding Sources

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

5-year Capital Budget Details

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 Plan	-	150,000	-	-	-	150,000
CRT17	Town Center CRA Easement T	540,000	50,000	1,000,000	5,368,000	-	6,958,000
CRT64	Town Center CRA Wayfinding	100,000	-	-	-	-	100,000
HURRIC	Hurricane Response	100,000	-	-	-	-	100,000
IT002	Tech Fund Hardware/Softwai	150,000	-	-	-	-	150,000
IT003	Other Hardware/Software Re	65,000	85,000	-	-	-	150,000
MM001	Multimodal expansion progra	-	-	-	1,784,640	8,634,640	10,419,280
NPDES	National Pollutant Discharge I	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 Play	100,000	-	-	-	-	100,000
RC127	Pickleball Court	400,000	-	-	-	-	400,000
RC128	Morgan's Bathrooms/Storage	345,000	-	-	-	-	345,000
RC129	World's Luckiest Fishing Ponc	-	-	50,000	-	-	50,000
RC216	Clement Taylor Park Renovati	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	$ 3,842,551	$ 427,500	$ 1,182,500	$ 7,305,140	$ 9,837,140	$ 22,594,831

5-year Capital Budget Details

UNFUNDED/UNDERFUNDED

UNFUNDED/UNDERFUNDED		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
CRT17	Town Center CRA Easement Trail/Linear Park				5,368,000		5,368,000
EN615	Cross-Town Connector		1,000,000	1,000,000			2,000,000
MM01	Sidewalk/Bike Lanes				1,784,640	8,634,640	10,419,280
PW015	Vehicle Wash Station				20,000	20,000	40,000
RC129	World's Luckiest Fishing Pond			50,000			50,000
RR053	Stormwater Infra (swales &	150,000	400,000	550,000	400,000	672,000	2,172,000
RR572	Replace Field Lights		1,333,000				1,333,000
SW56	Stormwater at Restaurant R	10,000	10,000				20,000
SW57	Stormwater Basin Studies					1,050,000	1,050,000
UNDER	Utility Undergrounding	725,000	7,225,000	7,600,000	3,600,000		19,150,000
	Subtotal	$ 885,000	$ 9,968,000	$ 9,200,000	$ 11,172,640	$ 10,376,640	$ 41,602,280

General Fund Available for Capital Investment

FY2023@1.6150

FY23 Net Increase to Fund Balance $ 1,680,988 (before CIP)

Estimated Fund Balance at 09/30/2023 BEFORE CIP		
@1.6150 Millage Rate		
	General Fund	
Fund balances:		
Nonspendable	2,474,640	
Restricted	-	
Committed (reserves)	11,300,000	Increase $1m for ILA
Assigned	1,375,011	
Unassigned	**13,149,661**	
Total fund balances	**28,299,312**	

Next Steps

- 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

DISCUSSION:

Ms. Strickland requests council's consensus on personnel budgeting costs, which currently stands at 8.5 percent for cost-of-living increase.

Councilmember Destin stated that the 5 percent range discussed earlier may be more appropriate. He recommends not being quite so ambitious with regards to personnel budgeting. In 2008 their ad-valorem taxes were drastically reduced when property values went down by more than 40 percent. They were faced with the dilemma of delaying pay increases or to layoff personnel and they chose the former. There are some signs they may be facing the same dilemma in the near future.

According to Councilmember Bagby, the citizens may not be comfortable reading through dozens of pages of materials that they may not quite understand. He recommends creating a separate simplified version of the document. that translates the budget information in the form the public can easily comprehend. This will help citizens better understand the budget process and realize the excellent job staff has done in creating the budget and the great work they are doing for the community

The mayor stated that Ms. Strickland did a great job with the slide presentation. She could probably create a version that an average citizen can easily understand and post it on Facebook or other social media pages.

Ms. Strickland stated she could create one slide per department providing a summary of what each department is doing and what is being done for each department.

PUBLIC COMMENTS:

Ms. Marcie Bell, a Destin resident, noted that when the track at Fort Walton Beach High School was resurfaced, people donated money and they showed how they raised money. She recommends doing something similar in terms of resurfacing the school track in Destin to demonstrate public-private partnership. She also urges the council to make sure the wayfinding program stays within the city and not allow for it to be taken over by the TDC as the City of Destin is its own brand.

ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 7:40 PM.

Gary Jarvis, Mayor

ATTEST:

Rey Bailey, City Clerk__