MINUTES
WORKSHOP
DESTIN CITY COUNCIL
MAY 23, 2023
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 Bobby Wagner
Councilmember Kevin Schmidt
Councilmember Dewey Destin
Councilmember Jim Bagby
Councilmember Torey Geile

City of Destin Staff

City Manager Lance Johnson
Finance Director Krystal Strickland
Human Resources Manager Jamie Dittmer
Grants/Projects Manager Jeffrey Cozadd
Parks and Recreation Director Lisa Firth
Community Development Director Louis Zunguze
City Clerk Rey Bailey
Code Compliance Director Troy Williams
City Engineer Ryan Scott
Public Information Manager Tamara Young
Public Works Director Michael Burgess
City Attorney Kyle Bauman

CALL TO ORDER/PLEDGE OF ALLEGIANCE

Mayor Bobby Wagner called the meeting to order at 5:30 PM. He called for a moment of silence, which was followed by the recitation of the Pledge of Allegiance.

PUBLIC COMMENTS

WORKSHOP

A. Fiscal Year 2024 Budget

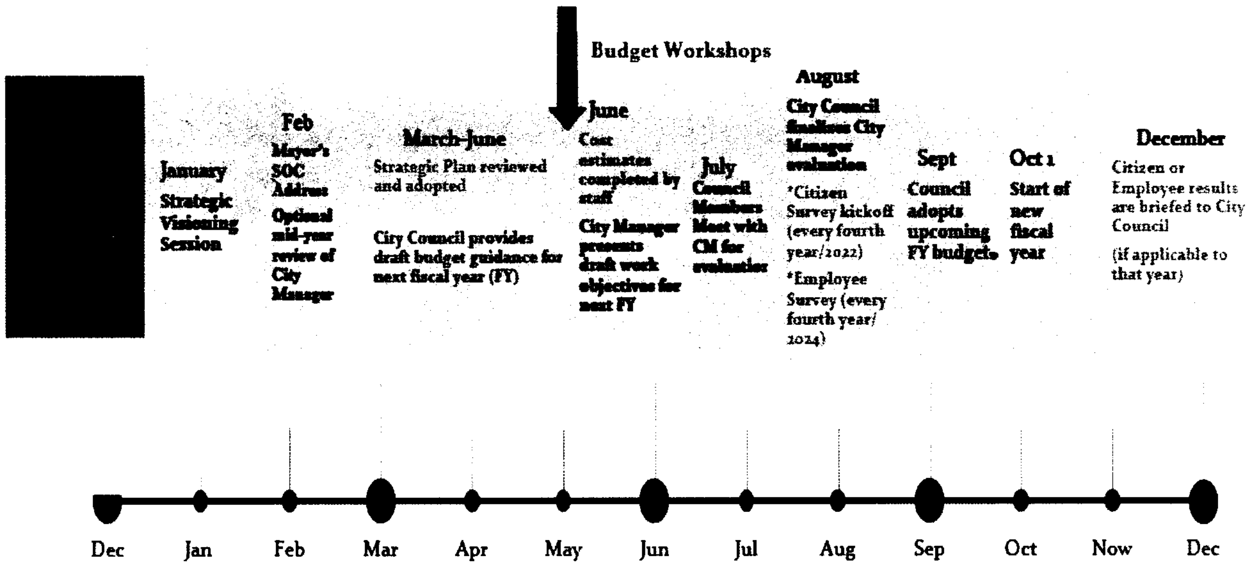
City of Destin Finance Director Krystal Strickland gave the following presentation:

Fiscal Year 2024 Budget Process

- Visioning Session – January
- Operational Budget Workshop – May 23, 2023
- Capital Budget Workshop – July 11, 2023
- Adoption of Tentative Millage Rate and Certify to Property Appraiser – July 17, 2023
- Adoption of a Balanced Budget – September 2023

Strategic Planning, CM Eval and Budget Cycle

Calendar Year Timeline



<u>Strategic Planning Review:</u>

In January 2023, the city council participated in the annual visioning session and voted in March 2022 to approve council objectives.

3 KINDS OF PRIORITIES

- <u>CRITICAL</u> 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. (1-3/Yr)
- <u>IMPORTANT</u> priorities have fixed resources with varying time requirements and/or objectives.
- <u>DESIREABLE</u> 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 & benefits to attract and maintain high caliber, qualified staff.

1.2 Work with stakeholders to pursue the Destin City Center

IMPORTANT PRIORITIES

1.3 Complete two-lane Crosstown Connector

1.4 Public Beachfront acquisition initiative

1.5 Underground Utilities

1.6 Zerbe Street/Calhoun Ave. Phase II – Design pedestrian pathway under Marler Bridge

DESIRABLE PRIORITIES

1.7 Annexation of unincorporated enclave

1.8 Transit/Trolley System

1.9 City Marina (Phase 1 Feasibility Study)

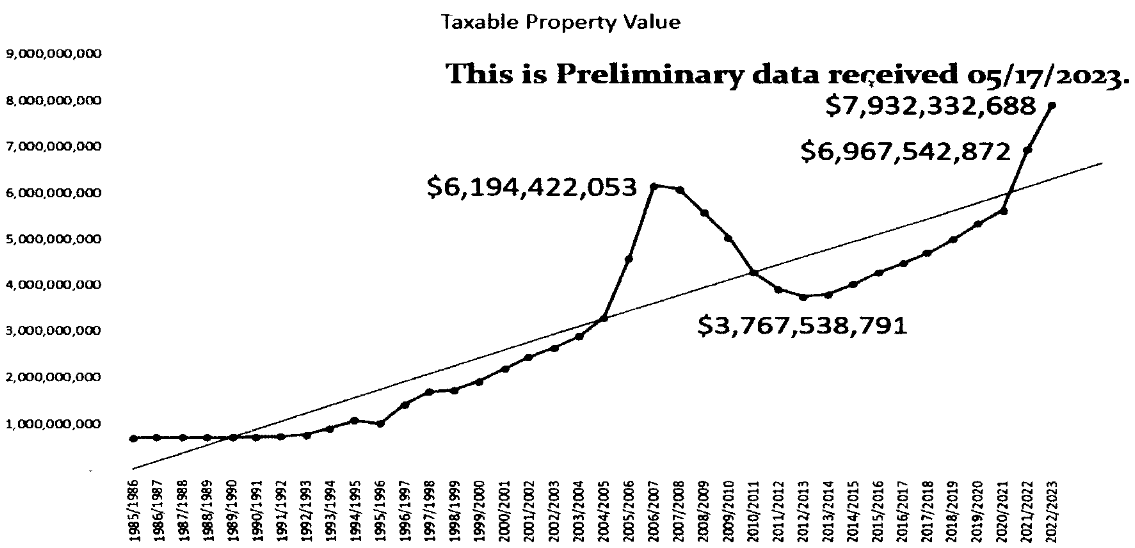
1.10 Improve parking, explore options (i.e., garage, surface, etc.)

1.11 Beach re-nourishment, planning and scheduling

STRATEGIC GOALS

I. Financially sound city providing service excellence
II. Enhanced quality of life and safety for families
III. Economic development and revitalization
IV. Effective, efficient, and aesthetically pleasing infrastructure
V. Improve mobility and connectivity
VI. A green and sustainable environment

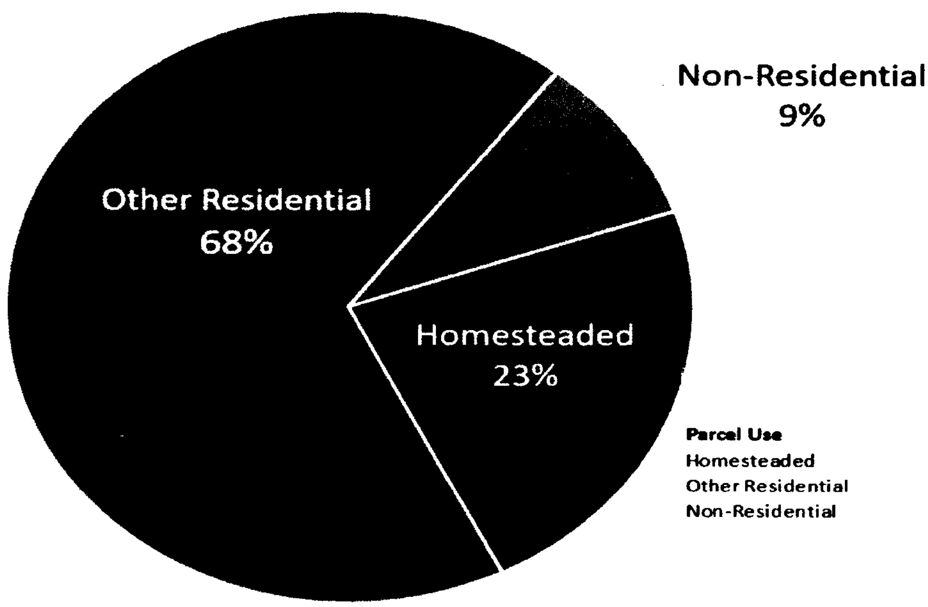
Ad Valorem – Taxable Property Values



Taxpayers – City of Destin

- 17% - under 18 years old
- 18% - over 65 years old
- 43% - bachelor's degree or higher
- Median Household Income - $81,827

Our Taxpayers – Parcels by Use

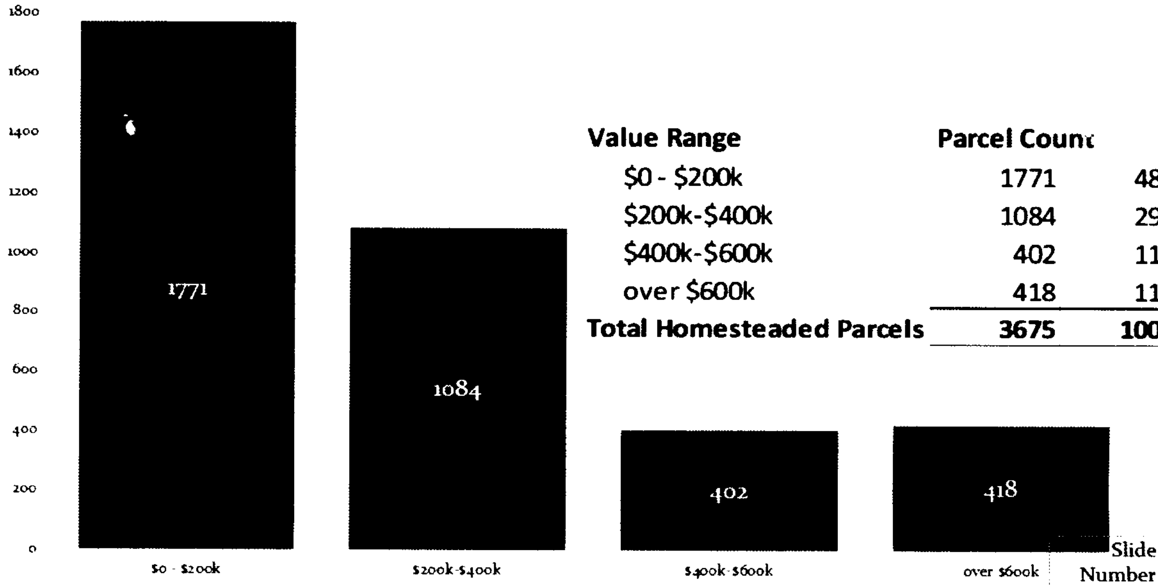


Parcel Use	Parcel Count	% of parcels
Homesteaded	3,675	23%
Other Residential	10,870	68%
Non-Residential	1,510	9%
	16,055	100%

Homesteaded Taxable Property Values

$ 307,036 average homestead exempted property value

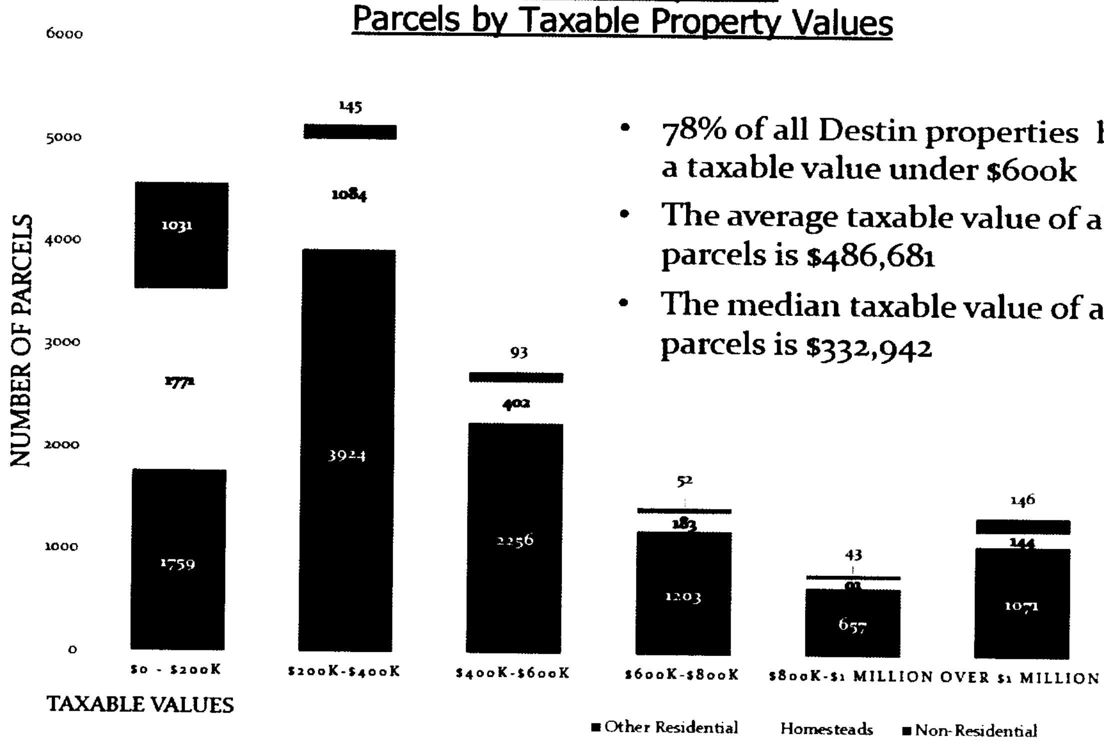
$ 206,996 median homesteaded property value



Value Range	Parcel Count	
$0 - $200k	1771	48%
$200k-$400k	1084	29%
$400k-$600k	402	11%
over $600k	418	11%
Total Homesteaded Parcels	**3675**	**100%**

Slide Number

All Destin Properties
Parcels by Taxable Property Values



- 78% of all Destin properties have a taxable value under $600k
- The average taxable value of all parcels is $486,681
- The median taxable value of all parcels is $332,942

Ad Valorem
at Different Millage Rates

Rollback: 1.4186

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

Property Taxable Value	**1.6150**	**1.7150**	Variance
$100,000	$161.50	$171.50	$10.00
$400,000	$646.00	$686.00	$40.00
$600,000	$969.00	$1,029.00	$60.00

City of Destin median ***taxable*** property value on all properites = **$332,942**

Funding to the City at the two Different Millage Rates
1.6150 **1.7150**

Taxable Value x Millage x 95% = total ad valorem collections
$7,932,332,688 = $12,170,181 or $12,923,753 var= $753,572

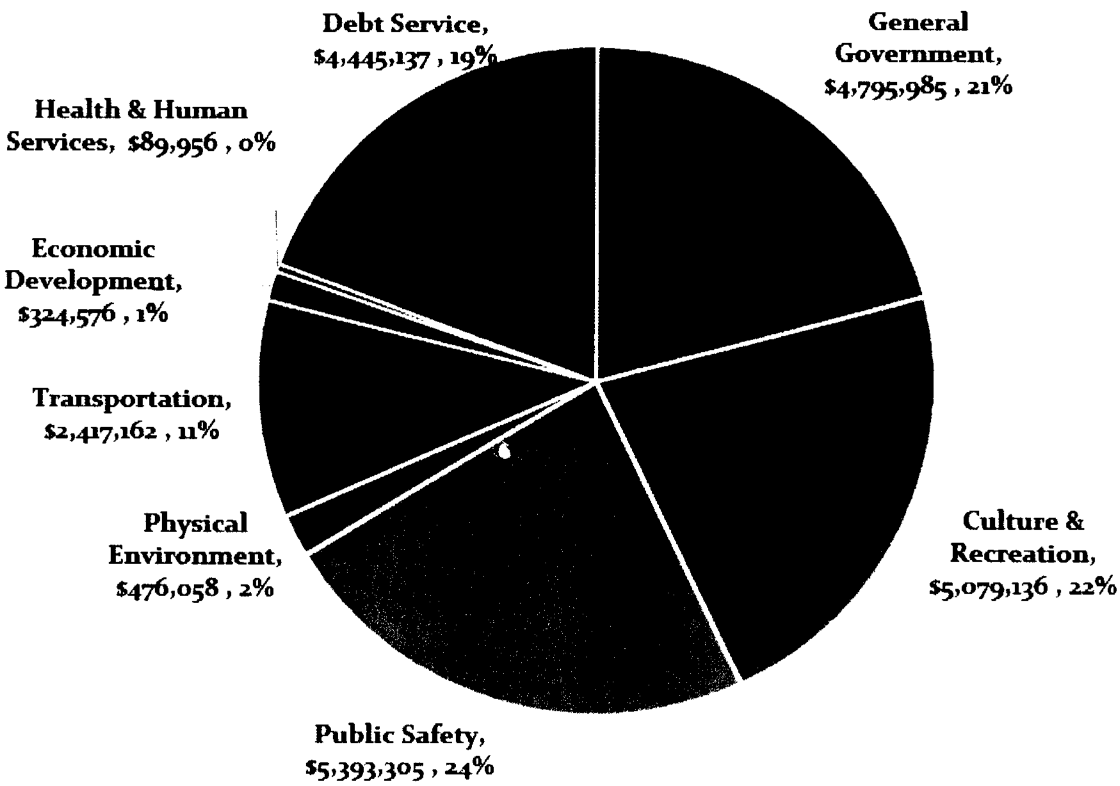
Ad Valorem – Averages for Different Parcel Usage Categories

Parcel Use	Parcel Count	Taxable Values	Ad Valorem @ 1.615*95%	taxes/ parcel count	% taxes collected
Homesteaded	3,675	$1,145,494,574	$ 1,757,475	$ 478	14%
Other Residential	10,870	$6,093,120,092	$ 9,348,370	$ 860	77%
Non-Residential	1,510	$ 693,718,022	$ 1,064,337	$ 705	9%
	16,055	$7,932,332,688	$ 12,170,181	$ 758	100%

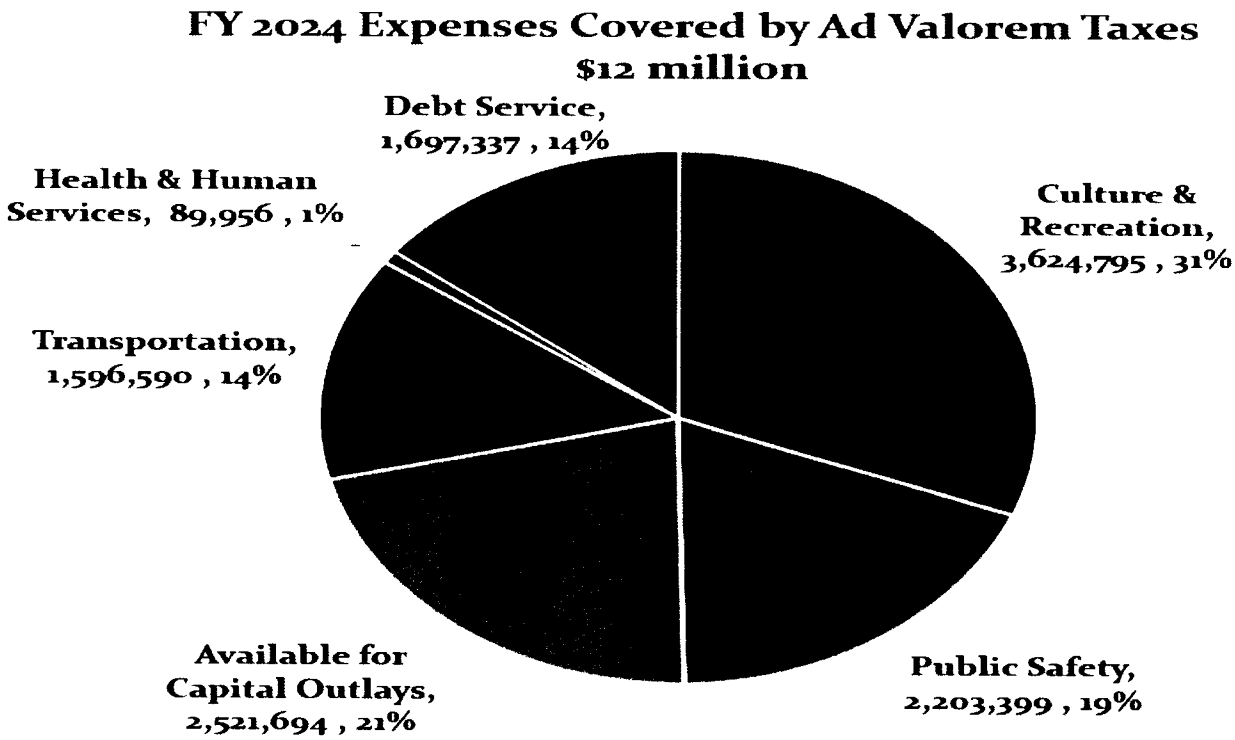
An average homesteaded property will pay City of Destin $478 for FY2024 Ad Valorem Taxes

FY 2024 Proposed Operating Budget

FY 2024 Total Proposed Operating Expenditure Budget $23 million



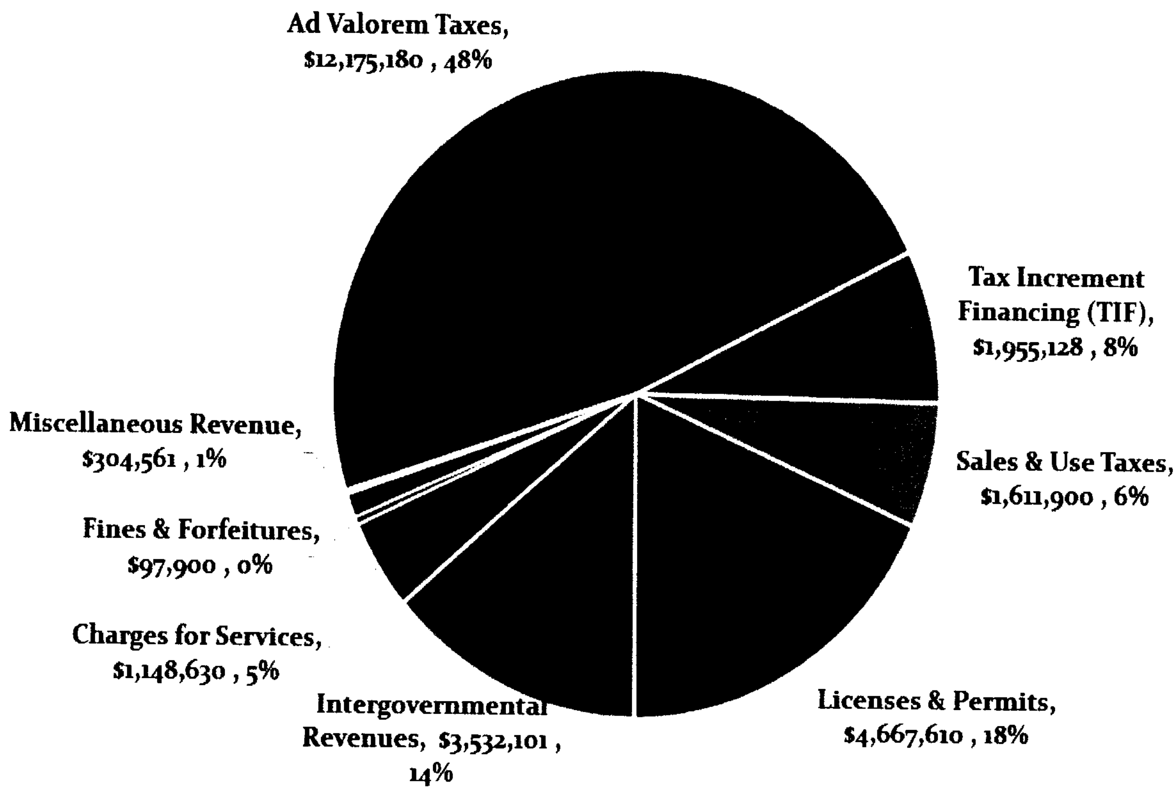
<u>What do our Taxes Pay for?</u>



What do our Taxes Pay for?

FY 2024 Uses by Category	Covered by Ad Valorem Taxes	Covered by Other Sources
General Government		$ 4,795,985
Culture & Recreation	3,624,795	1,454,341
Public Safety	2,203,399	3,189,906
Available for Capital Outlays	2,516,694	-
Physical Environment	441,408	34,650
Transportation	1,596,590	820,572
Economic Development	-	324,576
Health & Human Services	89,956	-
Debt Service	1,697,337	2,747,800
Total Uses	**$ 12,170,180**	**$ 13,367,829**

FY2024 Total Operating Sources $25 million



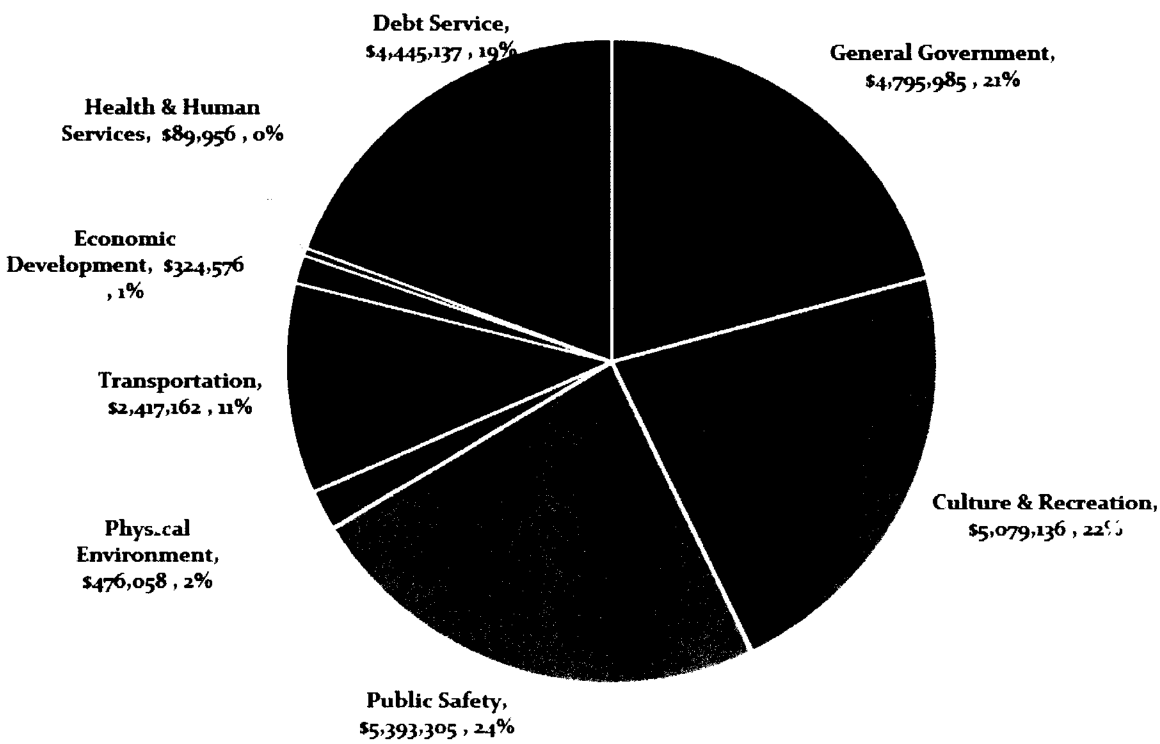
Revenue Highlights

- Ad Valorem: uncertified taxable values rose 13.8% ($6.9B to $7.9B)
- Licenses & Permits – Increased 10%
- Business Tax Receipts – Increased 10%
- TDC Park Operations - Increased 53%
- 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

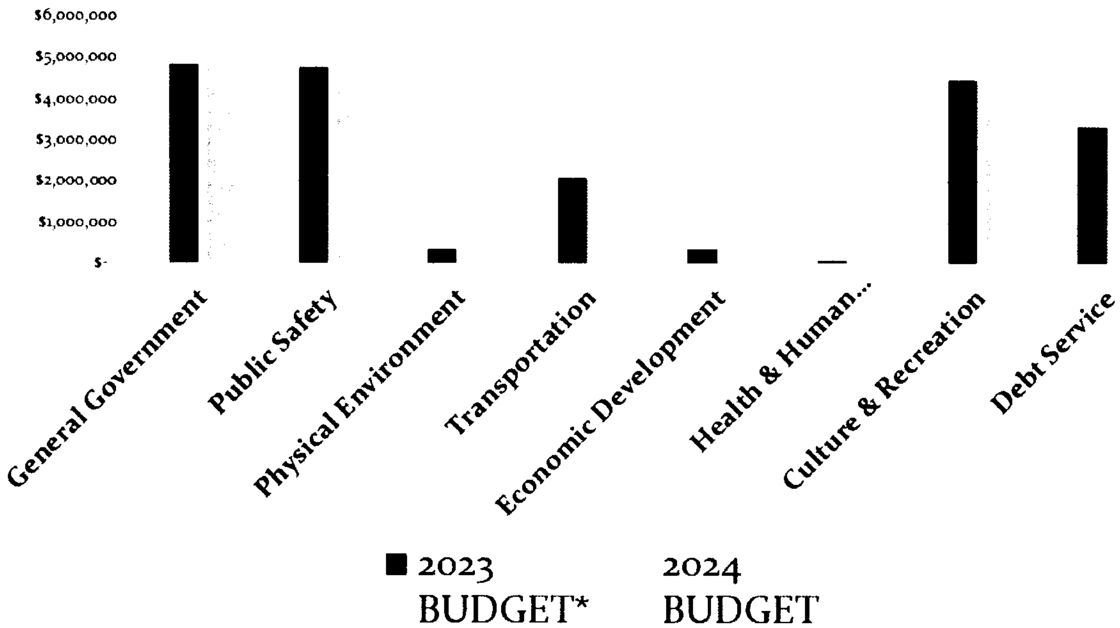
Ad Valorem – Actual vs Projected

	FY 2023 Budgeted	FY 2024 Projected	Amount of Increase	% Change
GF Ad Valorem @ 1.6150	$ 9,779,417	$ 11,058,786	$ 1,279,369	13%
Town Center CRA (city)	499,581	618,552	118,971	24%
Harbor CRA (city)	412,779	492,842	80,063	19%
	$ 10,691,777	$ 12,170,180	$ 1,478,403	

FY 2024 Total Proposed Operating Budget
By Activity - $23 million



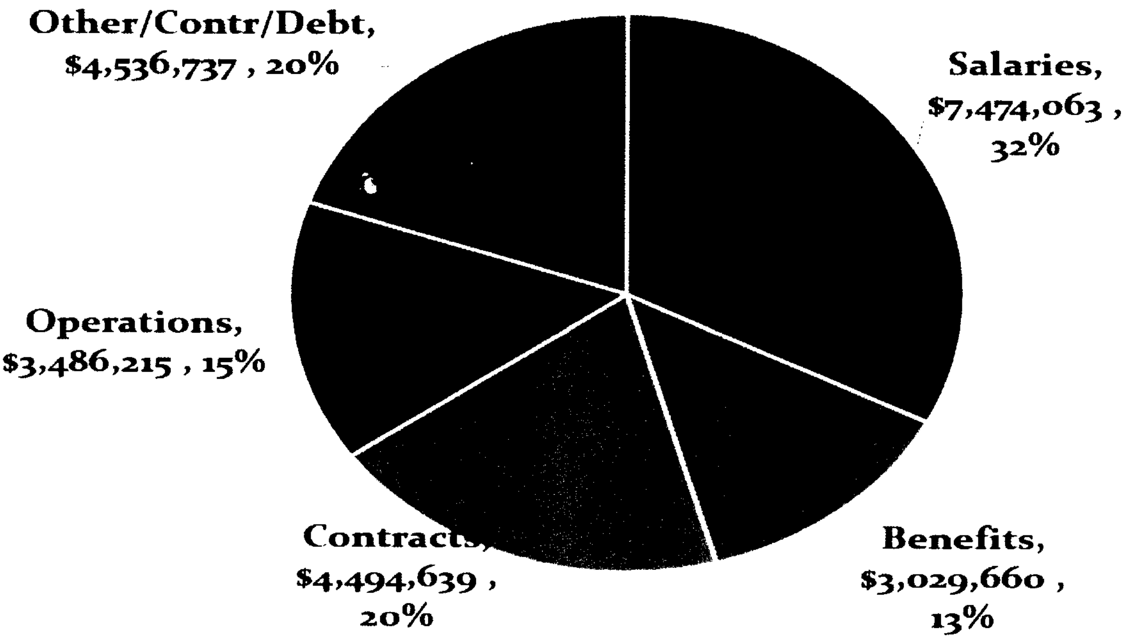
FY 2023 Operating Budget vs FY 2024 Proposed Operating Budget

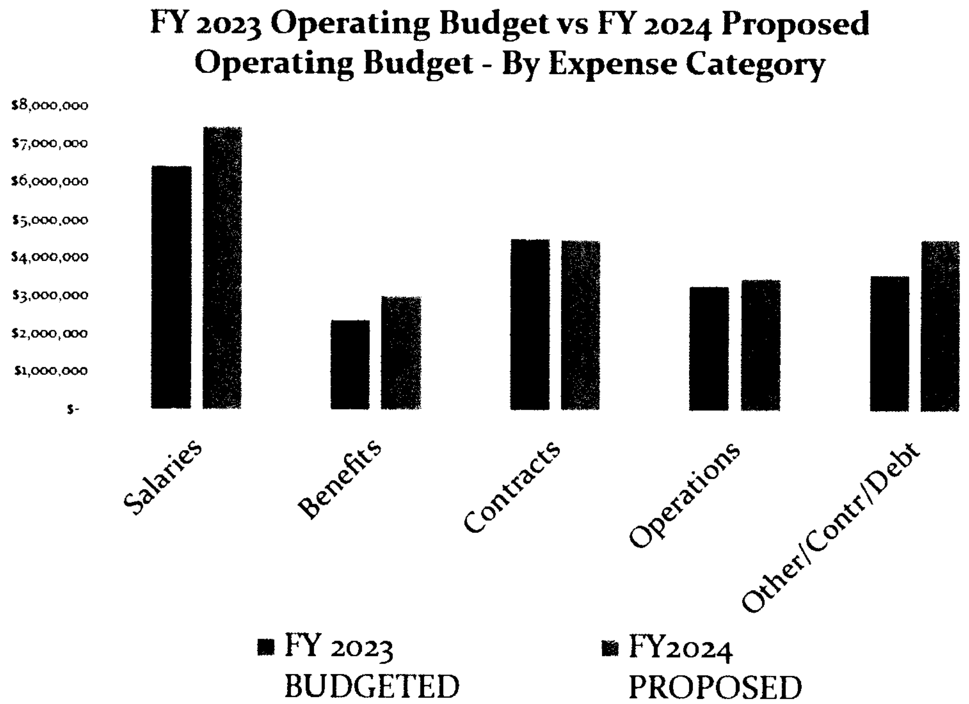


*Revised Budget which includes Budget Amendments and PO Roll forwards

FY 2024 Proposed Operating Budget

FY2024 Total Proposed Operating Budget By Expense Category - $23 million





Human Resources Manager Jamie Dittmer discussed the following data regarding personnel expenditures:

General Fund Expenditure Highlights

- Salaries & Benefits ($10.4m) drives most of the increase (see Personnel slides)
- Fuel and labor costs are affecting median maintenance, park maintenance, and utility costs to run stormwater pumps, streetlights, park lights, and are also affecting costs of fertilizer and chemicals used to maintain and clean our parks.
- Capital Outlays for FY2024 are still under review and will be brought to the June Budget Workshop. Funding from capital grants ($TBD), RR fund balance ($1.3m), Oka Half Penny ($4m), Impact fees ($2.6m), and excess general fund balance will be available for appropriation.

Personnel

5% Cost of Living
4% Merit

- Estimated Health Insurance increase 25% (Final numbers NLT 6/15/23)

10 New Positions/ Value Added:

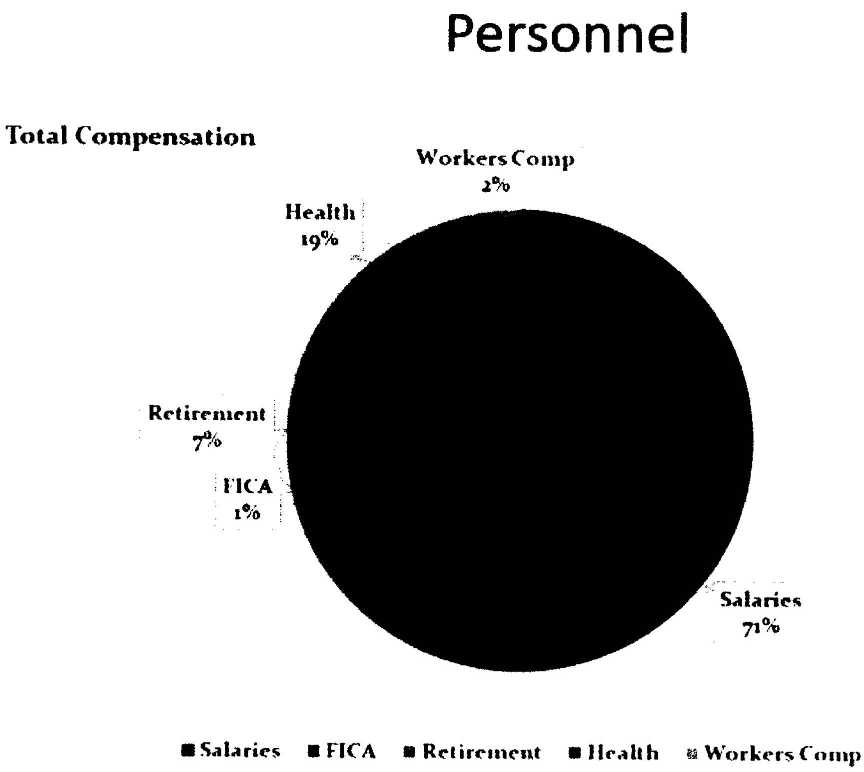
- Engineering;
  - 1 FT Engineering Site Inspector to support pre-construction, mid-construction and final inspection of construction projects. This will help ensure seamless inspections that support a financially sound city providing service excellence.
- Library:
  - Convert 1 PT to 1 FT to alleviate PT turnover and support succession planning within the department.
- Code Compliance:
  - 2 PT 1 FT Code Compliance Officers to help ensure compliance in 7.66 square miles, 900 short term rentals, over 430 livery vessels, city parking, city parks, and buildings. Additional positions will support an enhanced quality of like and safety for families.
- Recreation:
  - 2 FT TDC Maintenance Technicians to assist maintaining 15 parks, 8 playgrounds, 11 facilities, 3 beach parks and 7 beach trails. These positions will also reduce overtime with the addition of parks and increased community footprint.
  - 2 FT Grounds Maintenance Technicians to assist in maintaining over 100 acres that is currently maintained by a 5-person crew. The additional FTEs will increase the maintenance schedule and improve the quality of life for our citizens.

Salary Penetration Range

Labor Type	Grades	FT Employees	FY23 Average Salary	Min	Max	Salary Range Penatration
FY23						
General	101-104	39	$42,338	$28,959	$49,231	**58%**
Specialist	105-110	46	$56,208	$46,993	$79,888	**51%**
Sr Management	111-115	13	$102,474	$79,048	$134,382	**49%**
FY24						
General	101-104	35	$43,632	$30,407	$51,693	**46%**
Specialist	105-110	45	$60,918	$49,342	$83,882	**46%**
Sr Management	111-115	13	$110,794	$83,001	$147,487	**57%**

Personnel
Position Management

- Full Time Budgeted – 101
- Part Time Budgeted – 30
- Full Time Vacant – 8
- Part Time Vacant – 10



Salaries	$7,277,825.44
Total Health Benefits	$1,953,807.29
Total Retirement	$759,889.87
FICA	$121,171.82
Workers Comp	$162,020.04
Total	$ 9,971,944.58

Finance Director Krystal Strickland discussed the remaining portions of the presentation:

General Fund Expenditure Highlights

- Working to better highlight and capture true value of contributions City makes to programs benefitting our citizens:
  - Mattie-Kelly Landscaping (labor and equipment hours)
  - Rent subsidies/repairs (Museum, Food-4-Thought, Fishing Rodeo Blg)

- Other regular contributions:
  - $21k School Crossing Guards
  - $14k Economic Development Council
  - $1k Destin Fishing Rodeo

FY 2024
Operating Grants

FY 2024 Operating Grants		
FDOT Median Maintenance	$	39,620
FDOT Highway Lighting Subsidy		50,000
FDEP Leonard Destin Park		187,281
County Library Cooperative		80,000
TDC Beach Operations		700,000
TOTAL Operating Grants	**$**	**1,056,901**

FY 2024
Capital Improvements
for June 2023 Workshop

Annual Capital Costs (Renew)				
		Annual Cost		Allocation Per Parcel
General Government Facilities	$	327,905	$	20
Public Safety Facilities & Equipmen		43,340		3
Physical Environment Infrastructur(		728,963		45
Transportation Infrastructure		2,376,000		148
Culture & Recreation Facilities		765,018		48
	$	4,241,226	$	264

June 2023 Workshop

FUNDED ITEMS ON STRATEGIC PLAN (FY23-27 ADOPTED 5-YEAR CIP BUDGET)

		FUNDED IN 5-YR PLAN		Allocation Per Parcel
1.2 CITY CENTER (Concept)	$	50,000	$	3
1.3 CROSS-TOWN CONNECTOR (ROW)		6,877,809		428
1.4 BEACH ACCESS/IMPROVEMTS		25,357,849		1,579
1.5 UNDERGROUND UTILITIES		31,690,000		1,974
1.7 ANNEXATION OF ENCLAVES		10,000		1
1.9 CITY MARINA (Study)		75,000		5
1.10 IMPROVE PARKING		500,000		31
3.2 RENEW/REPLACE FUND		5,897,582		367
3.7 PAVEMENT MGMT		5,246,167		327
4.9 CAPTAIN ROYAL MELVIN PARK		90,000		6
4.12 RENOVATE CLEMENT TAYLOR PARK		764,918		48
4.15 STORMWATER IMPROVEMENTS		1,135,133		71
4.16 LINEAR PARK (POWER EASEMENT)		1,590,000		99
4.17 PICKLEBALL		400,000		25
TOTAL	**$**	**79,684,458**	**$**	**4,963**

June 2023 Workshop

UNDERFUNDED ITEMS ON STRATEGIC PLAN

	FUNDS NEEDED TO	Allocation Per Parcel
1.2 CITY CENTER	$ 50,000,000	$ 3,114
1.3 CROSS-TOWN CONNECTOR	6,800,000	424
1.5 UNDERGROUND UTILITIES	30,000,000	1,869
1.6 STAHLMAN/US 98 XING	10,000,000	623
1.9 CITY MARINA	25,000,000	1,557
1.10 MORE PARKING	4,500,000	280
3.9 IMPROVE SIDEWALKS	6,000,000	374
4.12 RENOVATE CLEMENT TAYLOR	535,082	33
4.16 LINEAR PARK (POWER EASEMENT)	15,000,000	934
4.17 PICKLEBALL (IF CITY BUILDS)	2,200,000	137
TOTAL	**$ 150,035,082**	**$ 9,345**

June 2023 Workshop

UNFUNDED REQUESTS - NOT ON STRATEGIC PLAN

	FUNDS NEEDED TO COMPLETE	Allocation Per Parcel
HARBOR DIST PROPERTY	$ 15,000,000	$ 934
107 STUDY	1,500,000	93
MATTIE-KELLY OUTFALL	300,000	19
DESTIN HARBOR DREDGING	1,000,000	62
MORGAN FIELD LIGHTING (LED)	505,000	31
MORGAN ARTIFICIAL IN FIELDS	600,000	37
MORGAN FENCING & NETTING	450,000	28
ELEMENTARY RUBBERIZED TRACK	310,000	19
EXPAND LIBRARY	2,000,000	125
REPLACE LIBRARY KID READING AREA	200,000	12
EXPAND SUMMER CAMP CAPACITY		-
ENGINEERING STUDIES	700,000	44
TOTAL	**$ 22,565,000**	**$ 1,405**

DISCUSSION:

Councilmember Schmidt inquired as to the approximate dollar amount in terms of labor and equipment hours spent for taking care of the Mattie-Kelly Arts Foundation (MKAF) landscaping.

Ms. Strickland replied it is approximately $30,000; adding that the city has an agreement with MKAF to do their landscaping in perpetuity as part of their annexation agreement.

Councilmember Schmidt asked staff to provide a copy of the agreement to the council to learn more about the details of that agreement.

Councilmember Bagby commented that whatever changes they wish to make to that agreement would require consent from MKAF , which they may not be willing to give.

Councilmember Bagby pointed out that finding additional revenue for projects listed on the city's strategic plan and which are underfunded is not the sole responsibility of the city. The FDOT, TDC, and the county share the cost for funding most of these items.

Ms. Strickland noted that these are items listed on their strategic plan and for which they are always looking for grant funding.

Councilmember Destin noted they are one parcel away from moving forward with the crosstown connector; adding that the only part that is not currently built is the one with the Old Campground. According to some of the engineers he consulted, the city can build that park quickly for under $2 million with a slight modification to the design.

There were some discussions relative to unfunded projects not currently listed on the city's strategic plan. Councilmember Schmidt pointed out that the projected cost for the 107 Study is $1.5 million, while representatives from the U.S. Army Corps of Engineers insinuated during a previous workshop that it would only cost about $100,000.

According to Mr. Zunguze, the $100,000 is just the preliminary cost, but the total cost to complete the study is well over a million dollars.

Councilmember Bagby noted that the Matti-Kelly Outfall is a wetland and questioned their plan to spend $300,000 for that area.

The City Engineer explained that the existing outfall used to have some sort of enclosed land mass or settling basin. It has been washed away overtime possibly due to a hurricane. According to FDEP, the outfall is now severely undersized, and has tidal effect and washing sand up into the wetland clogging the pipe and causing a lot of problems at the Old Destin area; and that it is the city's responsibility to rectify the situation.

Councilmember Schmidt wants to know more about the lobbyist position that is included in the proposed budget.

According to Ms. Strickland, there will be a lot of public benefit to paying a lobbyist to help lobby some of the city's issues. Also, if they have a lobbyist working for them in Tallahassee, they will know which offices are the primary overseers of grants and could help move along the city's appropriation requests. The lobbyist will also help the city's grants manager a great deal by knowing which departments at the state level they can access and obtain some of the grant funding for some of the city's unfunded and underfunded projects.

Councilmember Schmidt pointed out that the harbor district property listed under *Unfunded Requests – Not on Strategic Plan* is of vital importance as it was discussed as a priority of the council; adding they need to figure out a way to obtain that property utilizing unassigned cash, bonding, and other financing options.

Ms. Strickland noted that the parcel is located within the Harbor CRA District and that the Harbor CRA has already committed $6 million towards undergrounding; however, she is projecting they will collect another $11 million through their sunset year.

Councilmember Bagby agreed it would be great for the city to obtain the harbor property, however, there is a limit on the amount he would support to obtain it, and it is a lot less than $10 million. He also recommends not discussing in public the importance of this property and how much they are willing to pay for it at this time to give the city's negotiator some leverage when it is time to negotiate.

Councilmember Bagby commented that those projects identified as either "unfunded" or "underfunded" are not necessarily as such. They simply have not programmed or identified the source of funding or the dedicated revenue streams for these projects. He added that he would not be comfortable spending more than 15 percent of the city's annual revenues for debt service unless they can purchase all the beachfront property. They do not want to deprive the future council of the ability to address the problems they will encounter.

The mayor inquired as to the sunset date for both the CRAs.

Ms. Strickland replied that the Town Center CRA district will sunset in 2037 when their debt is completed, and which includes the extension, and that the Harbor CRA district will sunset in 2043.

In reference to the Renewal and Replacement Fund, Councilmember Bagby inquired as to the status of the "Reserve Study" results the Matrix Design Group promised to provide to the city.

Public Works Director Michael Burgess stated that he and the Finance Director has worked together on a spreadsheet provided by Matrix Design Group; adding that Matrix has produced all the data but the prices that they used for some of the renewal and replacement items are 2 or 3 times higher than they should be based on the city's current contract prices. They are simply making simple adjustments and inputting the city's current contract pricing.

Councilmember Bagby asked to see the exact information provided to the city by Matrix Design Group.

PUBLIC COMMENTS

ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 7:35 PM.

Bobby Wagner, Mayor

ATTEST:

Rey Bailey, City Clerk