

**REGULAR MEETING
DESTIN CITY COUNCIL
NOVEMBER 27, 2023
CITY HALL ANNEX COUNCIL CHAMBERS
6:00 PM**

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

Destin City Council

Mayor Bobby Wagner
Councilmember Torey Geile
Councilmember Jim Bagby
Councilmember Johnny King

Councilmember Terésa Hebert
Councilmember Dewey Destin
Councilmember Kevin Schmidt
Councilmember Matthew Sweetser

Destin City Staff

City Manager Lance Johnson
IT Director Andy Peters
Grants/Projects Manager Jeffrey Cozadd
Finance Director Krystal Strickland
City Attorney Kimberly Kopp

City Clerk Rey Bailey
Public Works Director Michael Burgess
HR Director Jaime Dittmer
Public Information Manager Tamara Young

CALL TO ORDER, INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Bobby Wagner called the meeting to order at 6:00 PM. Pastor David J. Butler of Faith Assembly Christian Church gave the invocation, which was then followed by the recitation of the Pledge of Allegiance.

1. PROCLAMATION

A. Saving Lives Through Early Kidney Screenings

The mayor read the proclamation designating the month of November 2023 as *Saving Lives Through Early Kidney Screenings* in Destin; and then presented it to Ms. Amber Irons who accepted the proclamation on behalf of kidney health advocacy groups.

2. PUBLIC COMMENTS

Three citizens made public comments regarding potentially adding stop signs at the intersection of Spring Lake Road and Kelly Street to address speeding issues in that neighborhood. Opinions differed whether additional stop signs would improve safety and traffic issues or if other measures were needed.

Ms. Tara Wixom, a Destin resident, spoke about speeding issues on Kelly Street endangering pedestrians and children walking to school. She stated that Kelly Street is zoned residential. It contains their only elementary school, and it joins many other neighborhoods in the community. Children and families flood the extra wide sidewalks every morning and afternoon as they go to and from school. They are constantly trying to avoid cars going in excess

of 50 mph. She stated that additional stop signs could slow traffic, increase safety, and avoid catastrophic accidents.

Mr. Will Ellison, a Destin resident, questioned whether additional stop signs were necessary, noting frustration with vehicles speeding and making loud muffler noise on Kelly Street late at night. He stated that they pay the Okaloosa Sheriff's Office a lot of money and they should be asking them to patrol these areas more often and writing more citations.

Mr. John Flueger, a Destin resident, complained about people disregarding stop signs throughout the city, questioning their effectiveness. He stated that the main issue is the lack of traffic enforcement.

3. CONSENT AGENDA

- A. Reimbursement to Mayor Bobby Wagner for expenses incurred while attending the National League of Cities City Summit in Atlanta, Georgia from Nov 15-19, 2023.
- B. Separation Agreement and Mutual General Releases.
- C. Amendment to the Destin Youth Council By-Laws - Resolution 23-27

Motion by Councilmember Hebert, seconded by Councilmember Schmidt, to approve Consent Agenda items 3A through 3C, as printed above, passed 7-0 (Council members Schmidt, King, Hebert, Bagby, Destin, Geile, and Sweetser voted "yes").

4. PUBLIC HEARING

- A. Second reading of Ordinance 23-16-CN - Amending appropriations for certain expenditures, expenses, capital improvements, and certain indebtedness for the City of Destin for the fiscal year beginning October 1, 2022, and ending September 30, 2023.

The City Attorney read Ordinance 23-16-CN by title, and then presented it to the city council on second reading.

AN ORDINANCE OF THE CITY OF DESTIN AMENDING APPROPRIATIONS FOR CERTAIN EXPENDITURES, EXPENSES, CAPITAL IMPROVEMENTS AND CERTAIN INDEBTEDNESS FOR THE CITY OF DESTIN, FLORIDA FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2022, AND ENDING SEPTEMBER 30, 2023; AND PROVIDING FOR AN EFFECTIVE DATE.

The mayor opened a public hearing to receive comments for or against the proposed ordinance. Having none, the mayor closed the public hearing and turned the matter over to the city council for discussion and consideration.

Motion by Councilmember Bagby, seconded by Councilmember Hebert, to approve Ordinance 23-16-CN on second reading passed 7-0 (Council members Schmidt, King, Hebert, Bagby, Destin, Geile, and Sweetser voted "yes").

- B. First reading of Ordinance 23-18-CN - Relating to a Natural Gas Utility Franchise of the Okaloosa Gas District; extending Ordinance 13-02-CN for an additional five years pursuant to the same terms and conditions set forth in Ordinance 13-02-CN.

The City Attorney read Ordinance 23-18-CN by title, and then presented it to the city council on first reading.

AN ORDINANCE OF THE CITY OF DESTIN, FLORIDA RELATING TO A NATURAL GAS UTILITY FRANCHISE OF THE OKALOOSA GAS DISTRICT; EXTENDING ORDINANCE 13-02-CN FOR AN ADDITIONAL FIVE YEARS PURSUANT TO THE SAME TERMS AND CONDITIONS SET FORTH IN ORDINANCE 13-02-CN.

The mayor opened a public hearing to receive comments for or against the proposed ordinance. Having none, the mayor closed the public hearing and turned the matter over to the city council for discussion and consideration.

Motion by Councilmember King, seconded by Councilmember Hebert, to approve Ordinance 23-18-CN on first reading passed 7-0 (Council members Schmidt, King, Hebert, Bagby, Destin, Geile, and Sweetser voted “yes”).

5. OTHER BUSINESS

A. Renewal and Replacement Spreadsheet

Finance Director Krystal Strickland presented the city’s proposed 20-year infrastructure replacement plan.

The primary duties of a city: To maintain basic infrastructure and facilities.

- Roads, Sidewalks, Streetlights
- Stormwater systems
- Parks, Library, Recreation Facilities

Strategic Goals:

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

Why Renew & Replace?

- Keep citizens and staff SAFE.
- Cost to replace at/after Failure is More Expensive
- A well-maintained infrastructure attracts investors and citizens.

What to Renew & Replace?

Major Building Components (HVAC, Roof, etc.)

- Roads and Sidewalks
- Motorized Equipment (\$10k+)
- Generators
- Recreation Facilities
- Stormwater pipe and outlets

How Are We Doing?

Estimated Cost to Replace/Renew (2023 price, no inflationary factor)	11+ years past useful life	5-10 years past useful life	0-4 years past useful life	Not yet past useful life	Total Cost of items to Replace/Renew
Streets, Sidewalks, Streetlights	\$ 10,671,806	\$ 6,227,089	\$ 2,344,073	\$ 7,787,680	\$ 27,030,647
Facilities: Roof	-	18,400	7,421	1,993,469	2,019,290
Facilities: HVAC	20,000	11,500	22,500	487,000	541,000
Generators	-	-	24,000	268,500	292,500
Outdoor Parks & Recreation	602,800	505,000	2,628,450	744,350	4,480,600
Parking Lots	-	-	176,692	1,575,350	1,752,042
Vehicles	205,000	326,000	247,000	970,000	1,748,000
Capital Equipment	40,000	14,000	74,000	1,097,000	1,225,000
	\$ 11,539,606	\$ 7,101,989	\$ 5,524,135	\$ 14,923,349	\$ 39,089,079
% of total	30%	18%	14%	38%	

\$18.6 million of renewals and replacements should be made to improve 48% of our aged infrastructure and assets

Renewal & Replacement

Planned Expenditures	2024 - 2043
Streets, Sidewalks, Streetlights	31,423,812
Facilities: Roof	1,884,488
Facilities: HVAC	622,288
Generators	340,025
Outdoor Parks & Recreation	4,683,029
Parking Lots	1,934,082
Vehicles	1,208,425
Capital Equipment	1,354,950
Stormwater	18,884,000
Total Planned Expenditures	62,335,098
	/ 20 years
	3,116,755
min	1,108,650
max	11,975,143

	FY 2024	FY 2025	FY 2026	FY 2027
Fiscal Year Start Date	10/1/2023	10/1/2024	10/1/2025	10/1/2026
Beginning Balance	676,107	1,375,443	(186,565)	462,313
Annual Contribution	3,400,000	9,000,000	5,000,000	4,300,000
Annual Contribution Gas Tax#1	588,300	591,242	594,198	597,169
Interest	32,500	70,000	75,000	65,000
Total Planned Cash In	4,020,800	9,661,242	5,669,198	4,962,169
Planned Expenditures				
Streets, Sidewalks, Streetlights	2,069,151	9,972,681	4,232,557	7,498,952
Facilities: Roof	25,821	64,439	-	-
Facilities: HVAC	54,000	30,750	36,750	33,325
Generators	24,600	-	37,800	51,063
Outdoor Parks & Recreation	171,200	1,023,155	677,513	1,463,290
Parking Lots	176,692	-	-	-
Vehicles	686,000	132,225	-	78,475
Capital Equipment	114,000	-	35,700	559,000
Total Planned Expenditures	3,321,464	11,223,250	5,020,319	9,684,104
Ending Balance	1,375,443	(186,565)	462,313	(4,259,622)

Fund Balance

Below is the effect on the General Fund Balance if we do the proposed transfers in from the General Fund to the Renewal & Replacement Fund for FY 25, 26, and 27.

	FY2023	FY2024	FY2025	FY2026	FY2027
01 GENERAL FUND	YTD Actuals	PROPOSED BUDGET	PROJECTION	PROJECTION	PROJECTION
01 Net change in fund balances	4,235,843	(2,910,233)	(8,163,283)	(3,594,880)	(2,935,055)
01 Fund Balance (deficit), Beginning	28,088,861	32,324,704	29,414,471	21,251,188	17,656,308
01 Fund Balance (deficit), Ending	32,324,704	29,414,471	21,251,188	17,656,308	14,721,253

Recurring Funds for the RR Fund

First three years, recommend an initial “catch-up” amount of \$18.6 million. Beginning in FY 2028, Staff recommend the General Fund transfer in the RR Fund an amount equivalent to the 50% of the prior year’s depreciation as per the audited financial statements. This is approximately \$1.7 million per year.

Recurring Funds for the RR Fund

- 100% of Gas Tax #1 (Okaloosa 6 Cent First Local Option Fuel Tax) should go into an account for Road Renewal & Replacement (\$550k/year)
- The First Local Option Fuel Tax is a \$0.06 cent local option fuel tax imposed by Okaloosa County on Motor and Diesel Fuels for the purpose of paying the cost of operating, maintaining, constructing, and acquiring roads, streets, and related facilities
- Average Road Renewal needs are \$1.5 million per year. The general fund will need to assist with another \$1 million per year.

Minimum & Maximum Proposed RR Fund Balance

- **Minimum:** By 2031, maintain a minimum fund balance of \$1 million
Rational: the current draft RR cashflow projection expenditures for FY 2028- FY2043 is \$1 million/year (excluding stormwater)
- **Maximum:** Consider 5% of Net Assets as the maximum fund balance for the RR fund. If the account balance is at the maximum, the council may choose to decrease the annual addition to the RR fund.
FYE 22 Assets net of depreciation = \$100 million
- **Next Steps**
 - ❖ Dec 11: Adopt Renewal & Replacement Fund with policy to add funds annually (X% of net assets OR x% of millage rate OR x% of depreciation)
 - ❖ Provide internal condition assessment policy.
 - ❖ September: Adopt amounts recommended in policy cash-flow.

Councilmember Bagby stated that they need to have a policy in the books as well as a plan to fix the infrastructure of the city that they can fund and execute.

Councilmember Geile asked whether the city could rely on the TDC to aid with the funding.

According to Ms. Strickland, they would have to go through a very rigorous session with the county in order to attain some of the TDC dollars for the roadways; adding that the city has tried to get money from the TDC in the past for this purpose but has not been very successful.

Councilmember Destin stated that they need to come up with various revenue sources and some creative ways to look at the budget to be able to come up with the necessary funding to fix their infrastructure issues. He inquired as to the current status of the city's fund balance.

Ms. Strickland explained that some of the fund balance is restricted. For instance, impact fee monies cannot be used for operations and maintenance as they are very highly restricted by the state. She continued that the city has also committed expenditure which must be honored.

Councilmember Bagby moved to direct staff to bring back the Renewal and Replacement Spreadsheet along with a draft resolution and some proposals on generating the revenue stream to address known problems at the December 11th city council meeting,

seconded by Councilmember Hebert. Motion passed 7-0 (Council members Schmidt, King, Hebert, Bagby, Destin, Geile, and Sweetser voted “yes”).

B. December Library Closure - Informational Purposes Only

The City Manager announced that the carpet replacement in the library will occur in December, with the anticipated delivery date of the carpet being December 1st. Because of the workload of removing all books from the shelves, they estimate that the library will close beginning December 4th and will remain closed until approximately January 2nd.

C. Decision on the 4-way stop signs at the intersection of Spring Lake and Kelly Streets - Councilmember Dewey Destin

Additional information was presented on options for adding 2-way stop signs at Spring Lake Road and Kelly Street to address speeding issues. Cost estimates range from \$2,000 to \$5,000, depending on signage options.

Councilmember Destin stated that based on the cost estimates presented, putting the flashing signs on Kelly Street side only and leaving the others with traditional signs will reduce the cost to \$2,000.

Motion by Councilmember Destin, seconded by Councilmember Hebert, to direct staff to install the 4-way stop signs at the intersection of Spring Lake and Kelly Street, with the flashing signs on Kelly Street side only, passed 7-0 (Council members Schmidt, King, Hebert, Bagby, Destin, Geile, and Sweetser voted “yes”).

D. Executive Search - Councilmember Bagby

Councilmember Bagby stated that they need to have a process to hire a new city manager.

Councilmember Bagby moved to direct staff to bring back a draft RFP for an executive search company for approval by the council at their next meeting on December 11th so they could begin the process of finding a new City Manager; seconded by Councilmember King.

Councilmember Destin noted that he has been in the council during most of the choosing for a city manager using different processes including hiring an executive search company that primarily conducted the recruiting, and forming a citizens search committee that reviewed resumes and made recommendations to the council. He didn't find one to be more effective than the other except the latter did not cost thousands of dollars. He also stated that some cities appoint an interim city manager while going through the search process.

Councilmember Bagby stated that he would be willing to consider both options at the next council meeting.

Councilmember Geile offered a substitute motion to table discussion of this item at the December 11th council meeting; seconded by Councilmember Hebert.

Councilmember Geile stated that this item ought to be discussed at a regular council meeting rather than a special council meeting like tonight.

Motion passed 5-2 (Council members Schmidt, Hebert, Destin, Geile, and Sweetser voted yes; Council members King and Bagby voted “no”).

6. PUBLIC COMMENTS

ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 7:17 PM.

ATTEST:

SEAL

FLORIDA

Rey Bailey, City Clerk

Bobby Wagner, Mayor