MINUTES
STRATEGIC PLANNING AND VISIONING SESSION
DESTIN CITY COUNCIL
FEBRUARY 29, 2024
CITY HALL ANNEX COUNCIL CHAMBERS
8:00 AM

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 Kevin Schmidt
Councilmember Terésa Hebert
Councilmember Torey Geile
Councilmember Jim Bagby
Councilmember Johnny King
Councilmember John Stephens

Destin City Staff
Interim City Manager Louis Zunguze
Public Works Director Michael Burgess
Grants/Project Manager Jeffrey Cozadd
Parks & Recreation Director Lisa Firth
Deputy Parks & Recreation Director Ryan Reed
Building Official Noell Bell
Finance Director Krystal Strickland
Code Compliance Director Troy Williams
Dep. Code Compliance Director Brian Davis
Land Use Attorney Kimberly Kopp
City Clerk Rey Bailey
Senior Accountant Kamilla, Merrell
City Engineer Ryan Scott
Principal Planner Steve O'Connor
Human Resources Manager Jamie Haynes
IT Director Andy Peters
Public Information Manager Tamara Young
Library Director Wen Livingston
Code Compliance Officer Ross Haynes
Librarian Sydney Schemerhorn

CALL TO ORDER, INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Bobby Wagner called the meeting to order at 8:30 AM; followed by the recitation of the Pledge of Allegiance.

1. **Welcome and Introduction**

The Interim City Manager opened the session with welcoming remarks, emphasizing the collective effort to shape the future of Destin. He highlighted the city's achievements and the ongoing commitment to address challenges and realize the vision for Destin.

Slide Presentation

Key Elements for Success:

- Effective Governance
- Infrastructure
- Economic Development
- Public Safety

- Quality Education
- Sustainable Development
- Cultural and Recreational Opportunities
- Community Engagement
- Transparency and Accountability

2. **Big Picture Vision for the City**

Vision 2035:

DESTIN IS A FAMILY-ORIENTED BEACH AND FISHING COMMUNITY WHERE PEOPLE WANT TO LIVE, WORK & PLAY AND WHERE VISITORS ARE WELCOMED TO RESPECTFULLY ENJOY OUR COMMUNITY AND ITS RESOURCES.

Prioritized Customers:

1. Year-round City of Destin residents
2. City of Destin-based businesses
3. City of Destin visitors

Prioritized 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. Improved mobility and connectivity.
6. A green and sustainable environment.
7. Offer livable wages and benefits to attract and maintain a high caliber, qualified staff.

Council's Critical Priorities:

- Work with stakeholders to pursue the Destin City Center
- Public waterfront acquisition initiative
- Underground utilities
- Stahlman and US 98 pedestrian vehicle improvements
- Pedestrian access concepts under the Marler Bridge
- Two-lane Crosstown Connector
- Improve parking
- Annexation of unincorporated enclaves

Key Points Discussed:

- The importance of strategic planning and goal-setting to achieve the city's vision was underscored. The city council's role in defining steps and priorities for strategic plans was noted.

- The vision for Destin to be a thriving, economically vibrant community that prioritizes togetherness, sustainability, and resilience was shared.
- The leadership and guidance of the mayor and city council members were recognized as crucial in setting strategic priorities and policies.
- The potential for public-private partnerships to drive community safety, economic growth, and vitality was emphasized.
- The significance of resident participation in shaping policies and initiatives was highlighted.
- Effective governance, strong leadership, well-maintained infrastructure, economic development, public safety, quality education, sustainable development, community engagement, and transparency were identified as essential elements for a successful community.
- The city's vision through 2035 and strategic goals, including financial strength, quality of life enhancement, economic development, effective infrastructure, mobility improvement, environmental sustainability, and staff welfare, were outlined.

A. SRS Consulting Group Visioning Conversation with Council

The SRS Consulting Group outlined the process for engaging the community and the council in visioning exercises. They highlighted the importance of understanding the community's aspirations, architectural preferences, and infrastructure needs to guide future developments. Emphasis was placed on understanding the city's needs, exploring innovative design practices, and ensuring the cohesiveness of the city's identity for both residents and visitors.

A four-step process for envisioning the use of city properties was introduced, including community engagement, data collection, schematic programming, and refining plans based on stakeholder feedback. A preliminary questionnaire for residents to capture priorities and perception was mentioned as part of the community engagement strategy.

A new survey was discussed to capture current resident perspectives and differentiate from past surveys. This would include questions on architectural styles sustainability, mobility, and community values. The survey aims to establish a baseline of community sentiment and priorities.

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1) Individual Council Input - Sense of Place and Vision of Destin

Council members shared their visions for Destin, drawing comparisons to other cities and emphasizing desires for improved public access, recreational facilities, and a tranquil harbor. The vision included a city with underground utilities, less visual clutter from signage, wide sidewalks, neighborhood parks, quality beach and bay access, and a vibrant yet peaceful harbor area.

- Explore the feasibility and requirements for establishing a mooring harbor, appointing a harbor master, and transient slips along the harbor to enhance usability and control and citizens employment.

- Investigate mechanisms to support local schools and educational programs through tourism revenue or other funding streams.
- Continue and expand youth engagement programs, such as the Junior Lifeguard Program and more youth oriented recreational areas, including skate parks and archery ranges. Address signage via comprehensive plan amendments and codes.
- Reform signage regulations to improve aesthetic uniformity across the city and potentially eliminate digital billboards for a more cohesive and attractive community visual identity.
- Concerns were raised on the feasibility of living in Destin given the high cost of living.
- Benchmark well-managed communities, such as Pinehurst, North Carolina; Orange Beach, Alabama; Fairhope, Alabama. The focus was on creating a safe, walkable city with reduced light pollution, improved public access to water bodies, and sustainable growth.
- Concerns were raised about the effectiveness of the Planning and Zoning Division, with calls for improvements in responsiveness and efficiency.
- Enhance code compliance mechanisms to address environmental and property maintenance issues more effectively. Suggestions included giving the Code Compliance department more authority to enforce existing regulations more effectively.
- Pursue potential funding avenues at state and federal levels for city projects, emphasizing the balance between fiscal responsibility and ambitious city planning.
- Concerns were raised about the city not charging enough for the use of it is facilities by non-residents, suggesting a need to adjust fees for building permits and the use of sports and community facilities. Reassess fees for community and sports facilities to ensure they are not disproportionately burdened on local taxpayers.
- Engage SRS Consulting Group for envisioning the usage of the recently acquired Marler Bridge parcel and other properties within the Harbor and Town Center CRAs. Develop a visioning process with goals, options, and visuals to decide the future use of these properties.
- Conduct a comprehensive survey to capture current resident perspectives on architectural styles, sustainability, mobility, and community values.
- Engage in discussions with Okaloosa County and the TDC to advocate for Destin's interests and ensure equitable distribution of resources.
- Prepare for potential annexation impacts. Ensure departments are equipped and staffed to handle increased demands.
- Prioritize completion of infrastructure projects like the crosstown connector and explore innovative solutions for parking and workforce housing.
- A desire for more parks with diverse themes to provide varied experiences for children and families, advocating for a city where residents can visit a different park each day.
- Suggestions to increase access to Choctawhatchee Bay and Gulf of Mexico, including the addition of artificial reefs to support fishing and snorkeling.

B. Outside Partners Input

1) Waste Management

Mr. Doug Rainer of Waste Management, Inc emphasized their commitment to quality service and sustainability, outlining their ability to support Destin's growth and smart development plans. He discussed the importance of solid waste management in the community's development and urged the city to include waste management considerations in planning efforts. He also highlighted their focus on providing reliable waste services and their investment in recycling facilities. He expressed their appreciation for their partnership with Destin and aim to work closely with Destin's public works and public information departments to enhance outreach and education on waste management practices.

Mr. Rainer also noted that Waste Management is constructing a $30 million recycling facility in Fort Walton Beach to improve recycling efficiency. They highlighted efforts to educate the public on proper recycling practices and the significance of not contaminating recycling bins.

2) Okaloosa County Sheriff's Department

East District Captain Jason Fulghum with the Okaloosa County Sheriff's Office reported reductions in crime, traffic crashes, and incidents on the beach and Crab Island. They plan to continue leveraging partnerships and enforcement details to maintain these improvements. He discussed the allocation of deputies for beach and traffic enforcement, funded by both the city and external grants. He mentioned the possibility of adding more deputies if desired by the city, highlighting the cost-effectiveness of utilizing grant money for targeted traffic enforcement. He expressed a need for more office space and suggested the possibility of the Sheriff's Office sharing facilities with EMS, potentially in a new renovated building.

3) Destin Fire Control District

Mr. Joe D'Agostino, Beach Safety Chief, Destin Fire Control District, addressed the challenges of staffing beaches with lifeguards, noting the difficulty in maintaining adequate coverage due to staffing shortages faced by lifeguard services nationwide. He stated that the Destin lifeguard service has grown significantly over the years, starting from seasonal operations to now covering the beaches from March 9thh to the end of October, and even maintaining a full-time presence to manage the increasing tourist population and the need for year-round beach safety. The service is aiming to close the service gap during the off-season (November to early March) due to the rise in beach activity even during traditional non-peak months.

Mr. D'Agostino also noted that challenges with staffing include the need for 70 part-time lifeguards annually, and retention issues due to the part-time nature of the roles. He continued that initiatives like the Junior Lifeguard Program and recruitment from Australia and New Zealand through the H2B Lifeguard Program are part of the solution. He added that the service has expanded coverage to all Destin beaches, including state parks, marking a first in Florida for lifeguard presence in state park areas.

4) Destin Chamber of Commerce

Mr. Shane Moody, President/CEO of the Destin Chamber of Commerce, emphasized the strong partnership with the city and highlighted the success of initiatives like Destin Forward, which fosters community leadership and has seen participation from various city staff and council members. He urged the completion of the Cross-Town Connector and careful planning around the One Harbor Boulevard area due to potential impacts from the upcoming bridge expansion. He discussed the importance of parking solutions, including parking garages that could also incorporate workforce housing, to alleviate traffic congestion and support the local workforce. He also highlighted Destin's challenge of being a small city with big-city issues, especially in managing the influx of tourists and the need for infrastructure and services to support a significantly larger daily population.

5) Destin Water Users

Mr. Lockwood Wernet, Executive Director of the Destin Water Users, highlighted ongoing efforts to assess and upgrade the sewar system and infrastructure to support both current needs and future growth. He discussed projects aimed at ensuring a reliable water supply and adequate wastewater treatment capacity for Destin's fluctuating population. He emphasized the importance of coordination with city planning, especially in light of challenges like the undergrounding of utilities along Hwy 98 and the Cross-Town Connector development.

6) Destin Schools

A representative from Destin schools advocated for increased investment in education and consideration of children as the city's greatest asset. He suggested exploring ways for supporting local schools through tourism revenue and allocating a portion of tourism-generated revenue directly to educational initiatives and school improvements. He also urged the city to engage with educational institutions in strategic planning to enhance educational opportunities and facilities for Destin's youth.

3. **Public Input**

Capt. Gary Jarvis, a boat captain and former Destin Mayor, stated that when the city started their CRA districts, visions and plans were created. Unfortunately, very little has been accomplished with those visions and plans, possibly because the code was not clear enough. Rewriting the code and applying it to the entire city is quite a challenge as there are rules that just do not apply to the entire city, but only in particular zoning districts. He urged the council to explore the idea of creating "vision zones" articulating how they want certain areas to look. This would make the rules easier and faster to apply as they do not have to relate it to the entire city.

Capt. Jarvis also urged the council to consider a charter review, and possibly revamping their form of government – i.e., having a strong mayor rather than a city manager/city council form of government; having 5 rather than 7 council members, having districts to hold elected officials more accountable to their constituents – as he feels the present form is very inefficient.

This will potentially improve governance efficiency and better align city operations with contemporary needs.

4. **Support Vital for Vision Implementation**

Discussions shifted towards the financial aspects of the city's operations, the renewal and replacement of infrastructure, cost recovery, and the gaps in funding for various city services.

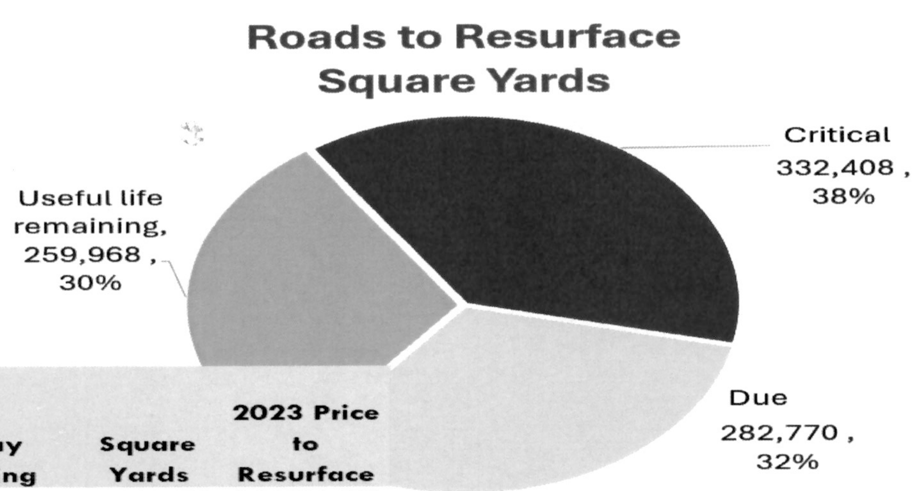
The city's Finance Director gave the following presentation.

A. **Renewal and Replacement of Infrastructure and Facilities.**

Renewal & Replacement Fund

Estimated Cost to Replace/Renew (2023 price, no inflationary factor)	**Extremely Critical**	**Critical**	**Currently Due**	**Not yet Due**	**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).



Roadway Resurfacing	Square Yards	2023 Price to Resurface
Critical	332,408	$ 10,221,558
Due	282,770	$ 8,695,186
Good	259,968	$ 7,994,013

Planned Expenditures	2024 - 2043
Streets, Streetlights	34,765,859
Facilities: Roof	2,503,091
Facilities: HVAC	697,525
Generators	420,400
Outdoor Parks & Recreation	6,188,484
Parking Lots	1,934,082
Vehicles	2,262,850
Capital Equipment	1,394,425
Stormwater	18,884,000
Total Planned Expenditures	**69,050,716**
	/ 20 years
	$3,452,536

Planned Expenditures	2024 - 2043
Public Works	37,361,126
Public Safety	1,490,970
Parks	4,194,926
Recreation	4,630,605
Library	927,405
Gen Gov	1,048,243
Stormwater Equip (pumps)	458,550
Food4Thought Bldg	54,890
Stormwater Infrastructure	18,884,000
Total Planned Expenditures	**69,050,716**

	Extremely Critical		Critical	Due	CURRENT	
	FY 2025	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Annual Contribution	$ 4,000,000	$ 4,000,000	$ 4,500,000	$ 3,000,000	$ 1,750,000	$ 1,500,000
Annual Contribution Gas Tax#1	591,242	594,198	597,169	600,155	603,155	606,171
Oka 1/2 Penny Infrastructure	1,500,000	1,500,000	2,000,000	1,500,000	-	-
Parking Fund	-	-	176,692	-	-	-
Interest	91,400	91,400	109,100	76,500	35,300	31,600
Total Planned Cash In	6,182,642	6,185,598	7,382,961	5,176,655	2,388,455	2,137,771
Planned Expenditures						
Streets, Streetlights	5,393,704	5,575,310	5,435,722	4,253,133	134,893	134,893
Facilities: Roof	-	-	7,978	-	92,876	-
Facilities: HVAC	3,844	16,538	12,363	6,050	204,188	27,600
Generators	-	-	12,900	-	93,938	-
Outdoor Parks & Recreation	-	632,940	2,275,184	-	202,500	5,750
Parking Lots	-	-	176,692	-	-	-
Vehicles	-	215,250	56,975	975,700	345,375	226,550
Capital Equipment	-	42,000	15,050	27,500	707,625	14,950
Stormwater						
Total Planned Expenditures	**5,397,548**	**6,482,038**	**7,992,863**	**5,262,383**	**1,781,394**	**409,743**
Ending Bank Balance	$ 1,483,108	$ 1,186,668	$ 576,766	$ 491,037	$ 1,098,098	$ 2,826,126

RENEWAL & REPLACMENT - CASH FLOW PLAN					
	Extremely Critical	Extremely Critical	Critical	Due	CURRENT
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Fiscal Year Start Date	10/1/2024	10/1/2025	10/1/2026	10/1/2027	10/1/2028
Beginning Balance	698,014	1,483,108	1,186,668	296,836	211,107
Total Planned Cash In	6,182,642	6,185,598	7,382,961	5,176,655	2,388,455
Planned Expenditures					
Public Works	5,393,704	5,790,560	5,489,472	4,803,133	472,393
Public Safety	-	-	-	167,200	324,979
Parks	3,844	163,538	688,538	245,300	510,188
Recreation	-	527,940	1,918,091	4,950	81,210
Library	-	-	-	-	45,000
Gen Gov	-	-	176,692	41,800	81,563
Stormwater Equip (pumps)	-	-	-	-	258,750
Food4Thought Bldg	-	-	-	-	7,313
Stormwater Infrastructure					
Total Planned Expenditures	**5,397,548**	**6,482,038**	**8,272,793**	**5,262,383**	**1,781,394**
Ending Balance	1,483,108	1,186,668	296,836	211,107	818,168

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.

<u>Average Road Renewal needs are $1.5 million per year</u>.

Reallocate Oka 1/2

Oka 1/2 allocation as per 05/02/22:					
	Beach	**Underground**	**Stormwater**	**Public Works/ Safety**	**TOTAL**
Percentage	25%	60%	10%	5%	100%
Est Revs (2019-2029)	4,000,000	9,600,000	1,600,000	800,000	16,000,000
spent to date	3,636,383	1,409,460	-	99,500	5,145,343
remaining debt svc	2,211,994	-			2,211,994
balance	(1,848,377)	8,190,540	1,600,000	700,500	8,642,663
RECOMMENDED OKA 1/2 REVISION FOR JULY 2023:					
	Beach	**Underground**	**Stormwater**	**Public Works/ Safety**	**TOTAL**
Percentage	33.6%	55%	7%	4%	100%
Est Revs (2019-2029)	5,848,377	9,570,000	1,216,023	765,600	17,400,000
spent to date	3,636,383	1,457,432	-	99,500	5,193,315
remaining debt svc	2,211,994	-			2,211,994
balance	-	8,112,568	1,216,023	666,100	9,994,691

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 ($5 million max). If the account balance is at the maximum, council may choose to decrease the annual addition to the RR fund.

FYE 22 Assets net of depreciation = $100 million

Funding Sources for CIP:

- Infrastructure (ex. $900k Mountain Drive Sidewalk)
  - Developer Agreements
  - Impact Fees
  - CRA TIF funds
- Undergrounding
  - Restricted Franchise
  - Utility Service Tax on FPL bill
  - Special Assessments

B. <u>Cost Recovery to Maintain Services</u>

Financially Sound City

Costs Per Property Per Year:

Public Safety
Ops: $347
RR: $5

Library
Ops: $63
RR: $3

Recreation
Ops: $118
RR: $15

Parks & Special Events
Ops: $155
RR: $13

Roadways and Sidewalk
Ops: $139
RR: $116

Stormwater
Ops: $30
RR: $65

Gen Gov, Animal Control, Debt Svc
Ops: $540
RR: $5

Total Cost per property per Year for all services
Ops: $1412
RR: $222

Ad Valorem – Averages for Different Parcel Usage Categories & Replacement

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

Cost Recovery – Why?

When user-fee type services cover their own costs, taxpayer dollars are freed-up to increase service levels (i.e., add parks and other public spaces).

Where We Are Now

Fund Balance Projections – no fee changes

FUND BALANCE SUMMARY ALL FUNDS	FY2025 PROJECTION	FY2026 PROJECTION	FY2027 PROJECTION	FY2028 PROJECTION	FY2029 PROJECTION	FY2030 PROJECTION
Nonspendable (Town Center CRA + prepaids)	2,311,624	2,111,624	1,911,624	1,611,624	1,211,624	811,624
Restricted (FL Statute & Debt Covenants)	2,979,217	3,236,528	3,751,363	5,961,024	7,461,236	9,324,784
Committed (Council Resolutions & Motions)	20,294,273	20,860,663	20,208,152	21,137,709	22,297,581	23,880,851
Assigned (contracts/PO balances)	3,250,000	2,500,000	1,500,000	2,416,667	2,138,889	2,018,519
Unassigned	*5,935,177*	*4,178,446*	*2,979,105*	*(775,283)*	*(422,375)*	*106,575*
Ending Fund Balance	**34,770,291**	**32,887,261**	**30,350,244**	**30,351,740**	**32,686,955**	**36,142,354**

What is dragging our balance down?

1 – Building Permit Fees Too Low

111 FLORIDA BUILDING CODE FUND (RESTRICTED; PUBLIC SAFETY)	FY2025 PROJECTION	FY2026 PROJECTION	FY2027 PROJECTION	FY2028 PROJECTION	FY2029 PROJECTION	FY2030 PROJECTION
111-32 Licenses and Permits	1,051,930	1,082,840	1,114,660	1,147,390	1,181,120	1,215,850
111-36 Investment Income	130	130	130	130	130	130
	1,052,060	**1,082,970**	**1,114,790**	**1,147,520**	**1,181,250**	**1,215,980**
111-52 Public Safety	1,331,350	1,379,030	1,428,540	1,479,960	1,533,350	1,588,850
111-59 Capital Outlay	-	-	-	45,600	-	-
	1,331,350	**1,379,030**	**1,428,540**	**1,525,560**	**1,533,350**	**1,588,850**
	(279,290)	**(296,060)**	**(313,750)**	**(378,040)**	**(352,100)**	**(372,870)**
111-38 Transfers In	-	-	-	-	-	-
111-58 Transfers Out	(101,630)	(104,680)	(107,820)	(111,050)	(114,380)	(117,810)
	(101,630)	**(104,680)**	**(107,820)**	**(111,050)**	**(114,380)**	**(117,810)**
111 Net change in fund balances	(380,920)	(400,740)	(421,570)	(489,090)	(466,480)	(490,680)

2 – Developer and Impact Fees Too Low

The cost to do Growth Necessitated Improvements is not fully covered by the fees collected.

3 – Recreation fees are not sufficient to cover operations.

		FORECAST						
DESCRIPTION	**2023 ACTUALS**	**FY 2024**	**FY 2025**	**FY 2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**
MORGANS REVENUE	119,782	113,510	116,920	120,430	124,040	127,760	131,590	135,540
MORGANS OP EXPS	636,240	909,097	940,900	973,860	1,008,040	1,043,500	1,080,270	1,118,400
NET	**(516,458)**	**(795,587)**	**(823,980)**	**(853,430)**	**(884,000)**	**(915,740)**	**(948,680)**	**(982,860)**
COMMUNITY CTR REVENUE	150,152	157,200	160,340	163,550	166,820	170,160	173,560	177,030
COMMUNITY CTR OP EXPS	688,679	988,028	1,023,150	1,059,640	1,097,480	1,136,760	1,177,520	1,219,810
NET	**(538,527)**	**(830,828)**	**(862,810)**	**(896,090)**	**(930,660)**	**(966,600)**	**(1,003,960)**	**(1,042,780)**
Total Covered by Taxpayers	(1,054,985)	(1,626,415)	(1,686,790)	(1,749,520)	(1,814,660)	(1,882,340)	(1,952,640)	(2,025,640)
Cost Recovery Ratio	20%	14%	14%	14%	14%	14%	14%	13%

Recommended Cost Recovery Areas:

- **Building fund: Building Permit Fees**
- **Community Development: Developer and Impact Fees**
- **STR Registration for Condos (6700+)**
- **Recreation: User Fees (Boat Ramp)**

Where we COULD be:

Fund Balance Projections – Adjust Building Permit fees +52%

ACCOUNT DESCRIPTION	FY 2024	FY 2025	FY 2026	FY2027	FY2028	FY2029	FY2030
BUILDING PERMIT FEES	986,710	1,500,000	1,545,000	1,591,400	1,639,100	1,688,300	1,738,900
Total 111300 BUILDING FUND REVENUE	**1,022,070**	**1,535,760**	**1,581,170**	**1,627,990**	**1,676,120**	**1,725,750**	**1,776,780**
Total 11152441 BUILDING FUND	**1,376,424**	**1,331,350**	**1,379,030**	**1,428,540**	**1,525,560**	**1,533,350**	**1,588,850**
NET OPERATING (REV - EXP)	**(354,354)**	**204,410**	**202,140**	**199,450**	**150,560**	**192,400**	**187,930**
Total BUILDING FUND TXFRS OUT	**(98,671)**	**(150,000)**	**(154,500)**	**(159,140)**	**(163,910)**	**(168,830)**	**(173,890)**
111 Increase (decrease) in Fund Balance	**(453,025)**	**54,410**	**47,640**	**40,310**	**(13,350)**	**23,570**	**14,040**
111 Fund Balance, beginning of year	**332,189**	**(120,835)**	**(66,425)**	**(18,785)**	**21,525**	**8,175**	**31,745**
111 Fund Balance, ending of year	**(120,835)**	**(66,425)**	**(18,785)**	**21,525**	**8,175**	**31,745**	**45,785**

Before

FUND BALANCE SUMMARY ALL FUNDS	FY2025 PROJECTION	FY2026 PROJECTION	FY2027 PROJECTION	FY2028 PROJECTION	FY2029 PROJECTION	FY2030 PROJECTION
Nonspendable (Town Center CRA + prepaids)	2,311,624	2,111,624	1,911,624	1,611,624	1,211,624	811,624
Restricted (FL Statute & Debt Covenants)	2,979,217	3,236,528	3,751,363	5,961,024	7,461,236	9,324,784
Committed (Council Resolutions & Motions)	20,294,273	20,860,663	20,208,152	21,137,709	22,297,581	23,880,851
Assigned (contracts/PO balances)	3,250,000	2,500,000	1,500,000	2,416,667	2,138,889	2,018,519
Unassigned	*5,935,177*	*4,178,446*	*2,979,105*	*(775,283)*	*(422,375)*	*106,575*
Ending Fund Balance	**34,770,291**	**32,887,261**	**30,350,244**	**30,351,740**	**32,686,955**	**36,142,354**

FUND BALANCE SUMMARY ALL FUNDS	FY2025 PROJECTION	FY2026 PROJECTION	FY2027 PROJECTION	FY2028 PROJECTION	FY2029 PROJECTION	FY2030 PROJECTION
Nonspendable (Town Center CRA + pr	2,311,624	2,111,624	1,911,624	1,611,624	1,211,624	811,624
Restricted (FL Statute & Debt Covenan	2,912,792	3,217,743	3,772,888	5,969,199	7,492,981	9,370,569
Committed (Council Resolutions & Mc	20,342,643	20,958,853	20,357,662	21,340,079	22,554,401	24,193,751
Assigned (contracts/PO balances)	3,250,000	2,500,000	1,500,000	2,416,667	2,138,889	2,018,519
Unassigned	*6,436,932*	*5,080,941*	*4,303,170*	*1,037,872*	*1,857,260*	*2,876,890*
Balance	**35,253,991**	**33,869,161**	**31,845,344**	**32,375,440**	**35,255,155**	**39,271,354**

After

Recommended Cost Recovery Areas:

- **STR Registration for Condos (6700+)**
    - **Visitors use our parks and roadways.**
    - **A $100 registration fee/year would raise $670,000.**
- **Add back the Joe's Bayou Boat Ramp pass for Residents ($200k/year).**

Ad Valorem at Different Millage Rates:

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

	1.6150	1.7150	Variance
Property Taxable Value			
$100,000	$161.50	$171.50	$10.00
$332,942	$537.70	$571.00	$33.29
$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					
$7,941,360,764 =	$12,184,033	or	$12,938,462	var=	$754,429

Next Steps:

- **March: Adopt a Renewal & Replacement Resolution.**
- **TBD: Refresh Building Fee Study and adopt new fee schedule to make Building Fund self-sustaining.**
- **TBD: Approve Mobility Plan projects.**
- **TBD: Approve Mobility Fees (created upon the approved projects).**
- **TBD: Revise Park, Library, and Public Safety Impact Fees.**
- **TBD: Adjust Fee Schedule to include STR registration for condos.**
- **TBD: Adjust Fee Schedule to include Boat Ramp passes.**

DISCUSSIONS:

Discussions emphasized the need to prioritize spending on essential services and infrastructure while finding ways to close the funding gap.

The council and staff discussed the necessity of taking incremental steps to address the financial challenges, with a focus on lessening the impact on homesteaded homeowners and leveraging other revenue sources.

A comprehensive approach to infrastructure renewal and replacement, along with a review of service fees and potential adjustments, was proposed to ensure the city can continue to provide essential services while moving towards its vision for the future.

The importance of cost recovery was discussed, with an emphasis on aligning user fees more closely with the cost of services to free up taxpayer dollars for other services.

There were concerns and discussions among the council members regarding the prioritization of public works and infrastructure projects. Some members expressed a desire for more detailed justifications for the proposed expenditures, especially in the context of the city's vision focusing on youth and beautification.

The discussion focused on addressing the financial challenges facing the city, particularly in the areas of building permit fees, developer and impact fees, and recreation fees. The aim is to improve cost recovery and reduce the burden on taxpayers.

It was noted that building permit fees are too low, leading to a significant shortfall where taxpayers are effectively subsidizing the costs. A suggestion was made to increase these fees by 52% to allow the building fund to become self-sustaining and eventually build a small fund balance.

Developer and impact fees were identified as not fully covering the costs associated with growth-induced improvements. Adjustments in these fees were discussed as a way to ensure new developments contribute their fair share to the infrastructure and services they impact.

Discussions included the cost recovery of recreation facilities, particularly Morgans and the community center, which are currently subsidized by taxpayers to the tune of about a million dollars annually. Revisiting the 2014 cost recovery policy for recreation program and potentially reintroducing charges for boat ramp passes were suggested.

The possibility of implementing or increasing fees for short-term rentals and non-homesteaded condos was discussed, recognizing their impact on city services and infrastructure.

An increase in the property millage rate was proposed as a potential solution to generate additional revenue. However, concerns were raised about the political feasibility of such a move, especially in an election year.

Proposed Actions:

- Provide a detailed breakdown and prioritization of the critical $10.6 million public works projects including evidence and justification for each project.
- Evaluate and adjust building permit fees and developer impact fees to better reflect the actual costs of services and infrastructure requirements.

- Consider reallocating funds from the Okaloosa half-penny infrastructure money and electric franchise fees to support the renewal and replacement program.
- Prepare a draft resolution for council review that outlines a commitment to fund the renewal and replacement program, including setting minimum and maximum fund balance targets.
- Investigate and propose additional revenue sources, such as adjustments to user fees and taxes, to cover the costs of city services and infrastructure maintenance more effectively.
- Refresh the building fee study and adopt a new fee schedule to make the building fund more self-sustaining.
- Consider revising park, library, and public safety impact fees based on updated assessments.
- Assess the feasibility and potential revenue from implementing or increasing fees for short-term rentals and non-homesteaded condos.
- Reevaluate recreational user fees to improve cost recovery, including reintroducing boat ramp passes.

C. Focus of Code Compliance in Furtherance of Vision

The city's code compliance director highlighted the department's role in maintaining the city's standards, emphasizing accountability, consistency, and efficiency. The department has seen a significant increase in call volume, attributed to added staff and proactive measures.

- Staff recently attended the Florida Association of Code Enforcement (FACE) training. The department is considering acquiring additional vehicles and has introduced portable digital radio for better communication. The possibility of acquiring body cameras for officer safety during confrontation or threatening situations was discussed, with a focus on developing a clear operational policy for their use.
- Pre-season meetings with short-term rental operators, beach vendors, and livery vessel owners have been conducted to set expectations and improve compliance. These meetings aim to address common issues and enhance the quality of life in Destin.
- The department is exploring the International Property Maintenance Code to incorporate into the LDC and is planning further cross-training with the Community Development Department. There is a focus on ensuring that code officers are well-equipped and trained to handle the diverse needs of the community effectively.
- The department is seeking to improve access to the harbor for better enforcement of regulations concerning illegal charters and similar issues. Additionally, there is an acknowledgment of the potential impact of annexation on workload and the need for strategic planning to accommodate growth.
- Current short-term rental fees are based on square footage, ranging from $500 to $700. There is recognition that these fees could be justifiably increased given the revenue generated by these rentals and their impact on the community.

Council members provided feedback, emphasizing the importance of proactive enforcement, the potential benefits of communication and safety technologies, and the need for prioritization in code enforcement efforts.

The discussion on body cameras raised questions about policy, data storage, and costs, with council members requesting detailed plan and policy before implementation. The policy shall address legal concerns and operational details, including data storage and public records access.

The introduction of portable digital radios for better communication among code officers was discussed, with a suggestion to integrate communication with the sheriff's department for emergency situations.

Future initiatives include placing the code boat at the harbor for better enforcement and considering space on the public Safety dock were discussed.

Discussion on short-term rental fees highlighted the current fee structure based on square footage and the potential for increasing these fees to better reflect the impact on the community and generate additional revenue.

ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 1:25 PM.

Bobby Wagner, Mayor

ATTEST:

Rey Bailey, City Clerk