MINUTES
BUDGET WORKSHOP
DESTIN CITY COUNCIL
JULY 15, 2024
ANNEX COUNCIL CHAMBERS
6:30 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 Johnny King
Councilmember Kevin Schmidt
Councilmember Terésa Hebert
Councilmember Jim Bagby
Councilmember Dewey Destin
Councilmember John Stephens

City of Destin Staff

City Manager Louis Zunguze
Public Information Director Tamara Young
Public Works Director Michael Burgess
Code Compliance Director Troy Williams
Projects/Grants/Contract Manager Jeffrey Cozadd
Parks & Recreation Director Lisa Firth
City Attorney Kimberly Romano Kopp
City Clerk Rey Bailey
IT Specialist James Lauria
City Engineer Ryan Scott
Finance Director Krystal Strickland
HR Director Jamie Haynes
Library Director Wen Livingston
Parks & Recreation Asst Dir Ryan Reed

WORKSHOP

A. Fiscal Year 2025 Budget

The City Manager welcomed everyone and thanked the mayor and city council members for their attendance. He emphasized that this workshop was a follow-up to the previous one held in May. The main focus would be on changes since the May discussion. He expressed gratitude to all department heads and particularly to the Finance Director for their efforts in preparing the budget. The two main goals of the budget were outlined:

- Addressing community needs.
- Advancing the council's strategic goals.

The Finance Director reviewed the agenda and reminded everyone of the important upcoming dates, including the need to certify the millage rate by July 17th.

- Adopt Tentative Millage Rate and Certify to Property Appraiser – July 22, 2024
- Adopting of a Balanced Budget:
  - Public Hearing #1 – September 5, 2024
  - Public Hearing #2 – September 16, 2024

The Finance Director provided the following Power Point presentation to the council:

Vision and Strategic Goals: 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. **Improve mobility and connectivity**
6. **A green and sustainable environment**
7. **Offer livable wages & benefits to attract & maintain a high caliber, qualified staff.**

Council's Critical Priorities:

1. **Work with stakeholders to pursue the Destin City Center (In Process FY24 Budget)**
2. **Public waterfront acquisition initiative (Completed FY24 Budget)**
3. **Underground Utilities (FY25 Budget + In Process)**
4. **Stahlman and US 98 Pedestrian vehicle improvements (In Process FY24 Budget)**
5. **Pedestrian access concepts under the Marler Bridge (In Process FY24 Budget)**
6. **Two-Lane Crosstown Connector (FY25 Budget + In Process)**
7. **Improve parking (In Process)**
8. **Annexation of unincorporated enclaves (In Process)**

FY 2025 Budget – Guiding Principles (Approach)

- **Safety of Citizens, Employees, Vendors**
- **Improve Beautification Service Levels (Median Maintenance)**
- **Improve Revenue Capture**
- **Apply adopted 5-year Renewal & Replacement as per April 2024 resolution**
- **Increase in taxable property values = 10%**

Operational Highlights – FY 25 Proposed Budget = $65.6 Million

FY 2025 Uses by Category	Operating	Capital	FY 2025 PROPOSED Budget	% of Total
General Government	$ 10,887,124	$ -	$ 10,887,124	17%
Public Safety	5,906,424	431,000	6,337,424	10%
Physical Environment	463,277	14,844,975	15,308,252	23%
Transportation	2,624,099	14,036,842	16,660,941	25%
Economic Development	231,391	-	231,391	0%
Health & Human Service	75,355	-	75,355	0%
Culture & Recreation	5,542,372	10,564,843	16,107,215	25%
Total Uses	$ 25,730,043	$ 39,877,661	$ 65,607,704	

2025 Proposed Budget vs. 2024 Adopted Budget

Expenditures by Activity	2024 BUDGET*	2025 PROPOSED BUDGET	$ change 2024 vs 2025	% change
General Government	$ 5,361,903	$ 5,664,751	$ 302,848	6%
Public Safety	5,568,640	5,906,424	337,784	6%
Physical Environment	643,813	463,277	(180,536)	-28%
Transportation	2,262,936	2,624,099	361,163	16%
Economic Development	395,674	231,391	(164,283)	-42%
Health & Human Services	107,370	75,355	(32,015)	-30%
Culture & Recreation	5,300,929	5,542,372	241,443	5%
Debt Service	3,441,092	5,222,373	1,781,282	52%
Capital Outlay	51,822,459	39,877,661	(11,944,798)	-23%
TOTAL EXPENDITURES	***$ 74,904,815***	***$ 65,607,704***	***$ (9,297,111)***	***-12%***

Changes Since 5/13/24 Workshop #1

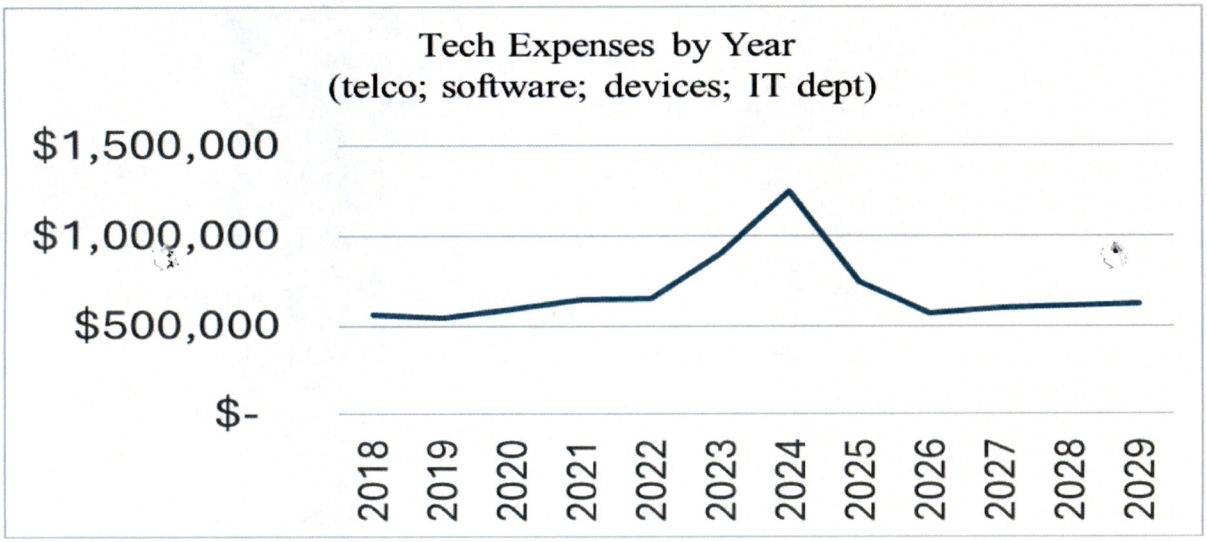
- **PA Certified Taxable Values**
  - **Increased Ad Valorem $200k (from $13.2 to $13.4 million)**
- **Operations**
  - **Added $150K for Annexation (opinion survey, metes & bounds, special election)**
- **Florida Blue Rate increase 11% (from $1.9 to $2 million)**
- **CPI 2.97% for COLA**
- **Removed request for 1 code officer (STR $77k)**
- **Added CBA at $35k/year in 127 Water Quality**
- **Reduce Christmas Decor from $140k to $70k**
- **Debt issuance moved from FY 24 to FY 25**

- **Capital Projects:**
  - **Increased Norriego Park from $162k to $234k as per 6/3/24 council adopted motion**
  - **Increased Clement Taylor Park based upon July 2024 RFP results and moved to FY 25 (1.96 million)**
  - **Moved Undergrounding Project $11 million from FY 24 FY 25**

Operational Highlights

All Funds Expenditures by Type	2024 Budget	2025 Budget	Percent increase FY25 vs FY24
Personnel	$ 10,447,643	$ 11,757,156	11%
Contract Services	5,148,114	4,710,126	-9%
Operations	3,680,012	3,674,892	0%
Debt Service	3,806,588	5,587,869	32%
Capital Outlays	51,822,459	39,877,661	-30%
Total Expenditures	**$ 74,904,815**	**$ 65,607,704**	-14%

Technology Cost Trend



Ad Valorem – Averages for Different Parcel Usage Categories

Parcel Use	Parcel Count	Taxable Value	Ad Valorem @ 1.615*95%	$ Taxes/ Parcel	% taxes
Homesteaded	3,522	$ 1,137,261,298	$ 1,744,843	$ 495	13%
Other Residential	10,626	6,568,502,151	10,077,724	$ 948	75%
Non-Residential	2,039	1,024,596,134	1,571,987	$ 771	12%
	16,187	$ 8,730,359,583	$ 13,394,554	$ 2,215	100%

Financially Sound City – FY 2025 Cost Per Property

- **Public Safety**
  - **Ops: $ 370**
  - **RR: $ 2**
- **Library/Parks/Rec**
  - **Ops: 347**
  - **RR: $186**
- **Roadways and Sidewalks**
  - **Ops: $162**
  - **RR: $231**
- **Stormwater**
  - **Ops: $26**
  - **RR: $65**
- **Gen Gov, Animal Control, Debt Service**
  - **Ops: $660**
  - **RR: $0**

Operational Highlights

- **Personnel Update**
- **Bring Median Maintenance In-House**
- **Public Safety**
  - **Sheriff**
  - **Lifeguards**
  - **Code Compliance**
- **Parks & Rec – Christmas Décor**

Personnel Highlights

- **Personnel is 18% of the Total Proposed FY 2025 Budget**
  - **2.97% Cost of Living (March CPI) $ 230,250**
  - **4.0% Merit $ 310,100**
  - **11.0% Health Insurance Increase $ 176,900**
  - **6.73 FTE New Positions* $ 538,400**

All Funds Expenditures by Type	2024 Budget	2025 Budget	Percent increase FY25 vs FY24
Personnel	$ 10,447,643	$ 11,757,156	11%

- **134.63 FTEs (FY 2025)**
  - **Base Salaries** **$7,772,773**
  - **COLA** **230,249**
  - **Merit** **310,100**
  - **FICA** **133,679**
  - **Retirement** **901,852**
  - **Insurance** **2,023,304**
  - **Workers Comp.** **165,286**
  - **Other** **219,913**

**** Health Insurance Increase: 11%**

6.73 FTE New Positions* **$ 538,400**

***Fully loaded (FICA, benefits, workers comp)**

EMP ID2	Recommended Title	Pay Plan Grade	# HRS per WEEK
W8	Content Creator	103	29
W7	Planning Manager	112	40
W6	Systems Administrator Speciali	107	40
~~W1~~	~~Code Compliance Officer I~~	~~105~~	~~40~~
W2	Lead Maintenance Technician	105	40
W3	Maintenance Technician	103	40
W4	Maintenance Technician	103	40
W5	Maintenance Technician	103	40

Operational Highlights

Bring Median Maintenance In-House

	FY 2024 BUDGET	FY 2025 PROPOSED BUDGET (CITY MGR LEVEL)	FY 2026	FY2027	FY2028
PERSONNEL	$ -	$ 298,302	$ 309,020	$ 320,150	$ 331,690
CONTRACTS	336,176	-	-	-	-
OPERATIONS	-	15,750	16,230	16,720	17,220
CAPITAL EQUIPMENT	-	114,000	-	-	-
	$ 336,176	**$ 428,052**	**$ 325,250**	**$ 336,870**	**$ 348,910**

4 FTEs+ $114k in Equipment (Mowers, Truck, Trailer)
7/11/24 (only 1 bid received: $462,603)

Public Safety:

- **Sheriff Contract increase $195k (6.8%) 21fte**
- **Lifeguard Contract increase $100k (100%; 2007)**
- **Code Compliance increase $170k (12%)**
- **15.5 fte + ~~1 new FTE STR registrations~~**

Department Recap	2024 Budget	2025 Budget	Percent increase FY25 vs FY24
General Public Safety	$ 3,004,053	$ 3,316,139	9%
Code Compliance	1,213,204	1,383,574	12%
Emergency Management	43,703	42,995	-2%
Total Public Safety Expenditures	**$ 4,260,960**	**$ 4,742,709**	10%

SPECIAL EVENTS (Recreation)
Christmas Decorations - $140k reduced to $70k as per Workshop #1

Program Cost Summary	2024 Budget	2025 Budget	Percent increase FY25 vs FY24
Contract Services	71,000	136,000	48%
Operations	69,700	72,100	3%
Total Special Events Expenditures	**$ 140,700**	**$ 208,100**	32%

Renewal & Replacement

5-year plan	FY 2025
Planned Expenditures by Asset Type	
Streets, Streetlights, Sidewalks	3,745,741
Facilities: Roof	717,500
Facilities: HVAC	3,844
Generators	-
Outdoor Parks & Recreation	2,137,800
Parking Lots	-
Vehicles	32,000
Capital Equipment	158,000
Stormwater	
Total Planned Expenditures	**6,794,885**
Ending Bank Balance	$ 1,295,949

Renewal & Replacement Highlights:

- **Morgan's Sport Center**
  - **Lighting (Safety - $1.3m)**
  - **Playground ($790k)**
- **Community Center**
  - **Leaky Windows & Roof ($717k)**
- **Roads & Sidewalks ($3.6m as per RR Resolution)**

Capital Improvement Program Highlights

- **Crosstown Connector $10.1m**
- **Undergrounding $12.6m (encumber delay)**
- **Tarpon & Crystal Shores Parks $4.8m**
- **Mattie Kelly Outfall at Joe's Bayou $1.2m**
- **Clement Taylor Park $1.96m**
- **New Vehicles & Equipment $266k**

City of Destin					
Department of Public Works & Emergency Management					
New and RR Requested Vehicles/Equipment for FY25					
Department	**Budget Proj#**	**Item**	**Estimated Cost**	**New or R&R**	**Comments**
Community Cente	CCVEH	Ford Transit Van 150, low-rise	$ 40,000.00	New	
Code Comp	CEVEH	Ford Bronco Sport AWD	$ 32,000.00	New	additional officers
Parks	PREQ	35' Towable Boom Lift	$ 40,000.00	New	Tree Trimming, Painting, Christmas Decorations, etc.
Parks	PRVEH	Ford F150 4x4, single cab short bed	$ 40,000.00	New	additional parks
Parks	PRVEH	Ford F150 4x4, single cab short bed	$ 40,000.00	New	additional parks
Public Works	PWMM	John Deere Z920M Ztrak 48"	$ 20,000.00	New	for new median maintenance crew
Public Works	PWMM	John Deere Z920M Ztrak 48"	$ 20,000.00	New	for new median maintenance crew
Public Works	PWMM	John Deere Z920M Ztrak 60"	$ 24,000.00	New	for new median maintenance crew
Public Works	PWMM	Ford F150 4x4, single cab short bed	$ 40,000.00	New	for new median maintenance crew
Public Works	PWMM	Trailer for equipment	$ 10,000.00	New	for new median maintenance crew
		Subtotal NEW	**$ 266,000.00**		

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

FUND BALANCE SUMMARY ALL FUNDS	FY2025 PROPOSED BUDGET PROJECTION	FY2026 PROJECTION	FY2027 PROJECTION	FY2028 PROJECTION	FY2029 PROJECTION	FY2030 PROJECTION	FY2031 PROJECTION
Nonspendable (Town Center CRA + prepaids)	2,062,544	1,862,544	1,562,544	1,162,544	1,211,624	811,624	411,624
Restricted (FL Statute & Debt Covenants)	3,642,191	3,021,608	3,533,109	7,182,436	9,033,342	10,770,684	12,512,402
Committed (Council Resolutions & Motions)	22,740,825	22,963,283	22,663,668	23,497,319	23,692,678	25,543,630	27,946,554
Assigned (contracts/PO balances)	3,250,000	2,500,000	1,500,000	2,416,667	2,138,889	2,018,519	2,191,358
Unassigned	*8,961,028*	*7,553,262*	*8,018,190*	*2,993,097*	*1,203,849*	*1,458,105*	*812,026*
Ending Fund Balance	**40,656,587**	**37,900,696**	**37,277,511**	**37,252,062**	**37,280,382**	**40,602,562**	**43,873,965**

What are the challenges to our General Fund Balance?

1. Building Permit Fees Too Low

111 FLORIDA BUILDING CODE FUND (RESTRICTED; PUBLIC SAFETY)	FY2024 PROJECTION	FY2025 PROPOSED BUDGET PROJECTION	FY2026 PROJECTION	FY2027 PROJECTION	FY2028 PROJECTION	FY2029 PROJECTION
111-32 Licenses and Permits	841,311	921,400	946,670	972,660	999,460	1,026,970
111-36 Investment Income	7,726	1	5	10	10	10
TOTAL REVENUES	**849,038**	**921,401**	**946,675**	**972,670**	**999,470**	**1,026,980**
111-52 Public Safety	1,054,317	1,161,215	1,200,002	1,243,920	1,289,500	1,336,830
111-59 Capital Outlay	85,125	-	-	-	-	-
TOTAL EXPENDITURES	**1,139,441**	**1,161,215**	**1,200,002**	**1,243,920**	**1,289,500**	**1,336,830**
Excess (deficiency) of revenues over expenditu	**(290,404)**	**(239,814)**	**(253,327)**	**(271,250)**	**(290,030)**	**(309,850)**
111-38 Transfers In	-	-	-	-	-	-
111-58 Transfers Out	(56,258)	(80,000)	(82,400)	(84,870)	(87,420)	(90,040)
Total other financing sources (uses)	**(56,258)**	**(80,000)**	**(82,400)**	**(84,870)**	**(87,420)**	**(90,040)**
111 Net change in fund balances	(346,662)	(319,814)	(335,727)	(356,120)	(377,450)	(399,890)
111 Fund Balance (deficit), Beginning	342,260	(4,402)	(324,216)	(659,943)	(1,016,063)	(1,393,513)
111 Fund Balance (deficit), Ending	(4,402)	(324,216)	***(659,943)***	***(1,016,063)***	***(1,393,513)***	***(1,793,403)***

2. Developer & Impact Fees Too Low

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

Impact Fee Eligible Projects constructed/funded	
FY 2024	10,764,481
FY 2025	9,852,400
FY 2026	1,599,000
FY 2027	770,000
FY 2028	-
FY 2029	770,000
	$ 23,755,881

Sources used/to be used	
Impact Fees	2,044,000
Taxes	5,811,861
Grants	11,846,586
Loans	3,003,434
Parking Fees	1,050,000
	$ 23,755,881

3. Increase Recreation covers 25-30% of 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

- **STR Registration for Condos (4200+)**
  - **Visitors use our parks and roadways and add significantly to cost of public safety (additional $3.2 million/year)**
  - **A $100 registration fee/year would raise $420,000.**
- **Building Fund: Building Permit Fees**
- **Community Development: Developer and Impact Fees**
- **Recreation: User Fees**
  - **Add back the Joe's Bayou Boat Ramp pass for residents (40k/year)**
  - **Update 2014 Recreation Cost Recovery Policy**
- **NPEB ("Net Positive Environmental Benefit" for Harbor Water Quality i.e. Testing, Pump Ops & Main): Consider annual Op Fee**

Where We Could Be

Fund Balance Projections – Adjust Building Permit Fees +52%

ACCOUNT DESCRIPTION	2024 PROJECTION	FY 2025 PROPOSED BUDGET	FY 2026	FY2027	FY2028	FY2029
BUILDING PERMIT FEES	664,711	1,216,000	1,252,500	1,290,100	1,328,800	1,368,700
Total 111300 BUILDING FUND REVENUE	**849,038**	**1,337,401**	**1,375,175**	**1,414,070**	**1,454,070**	**1,495,280**
Total 11152441 BUILDING FUND	**1,139,441**	**1,161,215**	**1,200,002**	**1,243,920**	**1,289,500**	**1,336,830**
NET OPERATING (REV - EXP)	**(290,404)**	**176,186**	**175,173**	**170,150**	**164,570**	**158,450**
TXFR IN FROM GEN FUND	5,000					
TRANSFER OUT TO CD TECH FUND	(56,258)	(121,600)	(125,250)	(129,010)	(132,880)	(136,870)
Total BUILDING FUND TXFRS OUT	**(51,258)**	**(121,600)**	**(125,250)**	**(129,010)**	**(132,880)**	**(136,870)**
111 Increase (decrease) in Fund Balance	**(341,662)**	**54,586**	**49,923**	**41,140**	**31,690**	**21,580**
111 Fund Balance, beginning of year	**342,260**	**598**	**55,185**	**105,108**	**146,248**	**177,938**
111 Fund Balance, ending of year	**598**	**55,185**	**105,108**	**146,248**	**177,938**	**199,518**
			TARGET BALANCE = $275K (3 MOS OPS)			

FUND BALANCE SUMMARY ALL FUNDS	FY2025 PROPOSED BUDGET PROJECTION	FY2026 PROJECTION	FY2027 PROJECTION	FY2028 PROJECTION	FY2029 PROJECTION	FY2030 PROJECTION	FY2031 PROJECTION
Nonspendable (Town Center CRA + prepaids)	2,062,544	1,862,544	1,562,544	1,162,544	1,211,624	811,624	411,624
Restricted (FL Statute & Debt Covenants)	3,642,191	3,021,608	3,533,109	7,182,436	9,033,342	10,770,684	12,512,402
Committed (Council Resolutions & Motions)	22,740,825	22,963,283	22,663,668	23,497,319	23,692,678	25,543,630	27,946,554
Assigned (contracts/PO balances)	3,250,000	2,500,000	1,500,000	2,416,667	2,138,889	2,018,519	2,191,358
Unassigned	*8,961,028*	*7,553,262*	*8,018,190*	*2,993,097*	*1,203,849*	*1,458,105*	*812,026*
Ending Fund Balance	**40,656,587**	**37,900,696**	**37,277,511**	**37,252,062**	**37,280,382**	**40,602,562**	**43,873,965**

Before

FUND BALANCE SUMMARY ALL FUNDS	FY2025 PROPOSED BUDGET PROJECTION	FY2026 PROJECTION	FY2027 PROJECTION	FY2028 PROJECTION	FY2029 PROJECTION	FY2030 PROJECTION	FY2031 PROJECTION
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Assigned (contracts/PO balances)	3,250,000	2,500,000	1,500,000	2,416,667	2,138,889	2,018,519	2,191,358
Unassigned	*8,961,028*	*7,553,262*	*8,018,190*	*2,993,097*	*1,203,849*	*1,458,105*	*812,026*
Ending Fund Balance	**40,656,587**	**37,900,696**	**37,277,511**	**37,252,062**	**37,280,382**	**40,602,562**	**43,873,965**

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Nonspendable (Town Center CRA + prepaids)	2,062,544	1,862,544	1,562,544	1,162,544	1,211,624	811,624	411,624
Restricted (FL Statute & Debt Covenants)	3,673,791	3,061,238	3,572,559	7,163,856	8,994,242	11,173,934	13,371,322
Committed (Council Resolutions & Motions)	22,783,225	23,049,353	22,794,718	23,674,699	23,917,778	25,817,880	28,271,434
Assigned (contracts/PO balances)	3,250,000	2,500,000	1,500,000	2,416,667	2,138,889	2,018,519	2,191,358
Unassigned	*9,311,028*	*8,288,262*	*9,158,190*	*4,608,097*	*3,268,849*	*3,523,105*	*2,877,026*
Ending Fund Balance	**41,080,587**	**38,761,396**	**38,588,011**	**39,025,862**	**39,531,382**	**43,345,062**	**47,122,765**

After

Ad Valorem at Different Millage Rates

	FY 2024 Budgeted	FY 2025 Projected	Amount of Increase	% Change
GF Ad Valorem @ 1.6150	$ 11,073,048	$ 12,158,495	$ 1,085,447	9.8%
Town Center CRA (city)	616,955	678,487	61,532	10.0%
Harbor CRA (city)	494,030	557,572	63,542	12.9%
Subtotal	$ 12,184,033	$ 13,394,554	$ 1,210,521	

Rollback Rate	1.5127
Current Year proposed as percent change of rolled-back rate	6.76%

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
$360,754	$582.62	$618.69	$36.08
$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 = **$360,754**

Funding to the City at the two Different Millage Rates

	1.6150	1.7150	
Taxable Value x Millage x 95% = total ad valorem collections			
$8,730,359,583 =	$13,394,554 or	$14,223,938	var= $829,384

Next Steps

- **July 22, 2024 Regular City Council Meeting: Adopt millage rate and confirm public hearing #1 for TRIM notices.**
- **Determine if median maintenance comes "in-house"**
- **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**

PRESENTATION – HIGHLIGHTS/SUMMARY

Changes since the May 13th Workshop:

- Property Value Increase
  - Property value increased by 10% affecting the budget calculations.
- Operational Changes:
  - An 11% increase in Florida Blue health insurance rates.
  - 2.97% COLA adjustment for salaries.
  - Removal of a proposed additional code officer position, reducing costs by $77,000.
  - Allocation of $150,000 for annexation surveys and potential special elections.
  - An estimated operational budget increase by 4.4%.
- Capital Projects and Debt Issuance:
  - Delaying the issuance of $25 million in debt until October or November 2024.
  - Reallocations for underground utilities and the crosstown connector project.
  - Detailed cost breakdowns for capital outlays, showing $39 million allocated for capital projects.
- Operational Highlights:
  - Personnel costs increase due to insurance and merit increases.
  - Parks and Recreation budget adjustments and operational impact discussed.
  - Public safety costs, particularly the Sheriff's contract and lifeguard services, highlighted.
  - Adjustments in event budget, including Christmas lighting.
- Technology and Capital Improvement Program:
  - Increases in tech expenses for new software implementations.
  - Continuation of the five-year Capital Improvement Program, focusing on assets lighting and park renovations.

COUNCIL DISCUSSIONS OF KEY POINTS – SUMMARY

- The council discussed various ways to increase revenue without raising taxes, including soliciting donations, increasing short-term rental registration fees, and simplifying the building permit fee structure.

- Advocated for unique ways to increase revenue and suggested soliciting donations from businesses for park funding. Mentioned the potential benefits of having builders include small parks in their developments.

- Improving parks, with emphasis on ADA compliance and safety for children. Differing opinions on the immediate need for a new playground at Morgan's Sports Center.

- Concerns were raised about the sustainability of high debt service, and the need to manage costs carefully. Discussions on potential strategies to reduce debt quickly, including increasing payments on principal.

- Emphasis on balancing expenditure reductions with revenue increases.

- The need for a new playground at Morgan Sports Center was debated, with some council members advocating for immediate action due to safety concerns, while others suggested delaying the expenditure.

- Increasing impact fees for high-density developments to address infrastructure strain and to ensure these developments contribute fairly to infrastructure costs.

- Ideas for unique revenue generation, such as sponsorship and commercial fees for park use.

- Review of proposed new positions and the necessity of equipment purchases.

- Discussions on optimizing vehicle purchases and potential cost savings.

- Maintaining a healthy unassigned fund balance was emphasized to ensure financial flexibility and cover upfront costs for grants.

Comments/Recommendations from Elected Officials – Summary

Councilmember Schmidt

- Suggested that instead of adding back the Joe's Bayou Boat Ramp residents' user fees to consider adding a new commercial fee for commercial entities. Suggests getting rid of the "honor box" system and having an actual payment collection system.

- Would like to see a list of new vehicles that are needed separate from those that fall under the Renewal and Replacement category.

- Questioned the immediate need for budgeting nearly $800,000 for a new playground at Morgan Sports Center. Suggests delaying this expenditure to focus on more urgent budget items.

- Recommends pursuing sponsorships like banners at ballfields and placards on picnic tables.

Councilmember King

- Emphasized the importance of having safe and updated playgrounds for the children in the community.

- Discussed proposed registration fee for short-term rental condos and directing revenue towards mitigating the impacts caused by these rentals. Supported the idea of earmarking the funds for this purpose.
- Opposed increasing the millage rate. Highlighted the importance of exploring alternative revenue sources.

Councilmember Hebert

- Defended the need for a new playground, stating that the previous one at Morgan Sports Center had deteriorated to a dangerous state and was appropriately removed.
- Emphasized the poor condition of the city parks. Find out how other cities often contribute to park funding and urged the city to explore these options.
- Suggested considering divesting underperforming parks, such as the one behind the elementary school, which might be costing more than it benefits the city.

Councilmember Bagby

- Stressed the need to manage costs carefully, suggesting a cap on merit increases at 3%.
    - Stressed that the 11% increase in personnel costs is not due to the Florida Blue medical insurance rate increases alone. A large portion of the 11% increase involves new staff positions, merit increases, and COLA. Recommends capping merit increases. Will make a motion at the next regular council meeting to do just that.
- Expressed concern about increasing their debt payment by 300% over the next 5 years. There will be some give and take, and some fee increases will be necessary. There are ways to reduce debt quickly, including increasing payments on principal.
- Will not support a millage rate increase arguing that it would not be fair to the citizens, especially in an election year.
- Supported the idea of increasing impact fees for high-density developments to ensure that new developments contribute fairly to the city's infrastructure costs.
- Highlighted the importance of simplifying the fee structure for building permits to avoid "integrity checks" on the citizens and developers resulting in some required permits not being pulled. Charging a flat fee for permits for certain projects may be a better solution.
- Expressed that the "2025 Budget Guiding Principles" produced by staff is not necessary as the council is responsible for providing priorities on budgeting and creating the guiding principles if they chose to do so
- Emphasized the importance of maintaining a healthy unassigned fund balance, ideally between $7-9 million, to provide flexibility and cover upfront costs for grants.

Councilmember Destin

- Opposed increasing the millage rate. Advocated for maintaining the current rate and exploring other ways to manage the budget without raising taxes.

- Remove $10K special election costs from the proposed 2025 budget. The motion passed by the council on July 8th was to defer the referendum for annexation to the next general election cycle in November 2026. It is not proper to include anything in the budget that is contrary to an adopted motion by the council.
- Expressed concerns about the city's growing debt service. There are ways of paying off the debt quickly and saving $3 million in interest by simply "tightening the belts" and living within their means.
- Supported raising impact fees for high-density developments to ensure they pay their fair share of infrastructure costs.
- Advocated for a holistic approach to address budget issues, considering both revenue enhancements and cost containment.
- Expressed concern about the complexity of the current building permit fee structure as compared to the county and other municipalities and suggests simplifying it.

Councilmember Stephens

- Supported unique revenue generation ideas and recommended careful consideration of new budget versus deferred maintenance.

Mayor Wagner

- Stressed the importance of providing quality parks and playgrounds for the city's children and community.
- Proposed creating a consolidated landscaping crew to handle all city properties efficiently, rather than having separate crews for different departments.

PUBLIC COMMENTS

Mr. Brian Otto, a Destin resident, highlighted the poor condition of local parks compared to other cities. He recommends better management of existing park resources and supports divesting underutilized parks.

ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 7:29 PM.

Bobby Wagner, Mayor

ATTEST:

Rey Bailey, City Clerk