

**MINUTES
BUDGET WORKSHOP
DESTIN CITY COUNCIL
JUNE 29, 2020
ANNEX COUNCIL CHAMBERS
5:30 PM**

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

Destin City Council

Mayor Gary Jarvis
Councilmember Chatham Morgan
Councilmember Cyron Marler
Councilmember Parker Destin

Councilmember Steven Menchel
Councilmember Skip Overdier
Councilmember Prebble Ramswell

Destin City Staff

City Manager Lance Johnson
Public Information Manager Catherine Card
Grants/Project Manager Jeffery Cozzard
Code Compliance Manager Joey Forgione
Parks & Recreation Director Lisa Firth
Public Services Director Michael Burgess
Land Use Attorney Kimberly Kopp

City Clerk Rey Bailey
Deputy City Manager Webb Warren
IT Manager Matthew Pace
Finance Director Krystal Strickland
HR Manager Karen Jankowski
Library Director Wen Livingston
City Attorney Kyle Bauman

CALL TO ORDER

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

WORKSHOP

A. City of Destin Fiscal Year 2021 Budget

Finance Director Krystal Strickland presented the following information:

2021 Budget Process

- Capital Budget Workshop – June 29, 2020
- Operational Budget Workshop – July 13, 2020
- Individual Session with Council for Capital and Operational Budget – July 29-31, 2020
- Optional Budget Workshop – August 10, 2020
- Adoption of a Balanced Budget – September 2020

Operational Budget Highlights

- GF Revenue: Property values increased by 5.44% - from \$5,390,784,913 to \$5,684,250,956
- GF Expenditure: Operations budget estimated to increase 2.8%

Capital Improvement Programming

- Renewal and Replacement Fund (R&R)
 - ❖ Facilities Renewal and Replacement
 - ❖ Infrastructure Renewal and Replacement
- Capital Improvement Program (CIP)
 - ❖ Comprehensive Plan Infrastructure
 - ❖ Growth Necessitated (Impact Fees)
 - ❖ Citizen/Council Directed Projects

Facilities Renewal and Replacement

- Needs to be established
 - ❖ Initial allocation to catch up on deferred maintenance
 - ❖ National average for commercial building replacement value is \$50 per square foot
 - ❖ Investing 5% per year of national replacement value
 - \$245,000/yr = 35 of annual ad valorem
 - ❖ Not to be confused with operating repairs and maintenance R&R is to renew/replace major building components (roof, HVAC, exterior paint, flooring)

Infrastructure Renewal and Replacement

- Local Option Gas Tax #1 (\$500K/yr)
 - ❖ Establishing, operating and maintaining transportation system and related equipment and facilities
 - Cost of acquisition, construction, reconstruction and maintenance of roads, streets, Rows, sidewalks, signage, pavement markings, and street lighting, equipment and storage facilities for transportation equipment
 - Future years may be impacted by COVID travel restrictions
 - City is using for Transportation and Pedestrian Facilities, primary resurfacing

CIP Restricted Funding Sources

- Local Option Gas Tax #2 (\$200k/year)
 - ❖ Not for routine maintenance

- ❖ To meet requirements of capital improvement elements of an adopted comprehensive plan to meet immediate local transportation problems and for critical roadway networks

➤ Impact Fees

- ❖ Collected from developers for “Growth Necessitated Improvements”

	Projected FY 2021 Beginning Fund Balance	Projected FY 2021 Additions	Available to Budget FY 2021
Police Protection Impact Fees	4,300	500	4,800
Traffic Impact Fees	1,030,000	300,700	1,330,700
Public Library Impact Fees	116,700	32,000	148,700
Park Impact Fees	142,200	97,300	239,500
NPEB	85,000	600	85,600
Mitigation Fee Multi- Modal	99,000	-	99,000
TOTAL: Impact Fees	1,477,200	431,100	1,908,300

- Half-Cent Sales Tax (1.3m/yr)
 - ❖ \$300k/year pledged for debt service
 - ❖ For infrastructure: to reduce traffic congestion, roadway construction, flood control, water quality, public facility improvements, debt service
- Okaloosa ½ Penny Surtax (\$1.2m/yr – 2019-2028)
 - ❖ At the February 18, 2020 meeting, a motion was made by Council to allocate the funds as follows:
 - 75% Beach Acquisitions
 - 10% Undergrounding
 - 10% Public Works/Public Safety Committee Initiatives
 - 5% Other Council Directed Projects

Grant Funding Sources

- Cost Reimbursement
- Current major grantors:
 - ❖ FDEP
 - ❖ FDOT
 - ❖ RESTORE (Deep Horizon)
 - ❖ NFWF
 - ❖ TDC
 - ❖ FEMA
 - ❖ CARE

5-year Capital Budget Summary

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➤ Budget Requests

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Facilities R&R Subtotal	\$1,556,000	242,078	242,078	242,078	242,078	2,524,310
Infrastructure R&R Subtotal	1,318,589	570,000	516,800	450,000	450,000	450,000
Comp Plan Infrastructure Subtotal	200,000	200,000	200,000	200,000	200,000	1,000,000
Growth Necessitated Subtotal	352,000	750,000	-	-	-	1,102,000
Citizen/Council Directed Subtotal	30,315,000	-	-	-	48,000,000	78,315,000
Others Subtotal	330	729,000	-	-	-	1,059,000
Grand Total Budget Requests	34,071,589	2,491,078	958,878	892,078	48,892,078	84,450,310

➤ Available Funding

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Gas Tax #1	500,000	500,000	500,000	500,000	500,000	2,500,000
Gas Tax #2	200,000	200,000	200,000	200,000	200,000	1,000,000
Police Protection Impact Fees	4,800	400	400	400	400	6,400
Traffic Impact Fees	1,330,700	20,000	20,000	20,000	20,000	1,410,700
Public Library Impact Fees	148,700	2,000	2,000	2,000	2,000	156,700
Park Impact Fees	239,500	4,000	4,000	4,000	4,000	255,500
NPEB	85,600	-	-	-	-	85,600
Mitigation Fee Multi-Modal	99,000	-	-	-	-	99,000
Half-Cent Sales Tax	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Half Penny Local Discretionary	3,200,000	1,200,000	1,200,000	1,200,000	1,200,000	8,000,000
Grant Total Available Funds	6,808,300	2,926,400	2,926,400	2,926,400	2,926,400	18,513,900

5-year Capital Budget Details

➤ Budget Requests – Citizen/Council Directed Projects

		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Beach Acquisition	GF	2,000,000	-	-	-	-	2,000,000
Beach Acquisition	Grants	13,000,000	-	-	-	-	13,000,000
Beach Acquisition	Bonded D	7,000,000	-	-	-	-	7,000,000
Crosstown Connector	Grant	2,700,000	-	-	-	-	2,700,000
Crosstown Connector	GF	4,865,000	-	-	-	-	4,865,000
Undergrounding Engineering/ Design	GF	-	-	-	-	-	-
Undergrounding Construction	GF	-	-	-	-	48,000,000	48,000,000
Clement Taylor Prk Restoration	Grants	750,000	-	-	-	-	750,000
SUBTOTAL		\$30,315,000	-	-	-	48,000,000	78,315,000

❖ Funding options in process: TDC, Triumph, TRIP TPO (FDOT), RESTOR, Electric Franchise

➤ Infrastructure/Transportation Renewal and Replacement

		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Roadway resurfacing and reconstruction	Gas #1	450,000	350,000	350,000	350,000	350,000	350,000
Road Maintenance Equipment	Gas #1	-	100,000	100,000	100,000	100,000	100,000
Stormwater Improvements	Mixed	768,589	120,000	66,800			
Harbor Pump Replacement	GF	100,000					
Subtotal		1,318,589	570,000	516,000	450,000	450,000	450,000

➤ Facilities Renewal and Replacement

		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Airport Road Property	R&R	-	6,090	6,090	6,090	6,090	24,360
Buck Destin Park	R&R	-	5,118	5,118	5,118	5,118	20,470
City Hall	R&R	59,000	35,038	35,038	35,038	35,038	199,150
City Hall Annex	R&R	165,500	26,313	26,313	26,313	26,313	270,750
Community Center	R&R	540,000	47,708	47,708	47,708	47,708	730,830
Dalton Theadgill Park Building	R&R	-	2,000	2,000	2,000	2,000	8,000
Destin Elementary Sports Field	R&R	-	2,625	2,625	2,625	2,625	10,500
EOC	R&R	18,000	4,000	4,000	4,000	4,000	34,000
Fleet	R&R						
Harbor Pump Facility	R&R	300,000	950	950	950	950	303,800
Joe's Bayou Boat Launch	R&R	75,000	770	770	770	770	78,080
June White Decker Park	R&R	-	1,955	1,955	1,955	1,955	7,820
Library	R&R	98,500	33,140	33,140	33,140	33,140	231,060
Maintenance Facility	R&R	73,200	29,715	29,715	29,715	29,715	192,060
Morgan's Sports Center	R&R	43,000	16,575	16,575	16,575	16,575	109,300
Museum	R&R	21,800	13,830	13,830	13,830	13,830	77,120
Rodeo Building	R&R	-	1,800	1,800	1,800	1,800	7,200
Sheriff's Substation	R&R	162,000	14,453	14,453	14,453	14,453	7,200
Subtotal		1,556,000	242,078	242,078	242,078	242,078	2,524,310

➤ Comprehensive Plan Infrastructure Capital Improvements

		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Comp Plan Transportation	Gas #2	200,000	200,000	200,000	200,000	200,000	1,000,000
Subtotal		200,000	200,000	200,000	200,000	200,000	1,000,000

➤ Growth Necessitated Capital Improvements

		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Norriego Point Road	Impact	250,000					250,000
Zerbe-Calhoun Pedestrian Pathway Phase II Design	GF	102,000					102,000
Zerbe-Calhoun Pedestrian Pathway Phase II Construction	Impact		150,000				150,000
Zerbe-Calhoun Pedestrian Pathway Phase II Construction	GF		350,000				350,000
Zerbe-Calhoun Pedestrian Pathway Phase II Construction	Multi-Modal		250,000				250,000
Subtotal		352,000	750,000				1,102,000

➤ Others

		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
IT Software and Hardware Upgrades	GF		729,000				729,000
Buck Destin – Resurface Basketball Court		35,000					35,000
Buck Destin – Restrooms		95,000					95,000
Destin Sports Complex Track Improvements		50,000					50,000
Morgan’s Sports Center Field Bank Lights		150,000					150,000
Subtotal		330,000	729,000				1,059,000
Grand Total Budget Requests		34,071,589	2,491,078	958,878	892,078	48,892,078	84,450,310

5-Year Capital Budget Summary

➤ Budget Requests

Subtotals	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Facilities R&R	1,556,000	242,078	242,078	242,078	242,078	2,524,310
Infrastructure	1,318,589	570,000	516,800	450,000	450,000	450,000
Comp Plan Infrastructure	200,000	200,000	200,000	200,000	200,000	1,000,000
Growth Necessitated Subtotal	352,000	750,000				1,102,000
Citizen/Council Directed	30,315,000				48,000,000	78,315,000
Others	330,000	729,000				1,059,000
Grand Total	34,071,589	2,491,078	958,878	892,078	48,892,078	84,450,310

➤ Available Funding

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Gas Tax #1	500,000	500,000	500,000	500,000	500,000	2,500,000
Gas Tax #2	200,000	200,000	200,000	200,000	200,000	1,000,000
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Traffic Impact Fees	1,330,700	20,000	20,000	20,000	20,000	1,410,700
Public Library Impact Fees	148,700	2,000	2,000	2,000	2,000	156,700
Park Impact Fees	239,500	4,000	4,000	4,000	4,000	255,500
NPEB	85,600					85,600
Mitigation Fee Multi-Modal	99,000					99,000
Half-Cent Sales Tax	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Half Penny Local Discretionary	3,200,000	1,200,000	1,200,000	1,200,000	1,200,000	8,000,000
Grand Total	6,808,300	2,926,400	2,926,400	2,926,400	2,926,400	18,513,900

Councilmember Menchel asked which Airport Road property is being referenced under the 5-year Capital Budget Facilities Renewal and Replacement slide.

The Deputy City Manager replied it is the facility that houses the Food for Thought charity.

Referencing the Sheriff's Sub-Station with a budget request of \$162,000, listed under the same slide, Councilmember Menchel asked if the City expect to receive supplemental funding from the Sheriff's Office for the facility.

Ms. Strickland stated that the City owns the building and is responsible its maintenance; adding that \$100,000 is for roof replacement. She also added that the Sheriff's contract for this upcoming fiscal year will be approximately \$28,000 less; and so that amount will be applied towards the roof replacement cost.

Councilmember Menchel asked if the deadlines for the events listed under the budget calendar have been met prior to tonight's workshop.

Ms. Strickland replied that most of the deadlines have been met. The Department Directors have submitted nearly all their consolidated budget submissions and she has included most of them in her presentation.

Councilmember Menchel noted that potential construction of pickleball courts is not included in the budget.

Ms. Strickland stated that item would be added to the list.

B. Public Comments

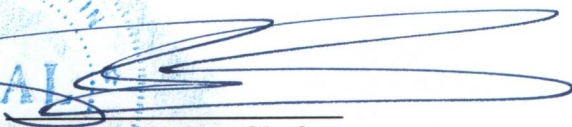
ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 6:10 PM.



Gary Jarvis, Mayor

ATTEST:



Rey Bailey, City Clerk