

RESOLUTION NO. 09-176

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, RECOGNIZING THE FY 2008-2009 REVENUE ADJUSTMENTS FOR BAHAMA VILLAGE/CAROLINE STREET CORRIDOR TAX INCREMENT FUND AND KEY WEST BIGHT FUND DUE TO CHANGES IN TIF CALCULATIONS; DIRECTING THE CITY MANAGER TO AMEND THE BUDGET THROUGH THE APPROPRIATE BUDGET ORDINANCE; PROVIDING FOR AN EFFECTIVE DATE;**

WHEREAS, the budgeted revenues for the Tax Increment Financing District were based on taxable property valuation projections provided to the City by the Property Appraiser in June, 2008, which in actuality have varied from those projections requiring amendment.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AS FOLLOWS:

Section 1: That revenue adjustments to the FY 08/09 Budget are recognized by increasing the bottom line of Fund 601 Bahama Village/Caroline Street Corridor Tax Increment Trust Fund by \$123,526 and increasing the bottom line of Fund 405 Key West Bight Fund by \$220,195.

Section 2: The City Manger is directed to bring forward an appropriate budget ordinance to reflect this recognition.

Section 3: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Commission.

Passed and adopted by the City Commission at a meeting held  
this 21st day of July, 2009.

Authenticated by the presiding officer and Clerk of the  
Commission on July 22, 2009.

Filed with the Clerk July 22, 2009.



\_\_\_\_\_  
MORGAN MCPHERSON, MAYOR

ATTEST:



\_\_\_\_\_  
CHERYL SMITH, CITY CLERK

# EXECUTIVE SUMMARY



**TO:** Mark Finigan, Assistant City Manager

**FROM:** Trish Whitacre, Budget Analyst *ju*

**DATE:** March 25, 2009

**SUBJECT:** Budget Transfers for TIF (Tax Increment Financing) Districts

## **Action statement:**

Approval is requested by the City Commission to Amend the FY 08/09 Budget by increasing the bottom line of Fund 601 Bahama Village/Caroline Street Corridor Tax Increment Trust Fund by \$123,526 and increasing the bottom line of Fund 405 Key West Bight Fund by \$220,195.

## **Background:**

The budgeted revenues for the Tax Increment Financing District were based on taxable property valuation projections provided to us by the Property Appraiser in June, 2008. The amount actually due the District is based on Certified taxable property values provided to us by the Property Appraiser in October, 2008. Also, any change to either the City's or County's adopted millage from the rate budgeted to the final adopted rate in September affects the final calculation of funds due the TIF District.

The final taxable valuation increased slightly (less than 1%) from the budgeted projection. The major change was the County's change in millage rate from a budgeted 2.2656 to 2.6883, an increase of 0.4227 mils.

Besides the changes from the County, two budget errors have also been identified that need to be corrected in the budgets affected by the TIF District's funding. The first is that the taxes were budgeted at 96% of tax revenues, when, by law, the maximum payable to TIF Districts is 95% of tax revenues. This takes into consideration changes from the taxable value of the District we receive in October and must use to calculate the TIF payments when the Value Adjustment Board (VAB) may still be in session and the final taxable value of the District may be reduced at final recertification. There is no other concession provided for in State Statutes for recouping dollars that may have been overpaid to the TIF District. In correcting this budget error, the City's total contribution to the TIF Fund will decrease by \$6,722. The second budget correction is due to Caroline Street Corridor expenses being input into the final budget at \$550,000 instead of the projected \$711,173. The difference between the revenue, which was budgeted with the correct number, and expense of \$161,173 was budgeted in Bahama Village Reserves. Correction of this error will also increase the transfer in to the Key West Bight Fund and increase those reserves.

The attached spreadsheet provides the original budget calculations for the TIF Fund compared to the certified calculations. Bottom line, the changes to the TIF calculations resulted in an increase to the TIF Fund of \$123,526, and an increase to the Key West Bight Fund of \$59,022. The bottom line Fund changes due to correction of the budget entry error on Caroline Street Corridor affects only the Key West Bight Fund in the amount of \$161,173.

**Financial Impact:**

The net increase to the Tax Increment Fund will allow for future improvement projects in the Bahama Village and Caroline Street Corridor areas. An additional \$130,248 will be paid by Monroe County and the City's General Fund contribution will be reduced by \$6,722.

**Recommendation:**

Authorize amendments to the FY 08/09 budget as per the attached budget transfers.

# Bahama Village Caroline Street Corridor Tax Increment Fund

## Calculation of Annual Contribution

24-Mar-09

	FY 96-97 (Base)	FY 08-09		Change from Budget
		Budget	Certified 10/08	
<b>Assessed Property Values</b>				
Bahama Village	\$46,516,303	\$ 224,058,337	\$ 224,328,187	\$269,850
Caroline Street	\$41,662,133	\$ 204,656,683	\$ 204,862,720	\$206,037
Total	\$88,178,436	\$428,715,020	\$429,190,907	\$475,887
Change from Prior Year		2.4%	-6.0%	
<b>Base Year (FY96-97) to Current Year Change</b>				
Bahama Village		\$177,542,034	\$177,811,884	
Caroline Street		\$162,994,550	\$163,200,587	
Total		\$340,536,584	\$341,012,471	
<b>Tax Rate (Millage)</b>				
City of Key West		2.2794	2.2794	0.0000
Monroe County		2.2656	2.6883	0.4227
Total		4.5450	4.9677	0.4227
<b>Contribution</b>				
City of Key West				
Property Value Increment from Base Rate		\$340,536,584	\$341,012,471	
At 100%		2.2794	2.2794	
		\$776,209	\$777,304	
Max. Contribution is 95%		\$745,161	\$738,439	(\$6,722)
Monroe County				
Incremental Property Value Rate		\$340,536,584	\$341,012,471	
At 100%		2.2656	2.6883	
		\$771,520	\$916,744	
Max. Contribution is 95%		\$740,659	\$870,907	\$130,248
<b>Total at 100%</b>		<b>\$1,547,729</b>	<b>\$1,694,048</b>	
<b>Total at 95%</b>		<b>\$1,485,820</b>	<b>\$1,609,346</b>	<b>\$123,526</b>
<b>Incremental Tax Distribution at 95%</b>				
Bahama Village		\$774,646	\$839,150	\$64,504
Caroline Street		\$711,173	\$770,195	\$59,022
Total		\$1,485,820	\$1,609,346	\$123,526

CITY OF KEY WEST  
BUDGET TRANSFER

DEPARTMENT TO COMPLETE ACCOUNT #, INC \$, DEC \$, [\$ ONLY NO CENTS] JUSTIFICATION AND SEND TO BUDGET

TRANSFER REQUEST

DEPARTMENT Bahama Village/Caroline St. TIF DATE 3/13/09

ACCOUNT #	INC \$	DEC \$	BALANCE \$
County <u>601-0000-311.01-00</u>	<u>130,248</u>		<u>870,907</u>
City <u>601-0000-381.01-00</u>		<u>6,722</u>	<u>738,439</u>
Reserves D.V. <u>601-5502-555.98-00</u>	<u>64,504</u>		<u>387,102</u>
TSH 4 to KWB <u>601-5503-555.91-00</u>	<u>59,022</u>		<u>609,022</u>
TOTAL Increase to Fund	<u>123,526</u>		

PURPOSE OR JUSTIFICATION

*Change in TIF Calculations due to certified property values higher than budgeted, increase in Monroe County's tax rate (adopted), and max. allowed calculation for TIF payment is 95% (was budgeted at 96%). Increased revenue placed into reserves for Bahama Village and 4 to KWB for Caroline St.*

APPROVAL

DEPARTMENT HEAD \_\_\_\_\_ DATE \_\_\_\_\_

FINANCE (BUDGET) [Signature] DATE 3/24/09

FINANCE (DIRECTOR) \_\_\_\_\_ DATE \_\_\_\_\_  
(Up to \$5,000 within category within fund)

CITY MANAGER \_\_\_\_\_ DATE \_\_\_\_\_  
(Within category within fund no limit) (Among categories within fund and fund increase \$20,000)  
(All CM Contingency Transactions)

CITY COMMISSION RESOLUTION \_\_\_\_\_ DATE \_\_\_\_\_  
(Beyond above limits)

ENTRY

Group #: \_\_\_\_\_ Date: \_\_\_\_\_ Initials: \_\_\_\_\_

### CITY OF KEY WEST BUDGET TRANSFER

DEPARTMENT TO COMPLETE ACCOUNT #, INC \$, DEC \$, [\$ ONLY NO CENTS] JUSTIFICATION AND SEND TO BUDGET

#### TRANSFER REQUEST

DEPARTMENT Gen. Court. / Gen. Fund DATE 3/13/09

*TSF. out  
Cont. resv.*

<u>ACCOUNT #</u>	<u>INC \$</u>	<u>DEC\$</u>	<u>BALANCE \$</u>
<u>001-1900-519.91-00</u>	<u>                    </u>	<u>6,722</u>	<u>906,195</u>
<u>001-1900-519.98-00</u>	<u>6,722</u>	<u>                    </u>	<u>173,631</u>
<u>                                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>TOTAL</u>	<u>6,722</u>	<u>6,722</u>	<u>                    </u>

#### PURPOSE OR JUSTIFICATION

*Reduce Transfer to TFF Fund due to budgeting at 96% of ad valorem and maximum payable by statute is 95%, offset slightly by increase in certified taxable value.*

#### APPROVAL

DEPARTMENT HEAD \_\_\_\_\_ DATE \_\_\_\_\_

FINANCE (BUDGET) Whitacre \_\_\_\_\_ DATE 3/19/09

FINANCE (DIRECTOR) \_\_\_\_\_ DATE \_\_\_\_\_  
(Up to \$5,000 within category within fund)

CITY MANAGER \_\_\_\_\_ DATE \_\_\_\_\_  
(Within category within fund no limit) (Among categories within fund and fund increase \$20,000)  
(All CM Contingency Transactions)

CITY COMMISSION RESOLUTION N/A \_\_\_\_\_ DATE \_\_\_\_\_  
(Beyond above limits)

#### ENTRY

Group #: \_\_\_\_\_ Date: \_\_\_\_\_ Initials: \_\_\_\_\_

CITY OF KEY WEST  
BUDGET TRANSFER

DEPARTMENT TO COMPLETE ACCOUNT #, INC \$, DEC \$, (\$ ONLY NO CENTS) JUSTIFICATION AND SEND TO BUDGET

**TRANSFER REQUEST**

DEPARTMENT Bahama Village / Caroline T#F DATE 3/24/09

<u>ACCOUNT #</u>	<u>INC \$</u>	<u>DEC\$</u>	<u>BALANCE \$</u>
<u>601-5502-555-9800</u>	<u>_____</u>	<u>161,173</u>	<u>226,429</u>
<u>601-5503-555-9100</u>	<u>161,173</u>	<u>_____</u>	<u>770,195</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<b>TOTAL</b>	<u>161,173</u>	<u>161,173</u>	<u>_____</u>

**PURPOSE OR JUSTIFICATION**

Correction to original budget of \$550,000 for Caroline  
St. Should have been \$716,173. Excess funds  
were put into Bahama Village reserves  
incorrectly.

**APPROVAL**

DEPARTMENT HEAD \_\_\_\_\_ DATE \_\_\_\_\_

FINANCE (BUDGET) J. Whitaine \_\_\_\_\_ DATE 3/24/09

FINANCE (DIRECTOR) \_\_\_\_\_ DATE \_\_\_\_\_  
(Up to \$5,000 within category within fund)

CITY MANAGER \_\_\_\_\_ DATE \_\_\_\_\_  
(Within category within fund no limit) (Among categories within fund and fund increase \$20,000)  
(All CM Contingency Transactions)

CITY COMMISSION RESOLUTION \_\_\_\_\_ DATE \_\_\_\_\_  
(Beyond above limits)

**ENTRY**

Group #: \_\_\_\_\_ Date: \_\_\_\_\_ Initials: \_\_\_\_\_

CITY OF KEY WEST  
BUDGET TRANSFER

DEPARTMENT TO COMPLETE ACCOUNT #, INC \$, DEC \$, (\$ ONLY NO CENTS) JUSTIFICATION AND SEND TO BUDGET

TRANSFER REQUEST

DEPARTMENT KW Bight DATE 3/13/09

Est. in

<u>ACCOUNT #</u>	<u>INC \$</u>	<u>DEC \$</u>	<u>BALANCE \$</u>
<u>405-0000-381-60-10</u>	<u>220,195</u>		<u>220,195</u>
<u>405-9501-575.98-00</u>	<u>220,195</u>		<u>2,859,324</u>
<u>TOTAL Increase To Fund</u>	<u>220,195</u>		

PURPOSE OR JUSTIFICATION

Increase Debt Transfer in from Caroline St. TIF  
Due to increase in Tax Increment payment from  
County's increased Tax millage rate and  
slight increase in property values after certification.  
Also corrects budget error of \$161,173.

APPROVAL

DEPARTMENT HEAD \_\_\_\_\_ DATE \_\_\_\_\_

FINANCE (BUDGET) [Signature] DATE 3/24/09

FINANCE (DIRECTOR) \_\_\_\_\_ DATE \_\_\_\_\_  
(Up to \$5,000 within category within fund)

CITY MANAGER \_\_\_\_\_ DATE \_\_\_\_\_  
(Within category within fund no limit) (Among categories within fund and fund increase \$20,000)  
(All CM Contingency Transactions)

CITY COMMISSION RESOLUTION \_\_\_\_\_ DATE \_\_\_\_\_  
(Beyond above limits)

ENTRY

Group #: \_\_\_\_\_ Date: \_\_\_\_\_ Initials: \_\_\_\_\_