

# City of Key West

**BUDGET WORKSHOP**

**ALL FUNDS**

**FISCAL YEAR 2018-19**



## Schedule

- **Monday, July 23, 2018**
  - **8:30 A.M. - 12 Noon**
    - **Recap Irma - FEMA**
    - **General Fund**
    - **Community Fund (AIPP)**
    - **Truman Waterfront Fund**
    - **Transportation Alternative Fund**
    - **Fort Taylor Surcharge Fund**
  - **Reconvene at 1:30 (Time Approximate)**
    - **Community Development Office**
    - **Affordable Housing Fund**
    - **General Government Capital**
      - **Infrastructure Surtax Fund**
      - **Capital Projects Fund**
      - **Internal Improvements Fund (Gas Tax)**

## Schedule (Continued)

- **Tuesday, July 24, 2018**
  - **8:30 A.M. - 12 Noon**
    - **Wastewater (Sewer) Fund**
    - **Stormwater Fund**
    - **Solid Waste Fund**
    - **Bahama Village CRA Fund**
    - **Caroline Street CRA Fund**
  - **Reconvene at 1:30 (Time Approximate)**
    - **Key West Bight Fund**
    - **Garrison Bight Fund**
    - **Transit Fund**
    - **Insurance Fund**
- **\*If Necessary\* Wednesday, July 25, 2017 at 8:30 A.M. to Noon**

## Recap Irma - FEMA

		Revised Estimates and Cost Submitted as of:		Friday, July 13, 2018	
		# of PWs	Estimated Costs	Costs Submitted	
Category A:	Debris Removal	3	\$4,270,000.00	\$3,710,971.38	
Category B:	Emer. Prot. Measures	7	\$2,744,000.00	\$2,739,008.24	
Category C:	Roads & Bridges	2	\$495,000.00	\$531,496.09	
Category D:	Water Control Facilities	1	\$25,000.00	\$24,669.92	
Category E:	Buildings & Equipment	1	\$20,000.00	\$23,778.87	
Category F:	Utilities	2	\$1,250,000.00	\$0.00	
Category G:	Parks, Rec, and Other	6	\$4,100,000.00	\$547,754.17	
Category Z:	PAAP for DAC at 5% Flat Rate	1	\$645,200.00	\$0.00	
Total PWs:		23			
		Total Estimated:	\$13,549,200.00		
			Total Submitted:	\$7,577,678.67	
			Total PWs Submitted:	16	

# Highlights of FY2018-19 Budget

- **Changes in Personnel (All Funds)**
  - **Seven (7) New Positions**
    - **Three (3) School Resource Officers (SROs)**
      - **Total of Five (5) SROs**
      - **100 Percent Reimbursed (To Include Equipment)**
      - **Two (2) Security / Lifeguards for Truman Waterfront**
    - **One (1) Bus Driver For Transportation Alternative Fund**
    - **One (1) Bus Driver For Transit Fund**
  - **Five (5) Positions Eliminated**
    - **One (1) IT Network Administrator**
    - **Two (2) Accounting Clerk III**
    - **One (1) Police Department Lieutenant**
    - **One (1) Part Time Scanning Specialist**
  - **Several Reclassifications based on Increased Job Responsibilities and Market Survey Realignment**

# Highlights of FY2018-19 Budget (Continued)

## General Fund

### ➤ **Fund Balance / Operating Reserve**

- **Policy: 72 Days to 92 Days**
- **FYE 2017 Unassigned Fund Balance** **72 Days**
  - **Budgeted 92 Days**
  - **\$141,000/Day – FY 2018-19 Proposed Budget**
  - **Irma – September 10th**
- **Projected FYE 2018** **34 Days**
- **Adj. for FEMA Reimbursements** **77 Days**
  - **Assumption: No FEMA/State Exceptions**

### ➤ **Ad Valorem Taxes (Property Taxes)**

- **Calculated Millage Rate** **2.2653**
  - **Percent Over Rollback** **2.62 Percent**
- **Proposed Tentative Millage Rate** **2.3536**
  - **Percent Over Rollback** **6.00 Percent**

## Highlights of FY2018-19 Budget (Continued)

### ➤ **General Fund**

#### ➤ **Revenue Highlights**

- **Transfer In From Key West Bight** **\$1,750,000**
- **Five (5) School Resource Officers** **\$ 695,709**

#### ➤ **Personnel Services**

- **Up 5 Percent from FY 2017-18**
  - **\$2.2M Increase**
- **78 Percent of General Fund Total Expenditures**

#### ➤ **Operating Expenditures**

- **Up 1 Percent from FY 2017-18**
  - **\$100K Increase**
- **18 Percent of General Fund Total Expenditures**

#### ➤ **Grants and Aids**

- **Reduced from \$204K to \$50K**
- **No Proposed Funding for Not for Profits  
Other than FIRM**

## Highlights of FY2018-19 Budget (Continued)

### ➤ Transportation Alternative Fund

- Year 2 Operational & Capital Requirements \$1.3M
- 33% General Government Parking (Except Mallory) \$425K
- 50% Key West Bight Parking \$217K
- 67% Park n Ride Parking \$160K
- 1<sup>st</sup> Year Service Development Grant \$390K

### ➤ Truman Waterfront Fund

- Year 2 Operational & Capital Requirements \$784K
- 27% General Government Parking (Except Mallory) \$335K
- Transfer From General Fund \$115K
- Estimate for Amphitheater Revenue \$100K
- Estimate for Parking Fees \$ 75K

### ➤ Utility Funds

- Sewer No Increase In Rates
- Stormwater No Increase In Rates
- Solid Waste No Increase In Rates

## **Highlights of FY2018-19 Budget (Continued)**

- **Affordable Housing Fund**
  - **40% General Government Parking (Except Mallory)**
    - **\$513K Estimated In Annual Parking Fees**
  - **FYE 2017-18 Estimated Fund Balance \$810K**
  - **Transfer \$1.3M to KWHA – College Rd. Affordable Housing Project**
  
- **Community Fund (AIPP)**
  - **Current Fund Balance - \$410,813**
  
- **Caroline Street CRA**
  - **Current Fund Balance - \$2,136,834**
    - **Will grow to over \$3.0M with FY2019 TIF increment**
  
- **Bahama Village CRA**
  - **Final Loan Payment (Land Trust)**
  - **\$1.9M Committed in FY 2018 to Vision Plan Projects**
  - **\$700K Committed in FY 2019 to Vision Plan Projects**

# City of Key West

**GENERAL FUND  
FISCAL YEAR 2018-19**

## General Fund – Ad Valorem

### ➤ **Growth in Total Taxable Value - 2017 to 2018**

- **2017 Final (VAB)                      \$6,841,829,997**
- **2018 (July 2018 Est.)                \$7,322,804,078**

### ➤ **Increase of 7 percent in Total Taxable Value**

- **New Construction            \$ 33,581,811                      .5 Percent**
- **Value Growth                    \$447,392,270                      6.5 Percent**

## General Fund – Ad Valorem

- **FY 2017-18 Adopted “Rollback” Millage Rate 2.3466**
  - **Example: Residential Home \$460,000 in Taxable Value**
    - **\$1,080 – City Portion**
- **FY 2018-19 Calculated “Rollback” Millage Rate 2.2074**
  - **Example: Residential Home \$489,900 in Taxable Value**
    - **\$1,080 – City Portion**
- **FY 2018-19 Calculated Millage Rate 2.2653**
  - **2.62% above Rollback Rate**
  - **Example: Residential Home \$489,900 in Taxable Value**
    - **\$1,110 – City Portion**
  - **\$2.50 Est. Monthly Increase in City Portion of Tax Bill**
- **Calculated millage rate produces \$16.2 Million (98% collection)**
- **For Reference: 1 Percent above/below rollback = \$158,411**

Dear Mayor and Commissioners

I'm looking forward to giving you my observations and recommendations during the budget meetings this week. One point I would like to make in writing in advance is the impact of Homestead Exemption on the tax liability assessed by the city.

This year overall the property valuation has increased approximately 6.5%. The concept of "Rollback" says that since the value has increased, the millage rate should be reduced or "rolled back" to raise the same amount of taxes as in the prior year. A property with a Homestead Exemption in addition to a \$50,000 value reduction also has a 3% cap in assessed value increase under the "Save Our Homes" law.

The way the math works, if the city assesses tax at rollback millage, a Homestead Exemption property receives a tax decrease. **Even at the rate proposed in the City Manager's recommended budget, a Homestead Exemption property has a decrease in tax from the current assessment.**

The following table illustrates how the math works.

Value before exemption	Homestead Exemption	Adjusted Taxable Value	Millage Tax Rate	City Portion of Ad Valorem Tax
<u>Homestead Example FY 2017-18 Rollback</u>				
\$ 460,000	\$ 50,000	\$410,000	2.3466	\$ 962
<u>Homestead Example FY 2018-19 at Rollback</u>				
\$ 473,800	\$ 50,000	\$ 423,800	2.2074	\$ 935
<u>Homestead Example FY 2018-19 at City Manager Budget Recommendation</u>				
\$ 473,800	\$ 50,000	\$ 423,800	2.2653	\$ 960

Using the property value example in Mark Finigan's summary presentation for the budget meeting, at rollback a Homestead Exemption will save the owner \$27 from the current tax. At the City Manager's recommended millage that homeowner still receives a \$2 decrease in tax.

I'm encouraging you to provide in the 2018-19 budget sufficient resources for the city to continue to provide essential services and to properly maintain the city's infrastructure.

I think that you should be considering that many Key West residents have Homestead Exemptions. I also believe that deed restricted affordable housing properties have a valuation that is based upon the potential rental income. When affordable housing rental rates are not increasing, the value of those properties are not increasing for property tax. That can work the same way as a Homestead Exemption to keep an increase in millage above rollback from resulting in an increase in taxes paid by deed restricted affordable housing properties.

As you deliberate the 2018-19 budget, I encourage you to consider this example and the implications it has for changing millage rates as compared with raising taxes to individual homeowners.

Mark E. Songer  
mobile (305) 394 3807

## General Fund – Revenue Highlights

- **Federal, State, Local and TDC Grants** **\$1.3M**
  - **Federal**
    - **\$15.0K Byrne JAG Grant**
  - **State**
    - **\$30.0K FDOT HVE Bicycle/Ped Grant**
    - **\$80.0K FDOT Traffic Grant**
  - **Monroe County School Board**
    - **\$695K School Resource Officers**
      - **KWHS / HOB / Gerald Adams / Poinciana / Sigsbee**
      - **100 Percent Reimbursement – Operating & Capital**
    - **\$50K Fire Academy**
  - **TDC**
    - **\$433K Beach Cleaning**

## General Fund – Revenue Highlights

### Cruise Ship Disembarkation

- **Total Budgeted Passengers for All Three (3) Port Locations**
  - **Fiscal Year 2017-18** **809,716**
  - **Fiscal Year 2018-19** **817,450**
  - **1% Increase in Projected Passenger Count**
  - **Total Port Calls - 421(FY2018) – 405 (FY2019)**
- **\$570,257 Projected Increase of Net Income from Prior Year (21% increase)**
  - **Increase Disembarkation Fee from \$10.00 to \$10.50**
  - **Increase Dockage to \$.03 per ton from less than \$.01**
  - **Transportation Surcharge for Outer Mole - \$1.34 / passenger**
- **Passenger Count Budgeted @ 98 Percent**

## **General Fund – Revenue Highlights**

- **Building Fees Budgeted at \$2,200,000**
  - **Consistent with FY 2017-18 projected collections**
- **Business Tax Receipts Budgeted at \$1,400,000**
  - **Consistent with FY 2017-18 projected collections**
- **Major State Sales Tax Revenues**
  - **Budgeted at or slightly above FY 2018-19 FDOR estimates**
- **Ambulance Fees**
  - **Budgeted at \$1,200,000**
- **Double the Employee Assistance Parking Fee**
  - **Currently \$100 + Tax / Month – Proposed \$200 + Tax / Month**
  - **Will Require Legislative Change**
- **\$1,750,000 Transfer In From Key West Bight**
- **\$570K+/- Net Increase in Cruiseship Fees**

## General Fund – Expenditure Highlights

- Homeless Services/KOTS \$471,800
  - SHAL Management Contract

### Aid to Private Organizations

- Boys and Girls Club \$ 0
- Positive Step/Idle Hands \$ 0
- Rotary (Fireworks) \$ 0
- Keys to Change \$ 0
- Police Athletic League \$ 0
- AHEC \$ 0
- FIRM \$ 50,000

## General Fund – Other Expenditure Highlights

### ➤ Transfers

- To Fund 105 – Truman Waterfront Fund
  - \$114,594 Operating Support
  - \$335,318 27 Percent of \$1 Parking Increase

### ➤ BP Settlement Recap

➤ BP Proceeds	\$2,091,208
➤ Boys & Girls Club Bayview Park	( 500,000)
➤ Cozumel Park	( 441,962)
➤ Police Athletic League (PAL)	( 500,000)
➤ SPCA	( 148,800)
➤ Poinciana Field Re-sod	( 43,260)
➤ Poinciana and HOB Re-sod	( 398,656)
➤ Skate Park Improvements	<u>( 58,530)</u>
➤ Balance of Uncommitted BP Funds	\$ 0.00

## **General Fund – Other Expenditure Highlights**

- **Eliminate Federal Lobbyist** **\$ 50,000**
  - **Retain \$10K for “As Needed” Support**
- **Eliminate Strategic Planning Services** **\$ 25,000**
- **Eliminate Grant Writing Services** **\$ 65,000**
- **Eliminate Annexation Study - Key Haven** **\$ 45,000**
- **Reduce Purchase of Cale Machines – 60 to 20** **\$ 283,000**
- **Eliminate Analysis of Floodplain Map Changes** **\$ 100,000**
- **Eliminate Scoreboards for 3 Fields** **\$ 23,000**
- **Eliminate KWFD Dive Team**
- **KWPD Mounted Unit to Be Completely Supported By Donations and Contributions**
- **Overall, over \$1.2M in General Fund Departmental Operating and Capital Requests Not Approved by the City Manager**