



## SEBASTIAN BUDGET REVIEW ADVISORY COMMITTEE AGENDA

6:00 P.M. MONDAY – JULY 11, 2022  
CITY HALL  
1225 MAIN STREET

- a. Call to Order
- b. Pledge of Allegiance
- c. Roll Call
- d. Approval of Minutes: Meeting of May 16, 2022
- e. Presentation of Draft Budget by Ken Killgore, Administrative Services Director/CFO
  1. Power Point Presentation
  2. Questions or Comments by Members
  3. Discuss Setting Proposed Millage for TRIM Purposes
- f. Public Comments
- g. Next Meeting Date – Monday, July 18, 2022 to Review 3<sup>rd</sup> Quarter Budget Report
- h. Adjourn

### Agenda Attachments:

- Minutes for Meeting of May 16, 2022
- Power Point Presentation of Draft Budget
- Draft Budget and Capital Improvement Plan – Available at the following link:  
<https://www.cityofsebastian.org/archive.aspx?amid=&type=&adid=135>

*ANY PERSON WHO DECIDES TO APPEAL ANY DECISION MADE WITH RESPECT TO ANY MATTER CONSIDERED AT THIS MEETING WILL NEED A RECORD OF THE PROCEEDINGS AND MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE HEARD. (F.S.286.0105)*

*IN COMPLIANCE WITH THE AMERICAN WITH DISABILITIES ACT (ADA), ANYONE WHO NEEDS A SPECIAL ACCOMMODATION FOR THIS MEETING SHOULD CONTACT THE CITY'S ADA COORDINATOR AT 589-5330 AT LEAST 48 HOURS IN ADVANCE OF THIS MEETING.*

## ZOOM INFORMATION

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/87591909095>

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**CITIZENS BUDGET REVIEW ADVISORY COMMITTEE  
MINUTES OF REGULAR MEETING  
MAY 16, 2022**

I. Chairman Napier called the Citizens Budget Review Advisory Committee meeting to order at 6:00 p.m.

II. Pledge of Allegiance was recited by all.

III. Roll Call

Present

Mr. McGinn (Zoom)

Mr. Napier

Ms. Reed

Mr. Mr. Hoffman

Mr. Hall

Mr. Newhart

Mr. Sullivan

Absent

Mr. Wilson -- Excused

Ms. Cerda -- Excused

Also Present

Ken Killgore, Administrative Services Director/CFO

Cynthia Watson, Human Resources Manager

Joseph Perez, AV Technical Assistant

Janet Graham, Technical Writer

Due to the absences of Mr. Wilson and Ms. Cerda, Mr. Napier stated that both Ms. Reed and Mr. Sullivan, the alternate members, will vote due to the absences of the excused regular members.

IV. Approval of Minutes

A. Meeting of February 14, 2022

Mr. Napier asked if all Committee members had reviewed the Minutes of February 14, 2022. All indicated they had. Mr. Napier stated that on Page 2, second line, where it reads "Mr. Hill nominated Mr. Hoffman," it should read "Mr. Hall nominated Mr. Hoffman." Mr. Killgore also referred to a typo on Page 3, second paragraph, where it reads "Mr. McGill" it should read "Mr. McGinn." Those two being the only corrections, Mr. Napier called for a motion. A motion to approve the Minutes of the February 14, 2022 meeting, as corrected above, was made by Mr. Hoffman, seconded by Mr. Newhart, and approved unanimously via voice vote.

V. Review of Second Quarter Financial Report -- FY 2022

Mr. Killgore stated that, as usual, his staff provided the agenda items that are provided to City Council regarding any second quarter amendments. It includes those amendments. He has also provided a corrected Page 3 of the budget report, for which he has provided a copy of this page. He pointed out that in the highlighted lines there was a mistake on the Budget Before Change in the R&R account. Mr. Hoffman pointed this out to Mr. Killgore. That line should read in the Budget Before Change the amount of (\$4,820.00) as the beginning balance. He added that the first change that was made this quarter was to use \$60,338.00 more to have a Budget After Change of \$65,158.00. As to the other highlighted items further down on the page in the line which read Appropriated from R&R Account it has been adjusted on this new Page 3.

Mr. Killgore reviewed the Quarterly Financial Report page-by-page (SEE ATTACHED). He pointed out that the revenues after six months of the year as collected is 61.1%. That is mostly because of the ad valorem taxes that come in earlier during the year. As to expenses, they are 53.9% for the same period. That is mostly because the City pays the contribution to the Police Pension Fund in one lump sum before December, and also the CRA contributions are made by the General Fund in the first quarter of the year. He mentioned that one reason the revenues are higher than projected in addition to the taxes being substantially collected is that the City has gotten all of its FEMA money from Hurricane Matthew. About a week after he received that payment, he got a notice from FEMA now that the City can collect another \$1,900.00 if we can document some administrative time that was used on Hurricane Dorian. He and his staff will be communicating with FEMA to get the \$1,900.00.

Mr. Killgore reviewed that he has added a section to the report for the American Rescue Plan Act Fund. He stated that the City did receive what is described as the "first tranche" of the money, half of the amount that the City was entitled to. That was actually received a year ago. He got a notice last week to put in a request to collect the second half of those funds. The next quarter will therefore be showing another \$1.6 million of the American Rescue Plan Act funds. There were public hearings and meetings with City Council to determine how those funds would be allocated. He has listed all those items on this quarterly report.

He reviewed the remaining funds and how he arrived at those figures (SEE ATTACHED). Mr. Killgore stated that it will not be long until the City is essentially debt free as far as long-term debt. There are still a couple of lease/purchase items that appear within the annual budget appropriations. Finally, he reviewed the comments from the various departments as to what their activities and accomplishments were in the last quarter. He then called for questions/comments from the Committee members.

Mr. Hall --

- Asked for a description of the benefits of hiring an airport manager vs. the facilities directors' portion pay. Mr. Killgore stated that it was decided to take some of the

activities that the facilities director's position was handling before his retiring and disseminate them among other staff members. He further described the additional payouts that the facilities director was entitled to at his retirement. Those payouts will affect this year's budget. He added that the prior facilities director's duties were then disseminated among other staff members, and now the airport manager focuses only on the airport.

Ms. Reed --

- Reviewed that at the last meeting Mr. Hoffman had asked for some clarity regarding the non-departmental funds. She also reviewed that Mr. Killgore was to send out to the Committee members the details of that entry because they were so far under budget. She did note that through quarter 4 they had spent 75% of their budget. At the end of quarter 2 of this year they are already a little over 69% of their budget. She asked for a clarification of non-departmental line items. Mr. Killgore apologized for not having sent that information out. He explained that those line items might be city-wide items and not anything specific to one department such as consulting fees, workers' compensation insurance, etc. He will be sure to send that information out to all the Committee members.

Mr. Hoffman --

- Asked if that would be where the compensation study is, as a non-departmental entry. He also asked if the compensation study has been finalized. Mr. Killgore stated it has been presented, but the City has not actually taken any action on it, as it is considered to be a negotiating item when the next union contract is negotiated. He added that the expense for that study was taken as a non-departmental item. That would also explain why those expenses are up.
- Regarding hurricanes, does the City still have the \$80,000.00. Mr. Killgore stated it is still in the liability account. When the state asks for it, he will turn it over to them.
- Regarding the golf course, he inquired whether the City is going to do the drainage ditch work. Mr. Killgore stated he has not had any direction to cancel the project.
- Stated that it is his understanding that the City will not know for another three or four months whether there will be a general fund payment made. Mr. Killgore said that is correct.
- Regarding the capital projects entries, he wonders why the City cannot finish off some of these projects such as park signage from 2019. Mr. Killgore said for the last several years funds for the signage have been allocated. He explained the \$30,000.00 item is for additional signs that were not in the original project. Mr. Napier interjected that the capital budget has a five-year life. There was discussion regarding those projects and how long they are to be maintained in that account.
- Regarding the stormwater utility final payment, he asked if that was paid just this month. Mr. Killgore stated yes, and it qualified for DST. Regarding the paving projects, those funds come out of the local option gas tax.

Mr. McGinn --

- Regarding the increase in golf course revenues, he was told that one of the reasons for the increase in golf course usage was that Grand Harbor closed some of their golf courses, which overloaded Sandridge, and that drove the Sandridge people to Sebastian.
- During the last City Council meeting, there was discussion about the paving because they are going to pave part of US1 near Main Street. He asked if that will be a new capital budget item. Ms. Reed interjected that at that Council meeting it was discussed regarding digging up the decorative crosswalks and replacing them with regular painting in the crosswalks at an estimate of \$300,000.00 that is not in the budget, but it is not until 2023. So there do not have to be any decisions made on that at this time. She further explained this. Mr. McGinn asked if that will be added to the capital budget in 2023. Mr. Killgore stated that it is his impression that that was a Council direction, to provide it in 2022-2023. So that would be in this year's capital program shown as a project for the following year. There was extended discussion regarding this item.

Mr. Napier --

- Commented on the increase in revenue at the golf course. He noticed a lot of DST money being used in the airport fund. He asked if the airport has to pay back that DST money. Mr. Killgore stated there has been direction by the City Manager that when it is an airport project – to match a grant for an airport project that is revenue producing, like a hangar facility -- then the City will start paying back those advances for those revenue-producing items. Mr. Napier opined that those funds should be left under the capital improvements at the golf course rather than using recreation fee money. He stated that he feels the golf course and the Barber Street complex are the two main recreation amenities in the City. Mr. Hoffman agreed.

VI. Announce Next Meeting Date: Monday, July 11, 2022

Mr. Killgore does not anticipate a change to this schedule. All agreed to this date.

VII. General Discussion by Members

- Mr. Hoffman asked regarding the American Rescue Plan Act where there is an entry for "Contingency." Mr. Killgore stated that nothing in the regulations says the City has to budget every dollar. They do say we have to spend it before 2024.
- Mr. Sullivan asked what the time limit is for the American Rescue Plan funds. Mr. Killgore said the City has to obligate the funds before December 2024 as far as he knows, but we have till 2026 to actually disburse the money. Mr. Killgore said there

were protracted meetings/discussions about how to spend the money, such as public hearings, where he made Power Point presentations, and he will provide that to Mr. Sullivan.

VIII. Public Comments -- None

IX. Adjourn

There being no further business, Chairman Napier adjourned the meeting at 6:40 p.m.

By: \_\_\_\_\_  
Chairman Larry Napier

Date: \_\_\_\_\_

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# 2023 Budget and Capital Program

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Presentation on Draft 2023 Budget  
Budget Review Advisory Committee Meeting  
Monday July 11, 2022

Prepared By:  
Ken Killgore  
Administrative Services Director/CFO

# 2023 Budget and Capital Program

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- Summary of General Fund Budget.
- Enterprise and Other Funds.
- Capital Improvement Program
- Property Values and Millage
- Other Considerations.



# Draft FY2023 General Fund Budget Versus Amended FY2022 Budget

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\$ 530,685	Personnel Costs
243,817	Operating Expenditures
75,861	Capital Spending
<u>(392,708)</u>	Transfers to Other Funds
\$ 457,655	Increase in Budget – 3.18%

# Draft FY2023 General Fund Budget Personnel Up \$530,685

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- Health Insurance At a 5% Increase.
- All Personnel Cost at Current Pay Rates.  
(Negotiations Are Underway.)
- Adding Six Full-time Positions.
- Adding One Part-time Position.
- Deleting One-Part-time Position

# Draft FY2023 General Fund Budget Personnel Additions/Deletions

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- Six Full-time Additions
  - Assistant City Manager
  - Human Resources Assistant
  - Three Police Officers
  - Construction Specialist
- +One Part-time Mechanic
- -One Part-time City Clerk Clerical Asst.

# Draft FY2023 General Fund Budget Operating and Interfund Transfers

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- Operating Up \$243,817 Due To:
  - \$107,272 in MIS for P/W Complex and Software to Counter Cyber Threats.
  - \$131,163 in P/W for Complex (\$76K Electric and \$57K Rent).
- Capital Up \$75,861 From Parks Equipment.
- \$358,962 Decrease in Fund Transfers Due to 2022 Transfers for Yacht Club Seawall.



# Draft FY2023 General Fund Budget Revenue Assumptions

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- Property Tax At a Millage of 2.8658 (6.8% Above Rolled-Back) to Balance Revenue to Expenditures.
- Franchise Fees and Utility Taxes Looking to be \$131,672 or 9.3% Above This Year's Budget.
- State Revenues - \$693,893 or 22.3% Above This Year's Budget, Due to Higher Half Cent Sales Tax and State Revenue Sharing. Using 3.5% for 2023.
- 32.7% of Property Tax, 10.7% of Franchise Fees, 21.8% of Utility Taxes and 26.2% of State Revenues Equals 91.4% of Total Revenues.

# Draft FY2023 Enterprise Funds: Golf Course

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- Enjoying Good Year. 2023 Budget Assumes This Continues. Long-term Forecast Adjusted Down 15% And Still Able to Cover Expenses.
- Same \$30,000 for Restaurant Lease.
- Same \$106,135 for Airport Rent.
- \$36,209 Principal and Interest on \$700,000 Building Fund Loan.
- \$35,000 toward General Fund Loans.
- Expecting Sixth Year on Golf Carts But Will Be Ordered in 2023 for Delivery in 2024.

# Draft FY2023 Enterprise Funds: Airport

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- Property Rental Revenue Covering Operating Cost and Loan Payments to DST Fund.
- Loans From Discretionary Sales Tax Fund:
  - Hangar A \$285,000 - \$253,172 By 9/30/22.
  - Hangar B \$267,511 - \$249,575 By 9/30/22.
- Grant Matching From DST Fund:
  - \$579,273 in 2023 For Square Hangars and Half of Rehabilitation of Runway 05-23.
  - \$1,305,258 Over the Following Four Years For Rest of Runway 05-23, Taxiway Alpha Apron, Taxiway Golf, Shade Hangar and Runway 13-31.



# Draft FY2023 Enterprise Funds: Building

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- Permit Revenue Continues at High Levels And Above Budget.
- Covering Personnel and Operational Cost.
- Adding Plans Examiner and Permitting Technician in Event They Can Be Hired.
- Expecting \$36,209 Principal and Interest Payment on Golf Course Loans:
  - \$700,000 Loan Will Be \$553,963 By 9/30/22.
  - \$559,684 Loan To Be Paid After the \$700,000.



# Draft FY2023 Special Revenue Funds

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- American Rescue Plan Act Fund:
  - Promised Funding Totally Received.
  - Allocated to Gardenia Ditch, Schumann Drive, Concha Dam, Employee Retention Payments and Road Improvements.
  - Must Be Obligated by December 31, 2024 and Totally Spent by December 31, 2026.
  - Improvement Projects Need Plans and Permitting Which Require Some Time.

# Draft FY2023 Special Revenue Funds

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- Local Option Gas Tax:
  - Collections 3.03% Above Same Months of Last Year. Projecting 3% for Future Years.
  - Road Improvements Are Pending Update to Road Assessment Study.
    - Providing \$250,000 Annually for Reconstruction.
    - Providing \$600,000 Annually for Repaving.
    - Providing \$75,000 Annually for Sidewalks.
  - Will Make Final Payment of \$122,174 on Bank Notes December 1, 2022.

# Draft FY2023 Special Revenue Funds

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- Discretionary Sales Tax:
  - Collections Up 20.5%. Using Same as Last Year for Rest of This Year, Then 3%. (Needs to be Renewed by December 31, 2023)
  - Funding for:
    - MIS Infrastructure.
    - Police Vehicles and Equipment.
    - Roads Division Heavy Equipment.
    - Emergency Generator & New A/C Units
    - Stormwater Bulldozer/Infrastructure.
    - Matching Funds for FAA and FDOT Grants.

# Draft FY2023 Special Revenue Funds:

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- Riverfront CRA Fund:
  - Operating Expenditures:
    - Audit Fees, Administration, Landscaping, Waterfront Renovations, Other Facility Maintenance, and Submerged Land Leases.
    - Travel and Education Cost, Legal Ads, State Fee, Association Dues and Landfill Fee.
  - Special Events.
  - Kiosk Signs in 2023.
  - Riverfront Event Space in 2025.



# Draft FY2023 Special Revenue Funds:

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- Recreation Impact Fee Fund:
  - Unspecified Improvements (\$5K per Zone).
  - Swing/Bench Park at Harbor Lights is Scheduled for 22-23.
  - Future Playground/Park Improvements:
    - 23-24 Creative Playground.
    - 24-25 Bryant Court Park.
    - 25-26 Hardee Park and Schumann Park.
    - 26-27 Community Center and Friendship Park.
    - 27-28 Riverview Park.

# Draft FY2023 Special Revenue Funds:

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- Stormwater Utility Fund:
  - Cutting Two Maintenance Worker Slots.
  - Replacing Crew Truck.
  - Scheduled Improvement Projects:
    - Aeration Fountain at Cownie Pond.
    - Stonecrop Drainage Phase II and Canal Restoration with Grant and DST Fund Match.
    - Tulip Road Crossing, Bayfront Road Crossing and Ocean Cove with DST Funding.
    - Gardenia Ditch, Schumann Drive and Concha Dam with American Rescue Plan Funding.

# Draft FY2023 Special Revenue Funds:

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- Law Enforcement Forfeiture Fund:
  - Used Only for Unbudgeted Items.
  - Specific Items Need City Council Approval.
  - Current Balance is \$52,692.
- Parking In Lieu Of Fund:
  - Current Balance is \$87,466.
  - Expecting \$97,665 Year End 2022 Balance.

# Draft FY2023 Trust Fund

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- Cemetery Trust Fund:
  - ½ of Sales on Operations and Maintenance:
    - Allocation for Grounds Improvements.
    - Replacement of Chain Link Fencing.
    - Replacement of Mower.
  - ½ of Sales Expendable on Expansions or Cost Incidental to Adding Future Sites:
    - Funds Columbarium Niches in FY 24-25.
  - Looking at Market Rate Adjustment.



## Draft FY2023 Debt Service

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- Stormwater Utility Note Final Payment by DST Fund Was Made in May 2022.
- Paving Improvement Note Final Payment by Local Option Gas Tax Fund is Due on December 1, 2022.
- 60 Month Lease Purchase of Police Camera System to Mature on May 2025.
- 60 Month Lease Purchase of Required Police VxRail Security System Software.

# Capital Improvement Program

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- \$55.1 Million Over 6 Years. \$20.3 Million Next Fiscal Year.
- Largest Items for Next Fiscal Year:
  - \$1,460,586 Stonecrop Drainage.
  - \$11,500,000 Canal Restoration.
  - \$1,000,000 Square Hangars.
  - \$1,585,455 Runway 05-23 (1<sup>st</sup> of 2 Years).
- \$14,265,631 to be Funded by Grants.

# Property Values and Millage: Certified Taxable Values

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- Rolled-Back Millage is 2.6834. Used 2.8658 for Draft Budget to Have Revenues = Expenditures.
- Total Certified Taxable Property Values Increased \$232,012,542 or 14.64% Above 2022.
  - Additions Account for \$47,981,095 or 3.03% of the Increase.
  - Reassessments Account for \$184,031,447 or 11.61% of the Increase.
- Last Year's Millage of 3.0043 Would Increase Revenues by \$241,566 Over the 2.6834 Millage Currently Assumed in 2023 Budget Draft.

# Property Values and Millage: Taxable Value Additions

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## Dollar Value of Tax Roll Additions:

2022 47,981,095

2021 32,716,715

2020 33,685,698

2019 23,351,814

2018 15,998,366

2017 35,951,704

2016 25,763,700

2015 25,492,245

2014 19,914,805

2013 9,435,090

2012 7,462,986

Tax Roll Additions Yield \$123,602 of Added Revenue for 2023 at the 2.6834 Millage.



# Property Values and Millage: 3.0043 Versus 2.8658 and 3.0043

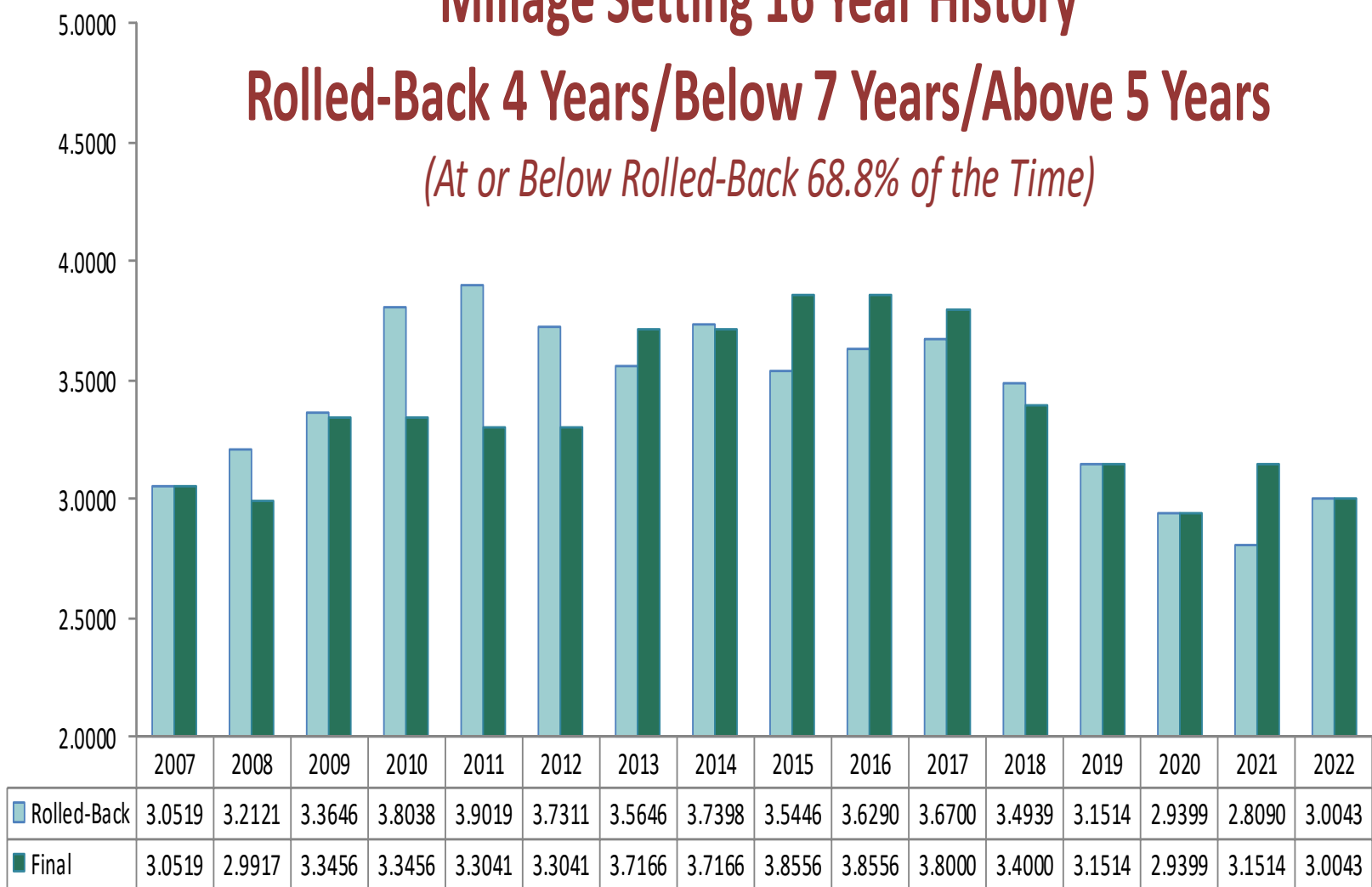
	<u>1. 03% On Homestead:</u>			<u>10% On Others:</u>		
	<u>3.0043</u>	<u>2.8658</u>	<u>3.0043</u>	<u>3.0043</u>	<u>2.8658</u>	<u>3.0043</u>
ASSESSED VALUES	\$200,000	\$206,000	\$206,000	\$200,000	\$220,000	\$220,000
TAXABLE VALUES	\$150,000	\$156,000	\$156,000	\$200,000	\$220,000	\$220,000
TAXES	\$451	\$447	\$469	\$601	\$630	\$661
<b>CHANGE</b>		<b>(\$4)</b>	<b>\$18</b>		<b>\$29</b>	<b>\$60</b>
ASSESSED VALUES	\$250,000	\$257,500	\$257,500	\$250,000	\$275,000	\$275,000
TAXABLE VALUES	\$200,000	\$207,500	\$207,500	\$250,000	\$275,000	\$275,000
TAXES	\$601	\$595	\$624	\$751	\$788	\$826
<b>CHANGE</b>		<b>(\$6)</b>	<b>\$23</b>		<b>\$37</b>	<b>\$75</b>
ASSESSED VALUES	\$300,000	\$309,000	\$309,000	\$300,000	\$330,000	\$330,000
TAXABLE VALUES	\$250,000	\$259,000	\$259,000	\$300,000	\$330,000	\$330,000
TAXES	\$751	\$742	\$778	\$901	\$946	\$991
<b>CHANGE</b>		<b>(\$9)</b>	<b>\$27</b>		<b>\$45</b>	<b>\$90</b>

3.0519	3.2121	3.3646	3.8038	3.9019	3.7311	3.5646	3.7398	3.5446	3.6290	3.6700	3.4939	3.1514	2.9399	2.8090	3.0043
3.0519	2.9917	3.3456	3.3456	3.3041	3.3041	3.7166	3.7166	3.8556	3.8556	3.8000	3.4000	3.1514	2.9399	3.1514	3.0043
0.0000	(0.2204)	(0.0190)	(0.4582)	(0.5978)	(0.4270)	0.1520	(0.0232)	0.3110	0.2266	0.1300	(0.0939)	0.0000	0.0000	0.3424	0.0000

## Millage Setting 16 Year History

### Rolled-Back 4 Years/Below 7 Years/Above 5 Years

*(At or Below Rolled-Back 68.8% of the Time)*



## Other Considerations

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- Labor Agreements Not Yet Negotiated.
- Adding Six Positions in General Fund.
- Cutting Two Positions in Stormwater.
- Prices Continue to Increase.
- How Long Will Current High Revenue Levels Continue?
- Setting Proposed Millage for the Trim Notices at 3.0043 Will Be Advertised as an 11.96% Tax Increase .