MINUTES OF THE BUDGET WORKSHOP SESSION OF THE CITY COMMISSION HELD FRIDAY, JULY 23, 2021, AT 8:30 AM AT THE CITY OF KISSIMMEE, CITY HALL COMMISSION CHAMBERS LOCATED AT 101 CHURCH STREET, KISSIMMEE, FLORIDA

1. MEETING CALLED TO ORDER

Members Present: Mayor Olga Gonzalez, Commissioners Olga Lucia Castano, Felix Ortiz, Carlos Alvarez, III, Jim Fisher
Staff Present: City Manager Mike Steigerwald, City Attorney Olga Sanchez de Fuentes, Deputy City Manager Desiree Matthews, Assistant City Manager Austin Blake, Records Specialist Jazzmen Kingston
Members Absent: City Commissioner Felix Ortiz

Mayor Gonzalez called the meeting to order at 8:30 AM.

2. INTRODUCTION AND HIGHLIGHTS

City Manager Steigerwald introduced the staff in the room to the Commission and audience.

City Manager Steigerwald was pleased to present the draft budget that will continue to maintain high quality services that businesses and residents have become accustomed to while maintaining the low cost that keeps pace with the rapid growth of the community.

City Manager Steigerwald commended Finance Budget Coordinator Alex Santos for putting the budget together almost single-handedly due to the transition to a new Finance Director.

The City had a $4 million shortfall in revenue due to the pandemic, but the Federal Government's American Rescue Act Plan will provide $17 million in assistance to the City. These monies will allow help to fund all the projects in the long-term plan, tackle the homeless initiative, help citizens and small businesses affected by the pandemic, and help balance the budget. The American Rescue Act Plan will allow the City to maintain the millage rate for the thirteenth (13) year in a row and allows us to recommend to the Commission the City maintain the current 4.6253 millage rate.

City Manager Steigerwald concluded the overall goal is to create a budget to reflect the entire five (5) years, proposing no increase in millage rates or fees, and keeping pace with increasing insurance and gas rates while maintaining over a 20% reserve, which is the Commission's target for the General Funds.

He then reviewed the budget includes a raise for employees and outlined the new public safety positions and the fifth fire station that are expected to come online over the next five years. In addition, additional positions are budgeted in Parks & Recreation to maintain the new park at Lancaster Ranch and a new community center in Lakeside Estates.

Additionally, over the next four (4) years the City will add a homeless center, rebuild the Berlinsky House, reconstruct Denn John Lane, widen Hoagland Boulevard, add fire station fifteen (15) by the airport, and construct Lancaster Ranch Park, which will require additional sales tax funding to complete.

City Manager Steigerwald is overall proud of the finance and department staff members who helped put this budget together, hitting ten (10) of thirteen (13) priorities the Commission had set for 2022.

3. BUDGET OVERVIEW

Finance Director Tavia Conner acknowledge she entered at the tail-end of the most important process of setting a balanced budget and applauds the staff as well for their hard work and leadership. As mentioned before, staff is recommending an operating millage rate of 4.6253 and presented the Commission with a PowerPoint Presentation attached to the agenda and provided a Budget Workshop Hand-out (Exhibit “A”).

City Manager Steigerwald and Director Conner briefly highlighted the importance of educating residents of the percentage their property taxes actually fund for the budget. It is roughly a quarter, and the general fund is only about $78 million of a $260 million budget.

The Airport fund will generate $1 million this year, but it is still impacted by the loss of revenue from leases for the golf course and KPD gun range. Staff has done some lease evaluations, which will result in revenue increasements that will be reflected in the adopted final budget. The new hangar purchase will also generate new lease revenue as well as economic development activities that will come.

Director Conner concluded her presentation by advising the Commission that its important to pay attention to financial trends that cause inflationary consequences. Increases in health care and pensions affect wage pressures. When pensions go up, so does wage pressure.

4. PERSONNEL OVERVIEW

Roxanne Walton, Personnel Director, addressed the Commission with a brief overview, mentioning key points presented earlier by the City Manager. The Personnel Department is looking to reclassify two (2) positions. A Records Clerk to Lead, and a part-time Housing Clerk to a full-time position. This will affect the budget by $31,900 between the general fund and others.

Director Walton also reviewed the request for small additions such as more part-time swim instructors for Parks and Recreation, a facility attendant for the cemetery, four (4) Police Officers, and a Public Works Marketing Technician. The Community Development Block Grant (CDBG) Division will also need a Housing Specialist.

Staff is also recommending a 3% salary increase (2% COLA and 1% Merit) for all full-time employees, with no changes to the employee benefits. Lastly, Director Walton requests recognition of June 19th as a City Holiday now that Juneteenth is a federally recognized holiday.

5. REVIEW OF DEPARTMENTS

The Commission did not have any questions on the individual department budgets and had a consensus to move to the next item.

6. EXPIRATION OF LOCAL OPTION SALES TAX IN 2025

City Manager Steigerwald explained the expiration of Local Option Sales Tax in 2025 is a critical issue for City. He went on to explain the purpose of the tax, its disbursement to agencies, and how it impacts the local governments within the County. The City collected about $9 million for the year and will use it towards the City's five (5) year plan for major capital projects.

City Manager Steigerwald stated that in 2025 it is decided by the voters to not to extend this local option sales tax, there will need to be a meeting for a strategy on cutting $9 million in general funds, meaning cuts in public safety as well as lay offs to balance the budget or increase the millage 2.2 mills. There may be an intergovernmental meeting in the future to figure out how to resolve this and get that information and education on the issue out to the residents.

Commissioner Fisher and Commissioner Castano commended staff on their efforts in preparing the budget.

City Manager Steigerwald pointed out how Director Conner has accomplished making the budget more understandable through graphics and other cities have mirrored the way we prepare our budget.

7. CONCLUSION

Staff requests the Commission vote to set the Proposed Millage Rate for Fiscal Year 2021/2022 at 4.6253.

Commissioner Fisher made a motion to approve millage rate 4.6253 for FY 2021/2022. Commissioner Castano seconded the motion.

AYE: Mayor Gonzalez, Commissioner Fisher, Commissioner Castano

NAY: Commissioner Alvarez

Motion Passed 3 - 1.

Staff requests the establishment of the Public Hearing Schedule for September 14, 2021, and September 28, 2021.

Commissioner Fisher made a motion to approve. Commissioner Alvarez seconded the motion.

AYE: Mayor Gonzalez, Commissioner Fisher, Commissioner Alvarez, Commissioner Castano

NAY: None

Motion carried 4 - 0.

There being no further business to come before the Commission, Mayor Gonzalez adjourned the meeting at 9:19 AM.

Olga Gonzalez
MAYOR-COMMISSIONER

ATTEST:

Linda S Hansell
CITY CLERK

Exhibit “A”
Hand-out Budget Workshop
Fiscal Year 2022
Item 3.

Budget Workshop

Fiscal Year 2022

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Millage Highlights

- Recommended Operating millage 4.6253
- Rollback 4.3907, roughly $1M less
- $150,157,887 in new taxable value
- $362,823,535 in reassessments and new taxable value
- Certified value of $4,343,397,868

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Ad Valorem Highlights

AD VALOREM
MILLAGE RATE
4.6253
NO INCREASE

PROPERTY VALUES
INCREASED BY
9.11%

CRA VALUES
INCREASED BY
4.38%

ONE MILL
GENERATES
$4.1M

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ALL FUNDS
TOTAL BUDGETS SUMMARY

FUND NAME	ACTUAL FY 2020	ADJUSTED BUDGET FY 2021	ESTIMATE FY 2021	BUDGET FY 2022
General Fund	$ 107,347,181	$ 109,507,915	$ 112,297,348	$ 109,429,861
Stormwater Utility	9,596,650	11,025,377	10,095,039	6,393,971
Solid Waste	7,642,506	8,155,685	8,410,725	7,345,274
Airport	1,638,800	1,675,043	1,693,549	1,598,598
Central Services	9,237,072	10,147,613	10,113,002	10,943,778
Local Option Sales Tax	13,172,889	14,837,887	16,491,728	12,484,362
Mobility Fee	6,266,028	7,210,725	6,942,758	8,969,929
Local Option Gas Tax	6,200,691	6,332,982	6,402,870	5,676,623
Paving Assessment	26,100	10,000	10,000	10,000
Building	8,291,897	7,276,401	7,138,424	4,310,377
Downtown Community Redevelopment	4,488,693	4,529,708	4,544,822	3,552,704
Vine Street Community Redevelopment	1,242,268	2,132,417	2,120,606	2,324,869
CDBG 2021 Entitlement Grant	-	-	-	769,084
SHIP 2021 Grant	-	-	-	500,503
HOME 2021 Grant	-	-	-	335,922
Recreation Impact	1,905,817	1,863,457	1,800,606	979,904
Police 2nd Dollar Assessment	33,650	32,504	38,547	31,142
Justice Assistance Grant	295,521	301,692	266,460	288,004
State Law Enforcement Trust	287,937	275,947	293,137	272,837
Federal Law Enforcement Trust	46,225	46,862	46,525	47,025
School Crossing Guard Trust	33,020	3,650	23,051	3,650
Treasury Forfeiture	284,413	84,923	89,809	79,434
Charter School	8,715,197	8,622,891	8,847,919	8,536,419
Utility Tax	7,707,249	7,940,845	7,833,964	7,993,964
Local Option Sales Tax Bonds	3,081,067	3,062,086	3,062,086	3,085,858
FMHA Bonds	70,824	70,974	70,974	70,854
Local Option Gas Tax Notes	279,109	278,596	278,596	282,946
Community Redevelopment Notes	282,110	281,630	281,630	281,010
Series 2016/2017/2018 Bonds	3,307,688	3,402,309	3,392,135	3,466,060
Liab/Workers Comp Self Insurance	5,978,765	5,613,768	5,426,895	5,163,184
Health Self Insurance	9,398,359	9,714,913	10,531,746	11,509,709
TOTAL BUDGET	**$ 216,857,726**	**$ 224,438,800**	**$ 228,544,951**	**$ 216,737,855**

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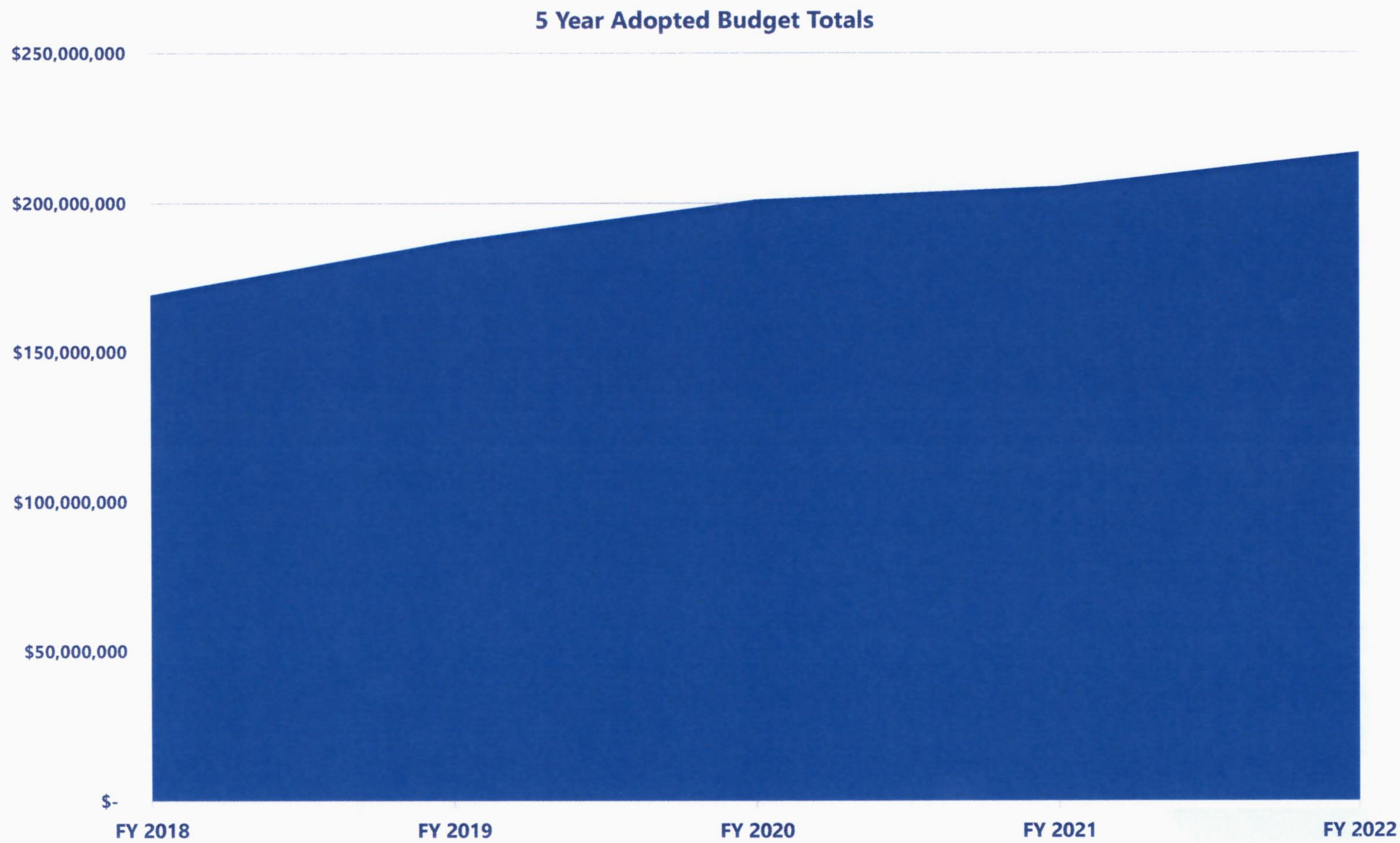

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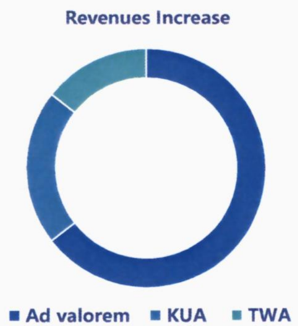
Budget Highlights

- Total revenue for General Fund is projected to be $78,153,505

- Budgeted revenues increase of 2.7%



- Largest sources of revenue: KUA, Ad valorem, State revenues, Utility taxes, Other charges/Sources

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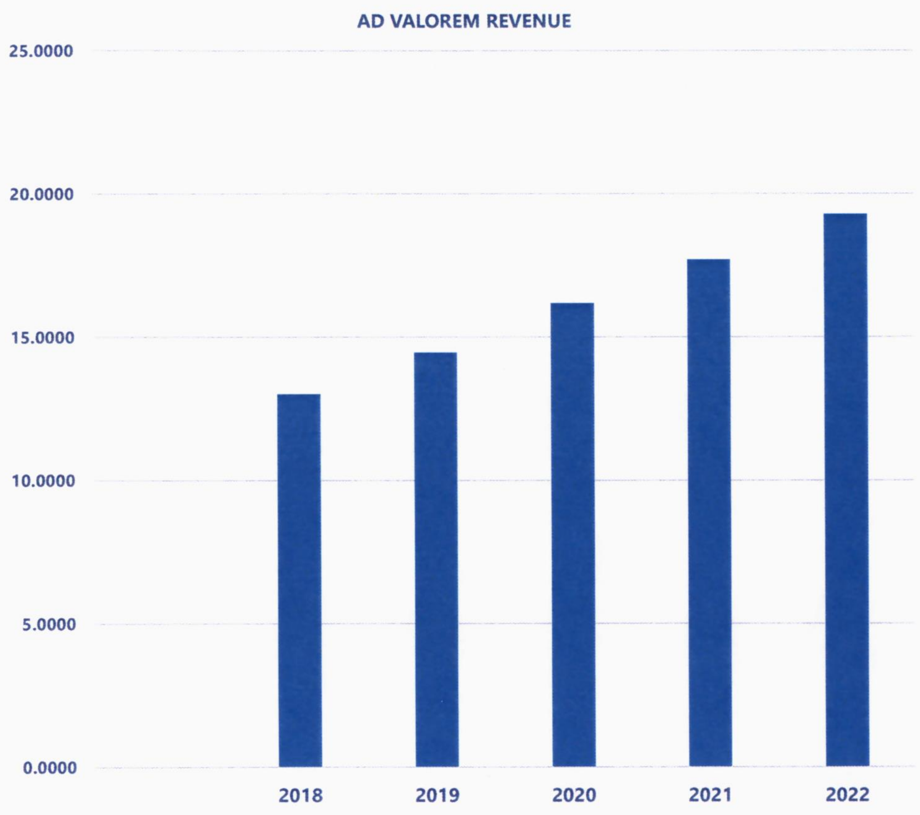
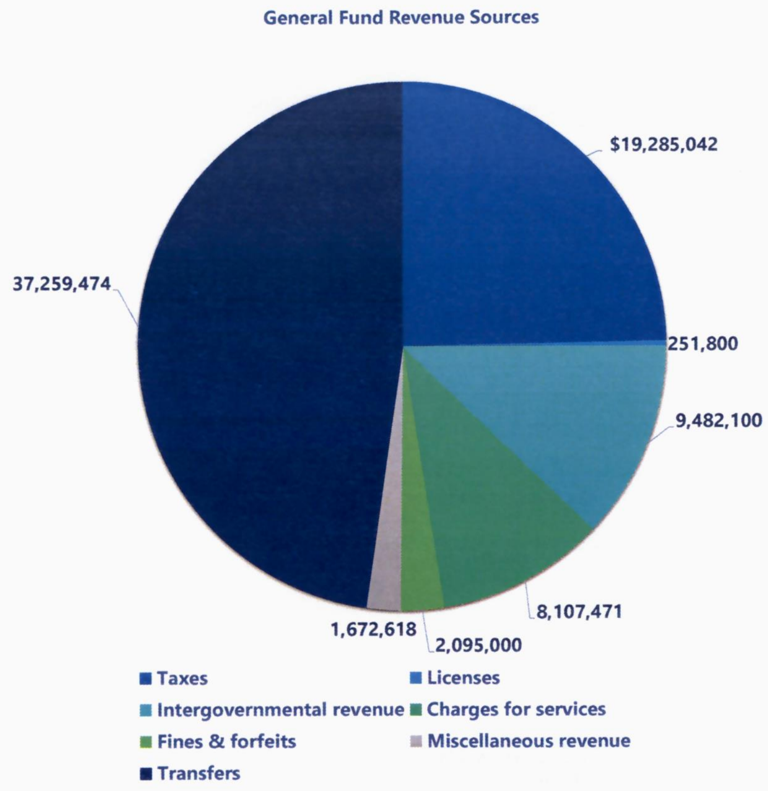
Revenue Highlights





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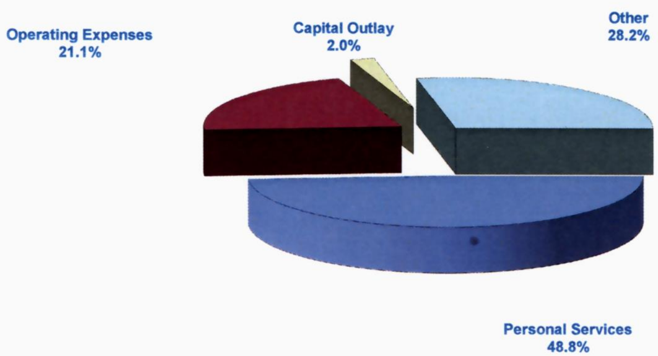
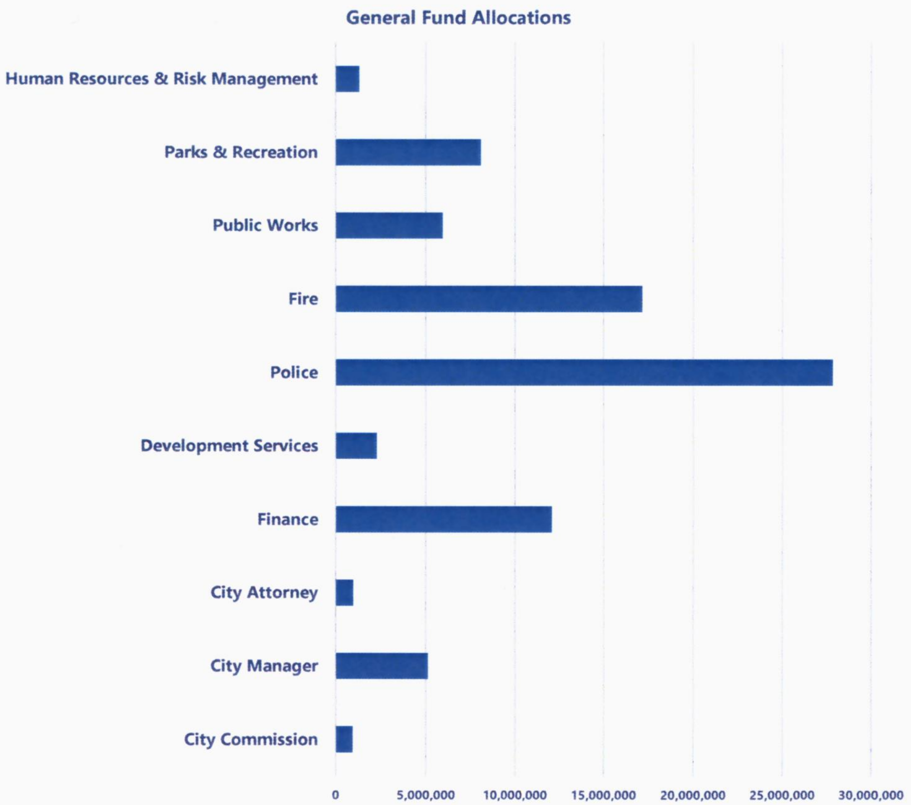
General Fund Allocations





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Fund Highlights

- Stormwater Utility, over $6M in revenues generated
  - $8.78 per month per ERU
  - No new positions
- Solid Waste Utility, nearly $6M in revenues generated
  - $19.50 per month per residence
  - Adjusted for CPI and fuel costs
  - No new positions
  - Utilizing reserves
- Airport Fund, over $1M in revenues generated
  - Leases reevaluated
  - New Hangar purchase
  - Utilizing reserves
  - No new positions
- Central Services Fund, nearly $11M in transfers
  - Warehouse taken over by Facilities
  - $138k Lynx revenue
  - No new positions

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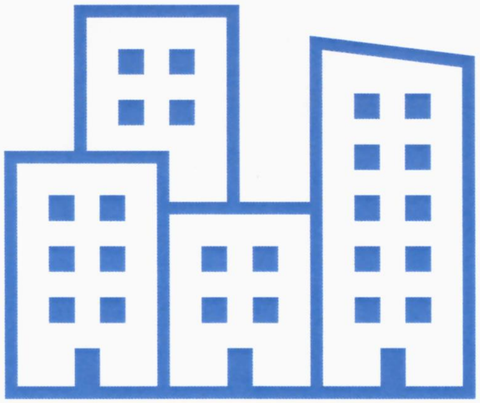
Other Fund Highlights

- Local Option Sales Tax, over $9M in revenue generated
- Local Option Gas Tax, $2.7M in revenue generated

- Mobility Fee
- Paving Assessment
- Building Fund

- CRAs
- Liability/WC Fund
- Health Insurance Fund



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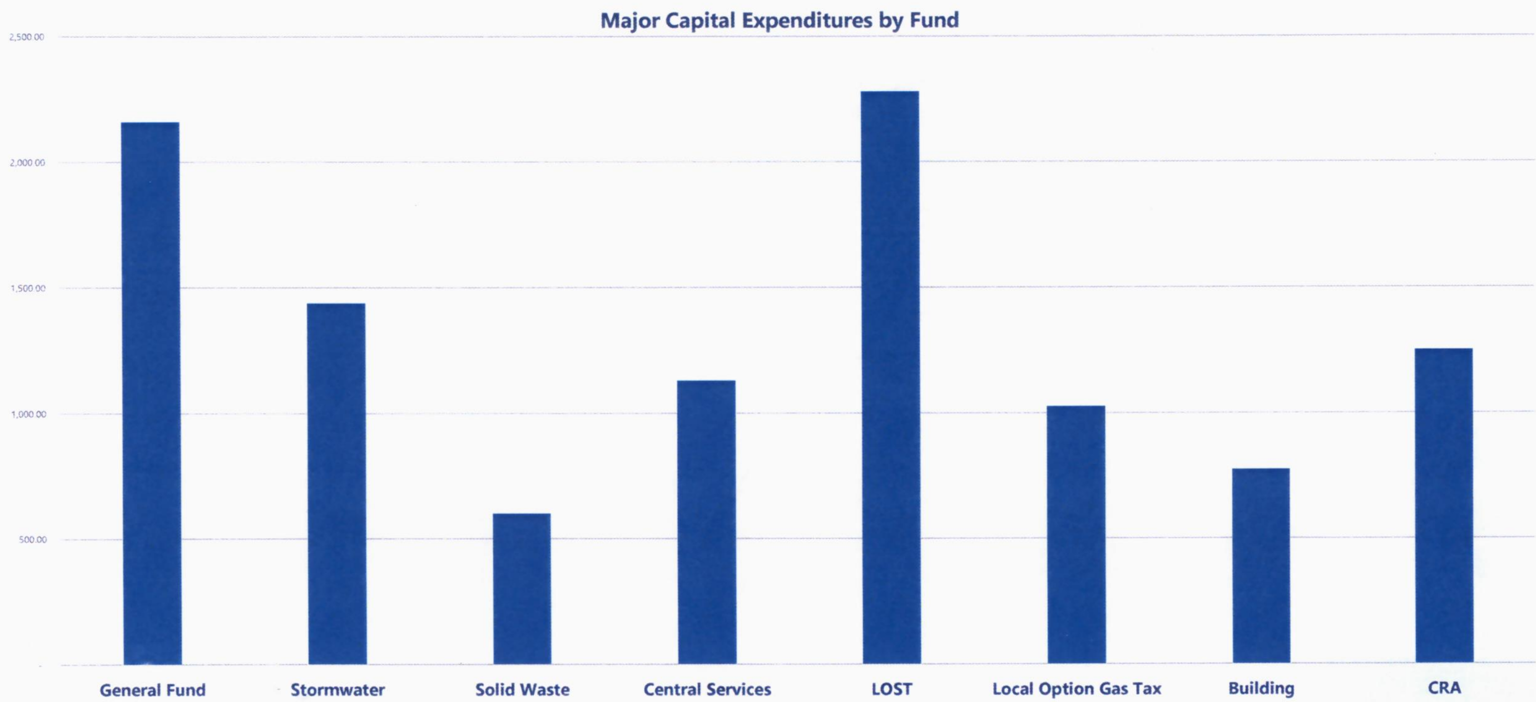
Capital Overview

- Total Capital Expenditures FY 22 $11.2M



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Debt Overview

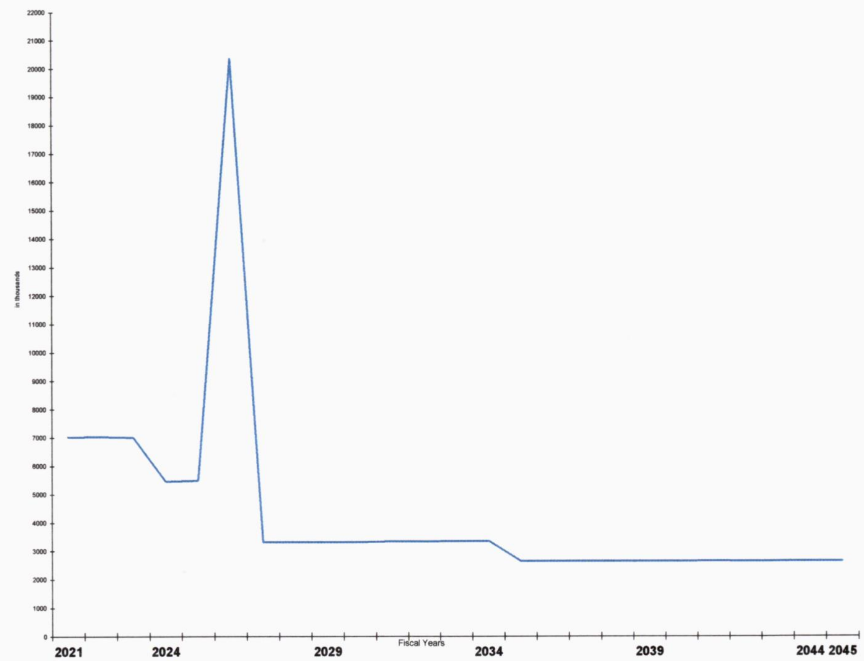
- Debt to remain constant through 2026

- Outstanding annual long-term debt per resident: $1,426

- Outstanding annual debt service payment per resident: $92.58

- United States outstanding long-term debt per resident: $68,400

TOTAL FUTURE DEBT SERVICE REQUIREMENTS
FY 2022 - 2045



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Reserve Overview

- Vacancies account for 4-5% of annual budgeted expenditures
- Projected to utilize approximately $3.5M of reserves
- Recouped revenue losses of nearly $4M through ARPA funds
- 34% reserves at the end of FY 22, 20% reserves at the end of FY 26

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Financial Trends

Federal

- CBO projects 7.1% growth through 2021, 3.6% through 2022
- Federal Reserve Beige book forecasts US continued moderate to robust economic growth
- Inflationary actions

State

- Passed record budget in April

Local

- Inflation
- Health care and pension
- Infrastructure

- Maintain acceptable level of service

- Strong reserves guide long term Strategy
  - Recession and pandemic proof

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Thanks!

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