MEETING MINUTES
SESSION OF THE COMMISSION BUDGET WORKSHOP
CITY OF KISSIMMEE
CITY HALL, COMMISSION CHAMBERS
101 CHURCH STREET, KISSIMMEE, FLORIDA 34741-5054
TUESDAY, JULY 25, 2023 AT 2:00 PM

1. MEETING CALLED TO ORDER

Members Present: Mayor Olga Gonzalez, Commissioners Olga Castano, Angela Eady, Carlos Alvarez, III (arrived 2:17 p.m.), Janette Martinez (arrived 2:04 p.m.)
Staff Present: City Manager Mike Steigerwald, City Attorney Olga Sanchez de Fuentes, Deputy City Manager Desiree Matthews, Assistant City Manager Austin Blake, City Clerk Linda Hansell, Deputy City Clerk Tameara Crespo, Budget Manager Alex Santos, Finance Director Tavia Ritchie

Mayor Gonzalez called the meeting to order at 2:00 PM.

2. INTRODUCTION AND HIGHLIGHTS

City Manager Steigerwald provided an introduction, highlighting the key points of the proposed budget to include: a sixteen-year consecutive millage rate, economic outlooks, potential for a mild recession and the City's growth. He detailed that the City recently underwent a salary and compensation adjustment study and is proposing a 5.3% increase with the intent on keeping the City in the 65th percentile. The City will be adding positions in many departments to keep up with the continued service demands and overall growth. He briefly reviewed the City's five-year capital plan which includes a new Fire Station #16, a community center at Mark Durbin Park at Lakeside, Lancaster Ranch Park, and Shingle Creek Trail. City Manager Steigerwald turned the remaining budget presentation over to the Finance Director.

3. BUDGET OVERVIEW

Finance Director Tavia Ritchie provided a holistic view of the Proposed FY 2023/2024 Budget via a PowerPoint Presentation (Exhibit "A"). Her presentation touched on key areas to include millage, ad valorem, overall budget, revenue, general fund allocations, various funds, fund highlights (local option sales tax, local option gas tax, mobility fees, liability/WC fund, building fund, health insurance fund, and CRA's), debt overview, reserve overview, market updates and financial trends.

Director Ritchie brought to the Commission's attention that the City received another A++ bond rating. In closing she stated that we are unable to truly determine what the future will look like as far as a recession since we continue to experience supply chain issues, health care and insurance increases, but keeping a healthy reserve is of vital importance.

Commissioner Eady, Director Ritchie and City Manager Steigerwald briefly discussed several options on continuing to keep a healthy reserve account and that the City has done a great job with this in recent years.

3.A Proposed Annual Budget FY 2023-2024

4. REVIEW OF DEPARTMENTS

City Manager Steigerwald provided a brief overview of each department as outlined on the agenda. The Commission engaged in one-on-one discussion with each department director. Each director was asked questions by the Commission regarding varies issues to include: departmental needs, overall impacts of inflation, post-covid efforts, current services and contracts, position changes, community outreach efforts, budget, operations, open vacancies, and retention and hiring initiatives.

A few recommendations were made by the Commission to include:

1. Focusing on recruiting and retention as much as possible
2. Internal and upward movement for current staff to grow into higher positions
3. Continue to focus on safety efforts for all employees who work outside in the heat
4. Potential volunteer or apprenticeship opportunities for departments such as Fire and Public Works
5. Summer camp fee reduction for City staff
6. City clinic usage and availability for part-time employees
7. Implementation of a city-wide survey to collect input in addition to exit surveys; and
8. Continuing to keep options for AI open and maintain optimum cyber security

5. ADDITIONAL BUDGET TOPICS

City Manager Steigerwald reviewed his desires and the necessity to repave many city roads since this is the number one complaint he hears from the community. A funding plan to accomplish this was proposed to the City Commission. For the past 23 years the City has owned the Kissimmee Charter School which is operated by their own management company (Imagine Schools) and in the past, the school has seen great success. He believes now is a great time to sell the Charter School and allow the current management company to operate independently and use the revenue from the sale to repave the top 25% of the worst roads in the City. Other funding sources are also available to assist such as red-light camera revenues. He sought Commission direction and consensus on this funding plan and will prepare a comprehensive list of all the roads to be considered for the project and bring it back to the Commission in the near future. Commission consensus received to move forward with selling the Kissimmee Charter School.

Deputy City Manager Matthews sought Commission direction on how to move forward with this upcoming fiscal years funding allocation process. She reviewed a few options which includes continuing the previously established process by invitation only, plus past applicants to participate, or advertise to all non-profits that have not previously applied and give invited and uninvited organizations the opportunity to apply.

Deputy City Manager Matthews and the Commission engaged in discussions about the following: the overall funding application requirements and process, staffing needed to accomplish both avenues, and the pros and cons of each process to include using the budgeted funds to assist with the Haven on Vine project. Commission consensus was received to continue the funding process as usual, non-advertising.

Commissioner Martinez made a motion to continue the application process the same as previous years. Commissioner Castano seconded the motion.

Motion carried 5 - 0.

City Manager Steigerwald gave a brief update on a plan for the general and fire pensions and the potential for a nominal increase in the future. There would be no impact to the current budget. He will draw up a few concepts and bring them back to the Commission to present in the future to gain consensus.

6. CONCLUSION

City Manager Steigerwald explained that State Law requires us to adopt the proposed millage.

Commissioner Eady made a motion to adopt the proposed millage of 4.6253. Commissioner Alvarez seconded the motion.

Motion carried 5 - 0.

Commissioner Martinez made a motion to adopt the Public Hearing Schedule (September 12 and September 26, 2023). Commissioner Alvarez seconded the motion.

Motion carried 5 - 0.

Fire Chief Walls returned to the podium to discuss the impacts of fire recruiting and retention since covid and clarified that this is a State-wide issue and not just a City of Kissimmee problem. Good applicants are hard to come by when most fire programs are being shut down. The Fire Chief and the Commission engaged in conversations and discussed educational opportunities for high school students, dual enrollment options, reaching out to the School District to discuss options, hosting a job fair, a possible explorer program, and overall incentivization for the profession.

There being no further business to come before the Commission, Mayor Gonzalez adjourned the meeting at 04:17 PM.

KISSIMMEE
Founded 1883
IN GOD WE TRUST

Olga Gonzalez

MAYOR-COMMISSIONER

ATTEST:

Linda S. Hansell

CITY CLERK

(Exhibit "A")
PowerPoint Presentation
Budget Workshop Fiscal Year 2024

Budget Workshop

Fiscal Year 2024

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Millage Highlights

- Recommended Operating millage 4.6253
- Rollback 4.0445, roughly $3.2M less

- $108,407,081 in new taxable value
- $700,735,188 in reassessments and new taxable value
- Certified value of $5,575,204,764

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Ad Valorem Highlights

AD VALOREM MILLAGE RATE 4.6253 NO INCREASE

ONE MILL GENERATES $5.3M

Average millage of cities in State of Florida is 4.9275

Average millage of cities with 25,000 to 99,999 residents is over 5 mills

Average millage of cities with >100,000 residents is over 6 mills

CRA VALUES INCREASED BY 13.9%

PROPERTY VALUES INCREASED BY 14.6%

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ALL FUNDS

TOTAL BUDGETS SUMMARY

FUND NAME	ACTUAL FY 2022	ADJUSTED BUDGET FY 2023	ESTIMATE FY 2023	BUDGET FY 2024
General Fund	$ 127,310,071	$ 121,985,356	$ 127,327,316	$ 126,214,955
Stormwater Utility	11,074,853	11,359,800	11,411,114	8,339,394
Solid Waste	8,310,219	7,638,886	8,468,438	8,827,987
Airport	1,796,410	1,918,993	1,680,199	2,189,544
Central Services	11,131,794	12,648,806	12,220,139	14,692,231
Local Option Sales Tax	20,395,578	23,961,000	25,863,723	18,093,252
Mobility Fee	8,721,337	8,805,865	9,188,746	5,602,506
Local Option Gas Tax	7,497,223	8,571,816	9,175,008	6,992,712
Paving Assessment	19,148	10,000	10,000	10,000
Building	9,576,758.00	9,458,706.00	10,339,336.00	8,574,243
Downtown Community Redevelopment	5,611,064.00	6,215,539.00	6,697,619.00	5,952,007
Vine Street Community Redevelopment	3,132,434.00	4,442,023.00	4,229,263.00	5,334,780
CDBG Entitlement Grants	-	-	-	841,265
SHIP Grants	-	-	-	943,311
HOME Grants	-	-	-	1,576,904
Recreation Impact	2,997,026	3,357,284	3,876,597	3,403,106
Police 2nd Dollar Assessment	59,423	44,677	70,261	59,356
Victims of Crime Act Grant	338,354	314,224	288,004	324,092
State Law Enforcement Trust	398,848	267,894	380,233	369,908
Federal Law Enforcement Trust	161,368	62,025	161,368	161,868
School Crossing Guard Trust	49,508	3,650	24,284	3,650
Treasury Forfeiture	301,741	300,281	301,741	302,241
Charter School	9,311,510	8,806,375	8,791,375	8,666,375
Utility Tax	8,109,142	8,336,755	8,279,896	8,499,189
Local Option Sales Tax Bonds	3,113,756	3,110,615	3,110,615	2,165,023
Local Option Gas Tax Notes	282,946	287,028	287,028	290,841
Community Redevelopment Notes	281,100	295,250	295,250	448,488
Series 2016/2022 Bonds	21,033,860	4,482,071	8,137,151	7,353,741
Liab/Workers Comp Self Insurance	6,164,907	5,552,861	6,002,477	5,867,401
Health Self Insurance	10,267,031	11,061,125	11,744,620	12,185,090
TOTAL BUDGET	**277,447,409**	**263,298,905**	**278,361,801**	**264,285,460**

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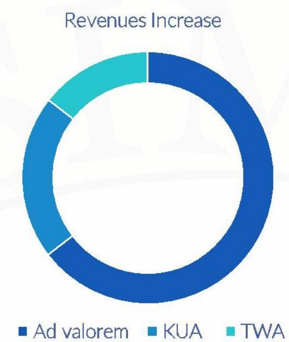
Budget Highlights

- Total revenue for General Fund is projected to be $87,880,141



- Budgeted revenues increase of 5.1%

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

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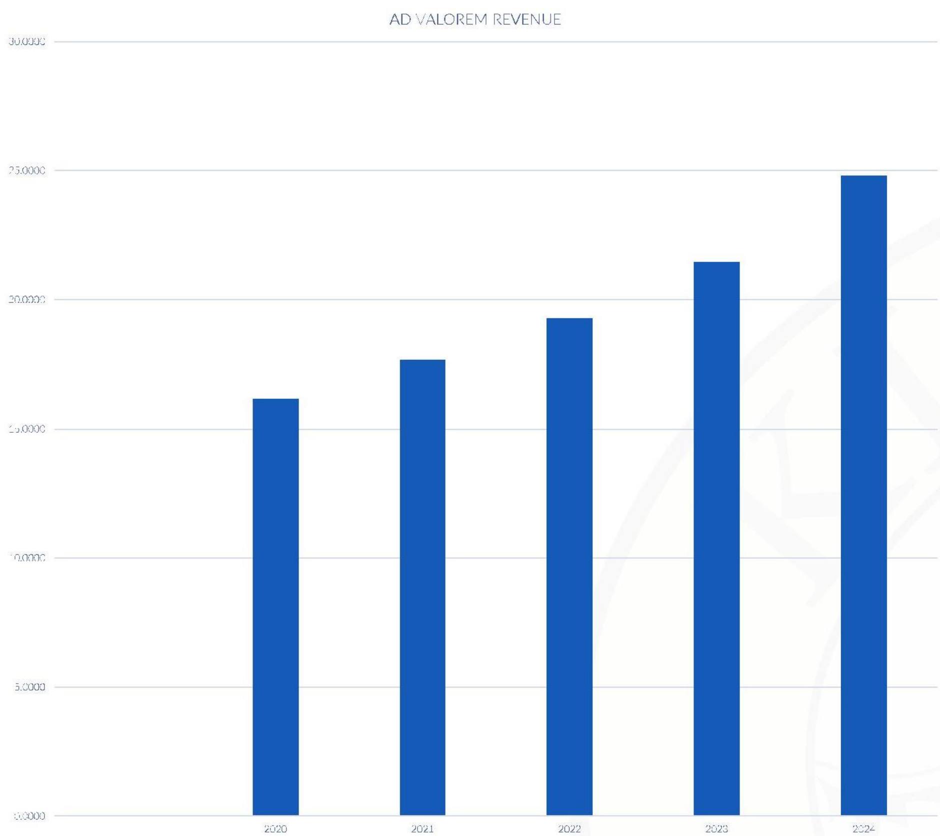
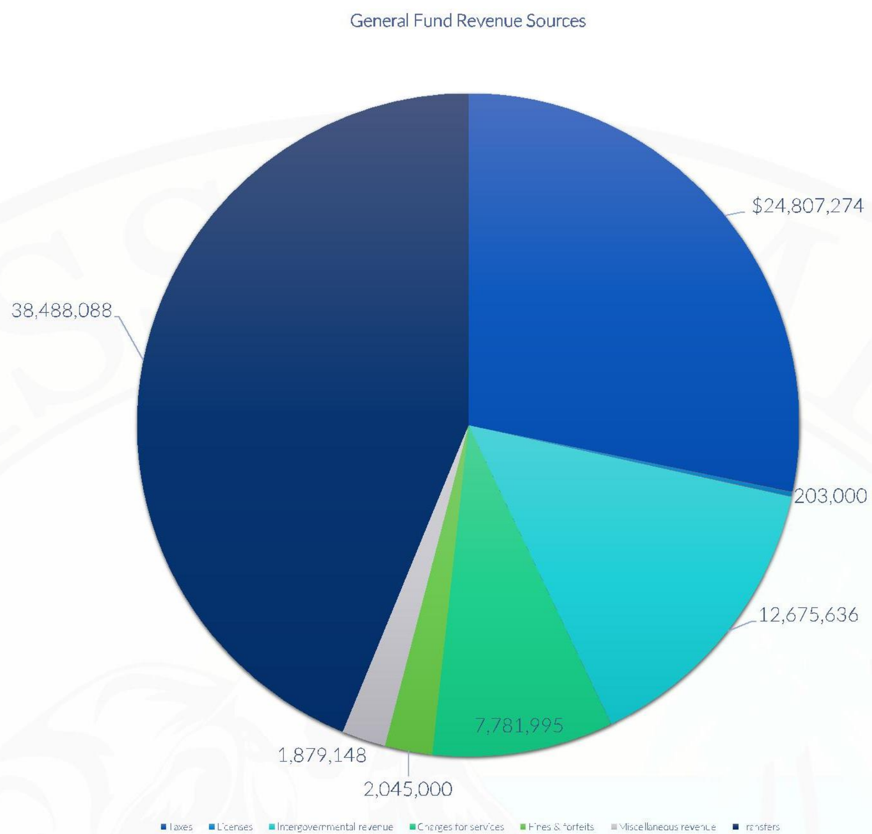
Revenue Highlights





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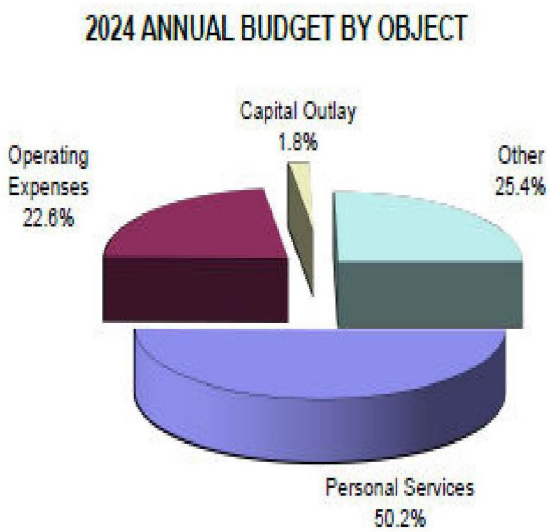
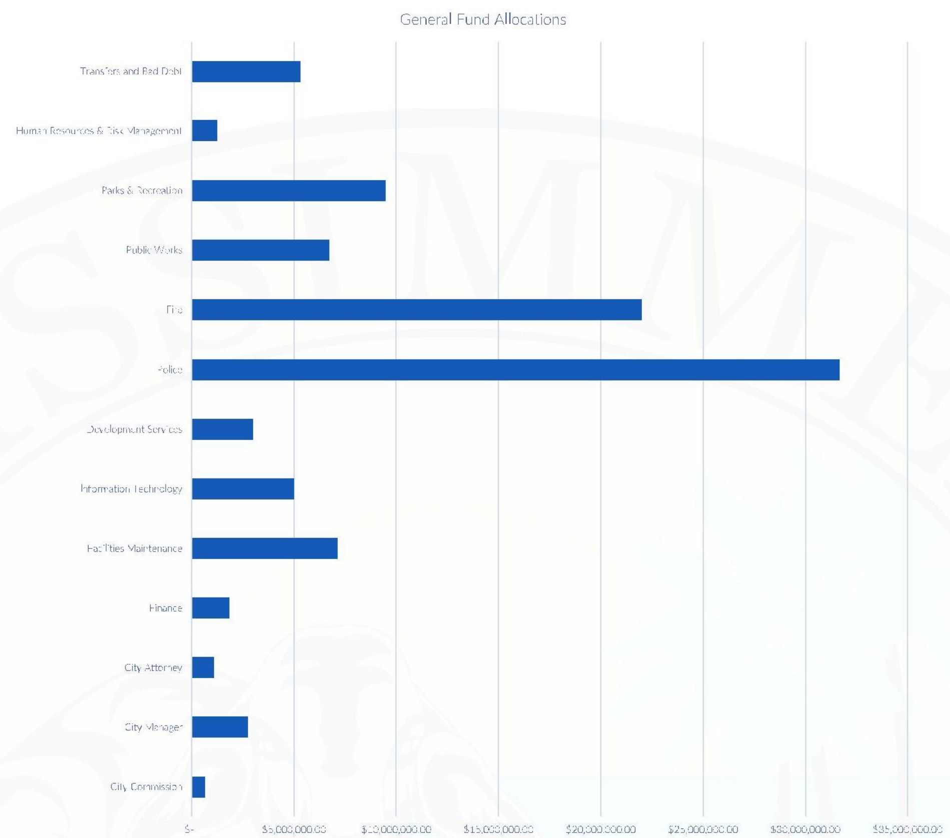
General Fund Allocations





Fund Highlights

- Stormwater Utility, over $6.2M in revenues generated
  - $9.10 per month per ERU
  - One stormwater coordinator position recommended
- Solid Waste Utility, nearly $6.9M in revenues generated
  - $22.37 per month per residence
  - Adjusted for CPI and fuel costs
  - No new positions
  - Utilizing reserves
- Airport Fund, over $1.9M in revenues generated
  - Leases reevaluated
  - Not utilizing reserves
  - No new positions
- Central Services Fund, nearly $15M in transfers
  - Inflation
  - Fleet mechanic and assistant project manager positions recommended

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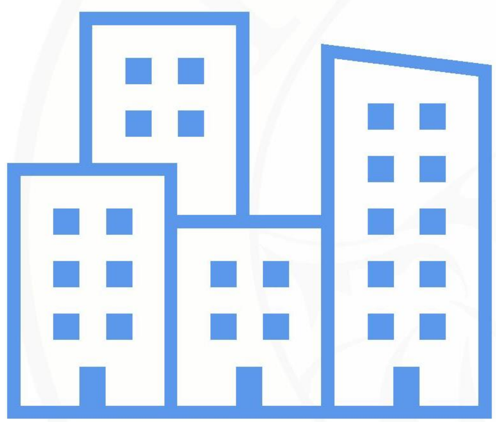
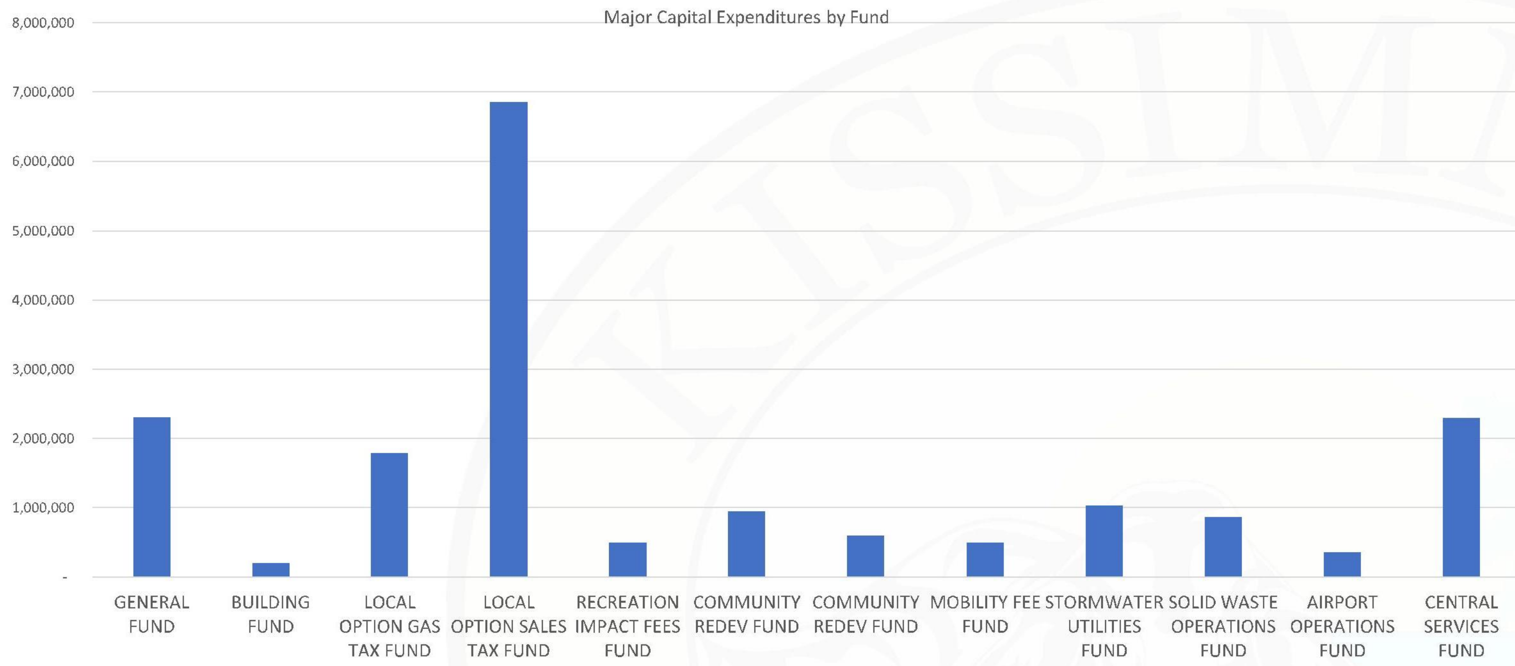
Other Fund Highlights

- Local Option Sales Tax, over $11.7M in revenue generated
- Local Option Gas Tax, $3.2M in revenue generated
- Mobility Fee
- Building Fund
- CRAs
- Liability/WC Fund
- Health Insurance Fund



Capital Overview

- Total Capital Expenditures FY 24 $18M



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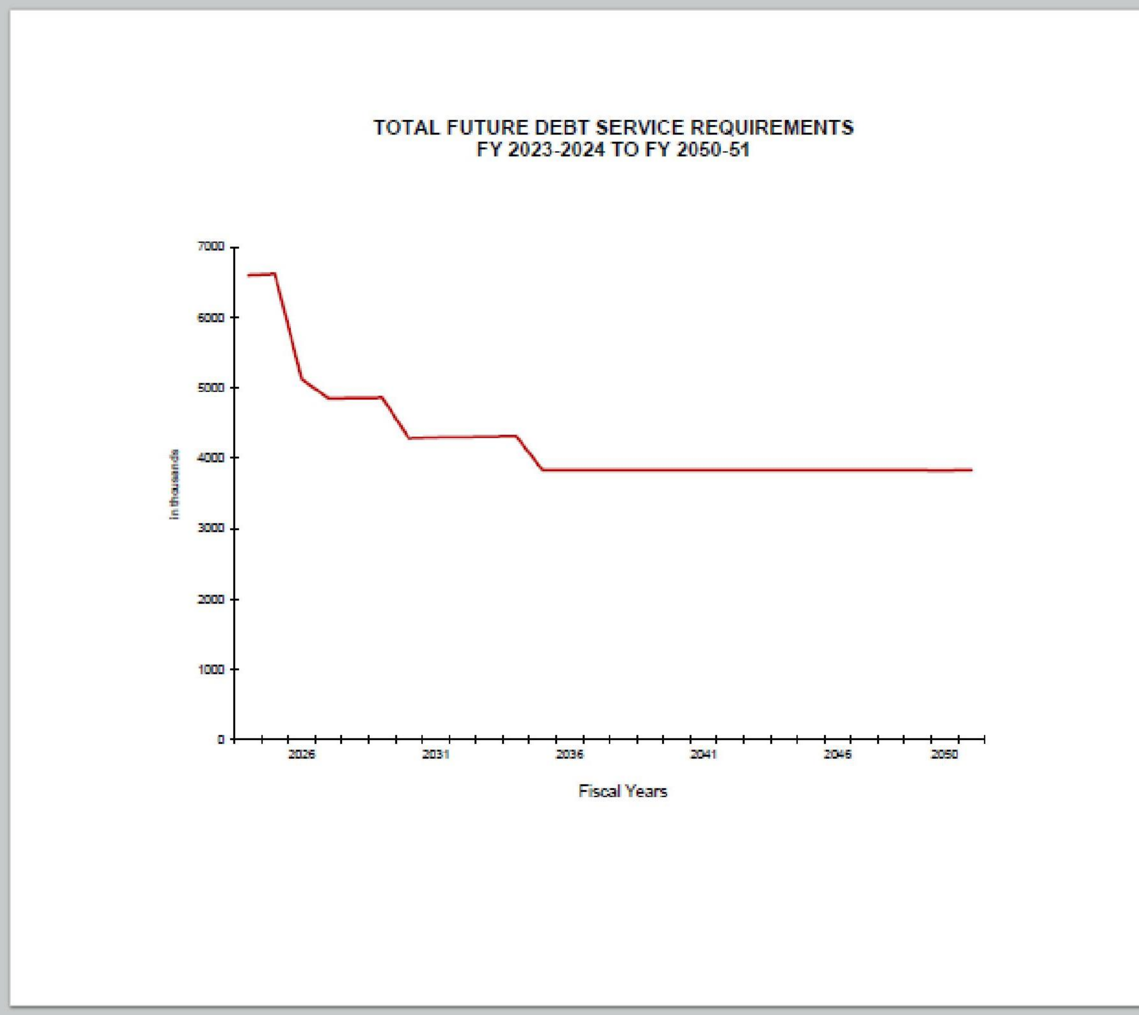
Debt Overview

- Bond rating 'AA+'
- Multiple borrowings expected to retire soon and stabilize
- Outstanding annual debt service payment per capita: $81
- Outstanding long-term debt per capita: $816



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Pension Overview

Police/Fire/General Historical UAAL & Funded Ratio						
Valuation Date	Police UAAL	Police Funded %	Fire UAAL	Fire Funded %	General UAAL (City employees only)	General Funded %
2022	12,207,586	87.1	14,729,836	77.4	14,512,320	86.8
2021	11,204,679	86.9	12,310,908	78.5	11,093,454	89.1
2020	9,934,380	87.6	10,920,101	79.6	14,464,340	85.1

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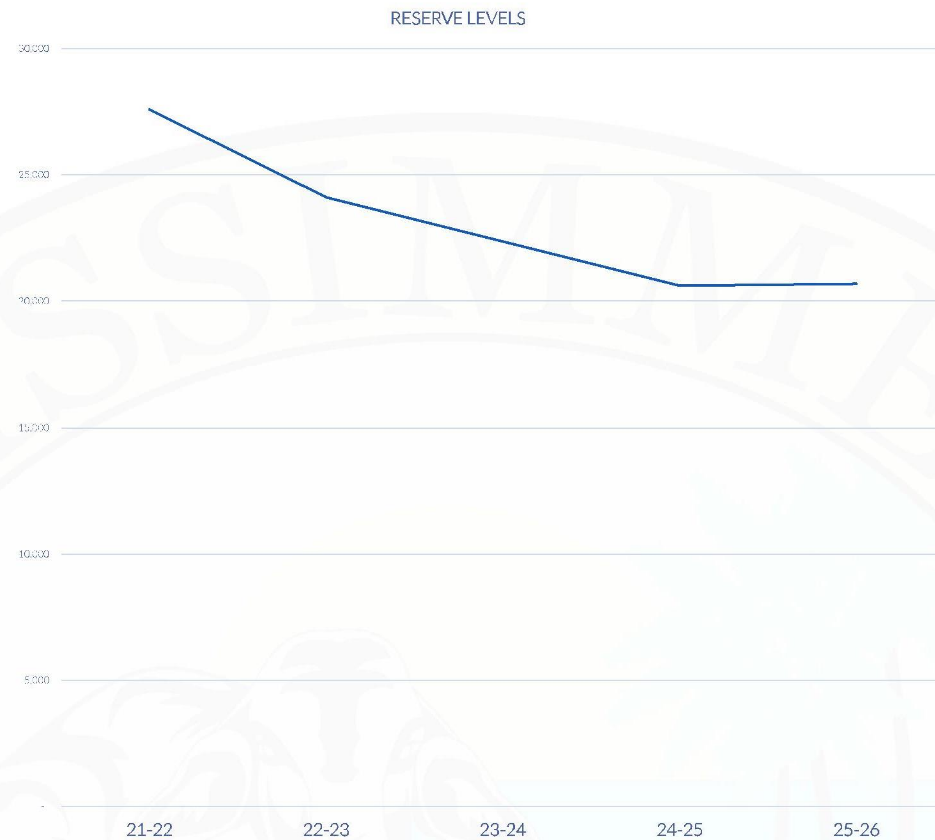
Reserve Overview

- Projected to utilize approximately $9M of reserves
- 29% reserves at the end of FY 24, 20% reserves at the end of FY 28
- 5 Year Plan



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Market Update: Financial Trends

How it started....

- Sharpest series of interest rate increases in 40 years
- Inflation down from a peak annual rate of 9% a year ago
- Economy has not largely shrunk
  - Growth has slowed from the 7% rate seen in 2021 to about 2% in the first quarter of this year
  - Jobless rate in June was 3.6%, still near low levels not seen consistently since the late 1960s
- Not all recessions are the same: rolling recessions

How it is going....

- Still experiencing supply chain, volatility and inflation issues
- Health care, insurance and pension costs
- Infrastructure
- Maintain acceptable level of service
- Strong reserves guide long term Strategy
- Recession, pandemic, and any economy proof

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Thanks!

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