



**SEBASTIAN BUDGET REVIEW ADVISORY COMMITTEE AGENDA
6:00 P.M. MONDAY – AUGUST 31, 2020
CITY HALL
1225 MAIN STREET**

THE MEETING WILL BE CONDUCTED IN THE CITY COUNCIL CHAMBERS, WITH ENCOURAGEMENT TO WEAR MASK AND TO TAKE DUE CARE TO MAINTAIN SOCIAL DISTANCING. IT WILL BE BROADCAST LIVE AS USUAL. THE PUBLIC CAN ACCESS THE MEETING VIRTUALLY VIA ZOOM BY FOLLOWING THE DIRECTIONS SHOWN AT THE BOTTOM OF THIS AGENDA. HOWEVER, THE PUBLIC IS ADVISED TO CHECK THE CITY WEBSITE FOR UP-TO-DATE INFORMATION ON ANY CHANGES TO THE MANNER IN WHICH THE MEETING WILL BE HELD AND THE LOCATION.

- A. Call to Order**
- B. Pledge of Allegiance**
- C. Roll Call**
- D. Approval of Minutes:**
 - a. Meeting of August 3, 2020**
- E. Update of FY2021 Budget Status by Ken Killgore, Administrative Services Director/CFO**
- F. Vote on Budget by Committee Members**
- G. Vote on Millage by Committee Members**
- H. General Discussion by Committee Members**
- I. Comments by Staff**
- J. Public Comments**
- K. Adjourn**

Agenda Attachments:

- a. Minutes for Meeting of August 3, 2020**
- b. Power Point Presentation**
- c. Draft Budget and Capital Improvement Plan – Available at the following link:**
http://public.cityofsebastian.org/PDFs/2021Budget/20200624_DraftBudgetBook.pdf

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 ACCOMODATION FOR THIS MEETING SHOULD CONTACT THE CITY'S ADA COORDINATOR AT 589-5330 AT LEAST 48 HOURS IN ADVANCE OF THIS MEETING.

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/82944517220>

Or iPhone one-tap :

US: +13126266799,,82944517220# or +19294362866,,82944517220#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 312 626 6799 or +1 929 436 2866 or +1 301 715 8592 or +1 346 248 7799 or +1 669 900 6833 or +1 253 215 8782

Webinar ID: 829 4451 7220

International numbers available: <https://us02web.zoom.us/j/82944517220>

**CITIZENS BUDGET REVIEW ADVISORY COMMITTEE
MINUTES OF REGULAR MEETING
AUGUST 3, 2020**

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. Lewin

Mr. Hall

Mr. Napier

Ms. Cerda

Mr. Hoffman

Mr. Herlihy (via Zoom)

Absent:

Mr. Keerthi Weragoda (a)

Also Present:

Paul Carlisle, City Manager

Ken Killgore, Administrative Services Director/CFO

Barbara Brooke-Reese, MIS Manager

Janet Graham, Technical Writer (via Zoom)

IV. Approval of Minutes

A. Meeting of July 20, 2020

Mr. Napier asked if all Committee members had reviewed the Minutes of July 20, 2020. All indicated they had. He called for a motion. A motion to accept the Minutes as presented was made by Mr. Lewin, seconded by Ms. Cerda, and approved unanimously via voice vote.

V. Presentation and Approval of Third Quarter Financial Report by Ken Killgore, Administrative Services Director/CFO

Mr. Killgore gave a PowerPoint presentation (SEE ATTACHED) reviewing that this is the third quarter report that he will be presenting to City Council on August 26th. If this Commission has any comments or suggestions, those can be passed on to City Council at that time. Included is the Resolution that adopts any changes that were made to the budget during the quarter that need approval by City Council. There is one item from the use of the R&R fund. Also reported are the adjustments that the City Manager made during the quarter. There were a couple of additional revenue receipts. There was an

adjustment for the incentive awards that were given for the second quarter. There were also a couple of items which were being adjusted between projects, both in the Recreation Impact Fee Fund the CRA and Local Option Gas Tax Fund.

In reviewing the various reports, it was pointed out that above the General Fund Summary in the narrative in the third line the 52% figure should be 74% of departmental funds having been spent as of June 30th, and 72.2% of revenues have been received. The General Fund Balance Forecast ties in with the projected numbers that were used for additional revenues and ties to budget projection sheets that were used in the draft budget for FY2021. A balance of almost \$4.8 million is slightly below the \$5 million target. Considering the present circumstances, he considers that the City will be doing well to go into the next year with that balance.

He has nothing new to report on the hurricane reimbursements. There still remains approximately \$140,000.00 due on Hurricane Matthew. Mr. Killgore reviewed the Stormwater Fund and the three enterprise funds. The Fund Summaries provide detail on each fund and each department in the City. He stated he included in this year's reports the Interfund Loans, which show what transactions there have been over the year and how those are being addressed in the budget. Also shown is what action will be taken in next year's budget to be paying those down. The balance of the Quarterly Report are the accomplishments that the various departments reported.

Mr. Killgore then asked for questions or comments from the Committee.

Mr. Lewin inquired regarding the Unassigned Reserve which shows a projection of \$4.8 million instead of the \$5 million that has been maintained up to this time. He asked if there is any chance of reestablishing that \$5 million, or is a new lower number being targeted. Mr. Killgore responded that the lower number is being targeted at this point unless something positive happens that has not been anticipated. He stated that in next year's budget the City will be doing well just to keep that \$4.8 million. It all depends on whether the City has any additional unexpected allocations or any unexpected revenues. Mr. Lewin asked if there is a minimum number that the City would be comfortable with. Mr. Killgore stated the \$5 million is a number that has been constant over the years that is a safe amount. He did an analytical study regarding if a certain portion of that fund had to be used because of hurricanes or other happenings that paid that reserve down. He projected the timing of when there would be reimbursement from FEMA or other insurance reimbursements and when the City could replenish it. The only way to replenish the items that are not reimbursable in some fashion is to have more revenues coming in during future years than are budgeted to spend.

Mr. Carlisle commented that the \$5 million is not thought about just regarding storm coverage, but the City also has to look at the liabilities such as retirement and payouts for leave. Those things are also captured in those reserves. If there is a long-term employee

who decides to retire, and the City has to pay out all of those funds, that has to come out of those reserves. Those are unfunded liabilities. Mr. Lewin commented that, as that number is lowered, the City's risk becomes greater. Mr. Carlisle stated that the only way it can be raised is if the revenue sharing from the State can be increased or if taxes are raised or through special assessments to offset General Fund expenditures.

Mr. Hoffman stated that from what he has read, the City lost approximately \$427,000.00 in the first three quarters. He attributes the shortfall in the first three quarters to a drop in the intergovernmental revenues. Mr. Killgore agreed and stated the biggest portion of that was the state revenue sharing, which really hurt. Mr. Hoffman asked regarding the franchise fees and utility taxes. Though they are down a bit, it is somewhat uncertain as to when those show up; they do not flow evenly over a certain period of time. Mr. Killgore stated that is correct. He stated that the City should hear sometime this month on the state revenue sharing. Mr. Hoffman asked regarding the \$800,000.00 from the General Revenue Surplus, if there some way to annotate what makes up that \$800,000.00. Mr. Killgore stated he can do that. Mr. Hoffman stated that would be helpful.

Mr. Napier asked if the breakdown of that number is in the audit report. Mr. Killgore stated it is set forth in general terms. If Mr. Hoffman wants more detail, Mr. Killgore stated he would provide that.

Mr. Hall inquired as to the contract for the school resource officers, whether that is paid on an annual basis. Mr. Carlisle said that is based on what the school sessions are. Their sessions now run from August through May, and the payments are divided up in quarterly payments based on that timeframe. Then the rest of the time the City utilizes those officers for duties within the City. Mr. Hall also asked regarding the status of the false alarms that are made and whether there are any fines being collected for the false alarms. Mr. Carlisle stated it depends on how repeated an offender is whether there is an actual fine involved. The first time a false alarm is made, there is only a warning.

Mr. Herlihy said he has a concern about revenue for next year. He states that at the meeting at the end of August, if Mr. Killgore has gotten the report from the state and it is horrible, that is something that this Committee must look at as far as the budget is concerned.

Mr. Napier stated he is actually pleasantly surprised that it is not worse than it is.

The Committee unanimously approved the Third Quarter Financial Report via voice vote.

VI. Report on FY2021 Budget Process by Ken Killgore, Administrative Services Director/CFO

A. Proposed Millage of 3.1514 by City Council

Mr. Killgore stated that City Council did approve the 3.1514 millage for the proposed millage, and that will go on the tax notices. That is what they adopted as the trim notice. As far as revenue projections, he has not seen enough significant differences from the assumptions he has made at this point to change anything. There may be more information by the end of this month regarding the revenues from the State.

B. Updates on Revenues and Labor Negotiations

Mr. Killgore stated that as far as labor negotiations, he is waiting until the parties involved set a time to meet.

C. Presentation to City Council on August 26, 2020, 1st Public Hearing on September 14, 2020

The presentation to City Council of the full budget will be on August 26. The first public hearing will be different than the original date he had sent out. It will now be held on September 14th.

D. Consider Need for Committee Meeting on August 31st.

Because of the uncertainty at this time, he thought the Committee would like to meet on August 31st to take a final look at the budget before the first public hearing. Mr. Carlisle stated that Mr. Killgore went through the tax rolls and the new items. It was not felt that there was enough of a discrepancy that would necessitate a meeting with the Property Appraiser. Mr. Napier asked for the Committee members' opinions on the need for a meeting on August 31st. The majority of the Committee agreed to the meeting on August 31st.

E. Comments by Committee Members

Mr. Hall is concerned with having the meeting on August 31st, as that will be after the presentation of the budget to City Council. Mr. Killgore stated the August 26th meeting of City Council is only a workshop meeting. They would not necessarily be voting at the August 26th meeting.

Mr. Hoffman asked regarding the City Council meeting on the 26th, since it is a workshop meeting does it begin at 5:00 or 6:00. Mr. Killgore stated it will start at 6:00 p.m.

Mr. Hall commented that presenting the millage of 3.1514 gives City Council the opportunity to make up any shortfall there may be in the Fund Balance and/or any labor negotiations that have to be carried on.

CITIZENS BUDGET REVIEW ADVISORY COMMITTEE
MINUTES OF AUGUST 3, 2020

Mr. Napier commented that staff did a great job in implementing this budget considering the present situation regarding COVID-19.

VIII. Comments by Staff -- None

IX. Public Comments

Ken McDonough, Detective with the Sebastian Police Department. He is also the union representative for Sebastian. He stated he and two other officers, Mark Mason and School Resource Officer Daley, are present to represent the Police Department. Multiple members of the Department would like to be here, but it was thought that with the virus it would be more prudent to limit the number attending. Their purpose for being at this meeting is to notify everyone that the Police Department is here to help everyone in these unprecedented times and to help the City and its residents move on. The Committee thanked Detective McDonough for his comments.

X. Adjourn

There being no further business, Mr. Napier adjourned the meeting at 6:35 p.m.

By: _____
Chairman Larry Napier

Date: _____

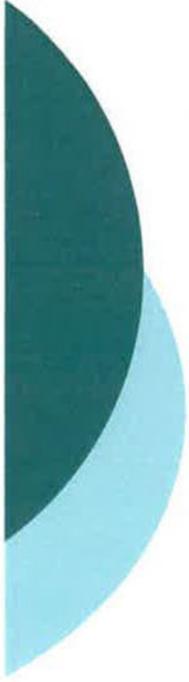
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2021 Budget and Capital Program

Budget Committee Final Recommendations on 2021 Budget And Millage

Prepared By:
Ken Killgore
Administrative Services Director/CFO



2021 Budget and Capital Program

- Update on General Fund Revenues:
 - Received State Forecast.
 - No Significant Changes to Other Sources or Expenditure Line Items.
- No Big Changes to Other Funds.
- Requesting Vote by Members on Recommended Millage and Budget.



General Fund Update on Current Revenues and 2021 Projections

- July & August Revenue Sharing 20% Less Than Past 12 Months.
- Extremely Optimistic State Forecast:
 - Down Only 10% From Current Year.
 - Reassuring But This Year's Events Scream **BE VERY CAUTIOUS!**



Posted on State's Website With August 20, 2020 Official Estimates

“Although these estimates were based on the best information available at that time, local government officials should be very cautious and conservative in their budgeting for the upcoming fiscal year. There is still much uncertainty as to how the effects of the global pandemic will impact state and local revenues in FY 2020-21.”



Update On Other General Fund Revenue Sources

- Current Year Estimates Seem Close to Amounts Used in Draft Budget and Reserves Expected At Near \$5 Million.
- Much Uncertainty With 2021 Forecast Due to Unknowns About Pandemic and One-Time Revenue Sources:
 - FEMA Recoveries \$143,666.
 - Payment of Airport Loans \$150,000.



Major Staff Concerns With General Fund Budget

- Zero Provided for Employees.
- Expenditure Cuts = Lower Service Levels.
- Temptation to Rely on Reserves.
- Unknowns:
 - Labor Negotiations, Hurricane Season and Legal Settlements?
 - Future Effect of Pandemic On Revenue?
 - Assumed Better Revenues In 2021?



Options on Millage

- Levy Rolled-Back Millage of 2.8091 – 0%:
 - \$200K Homestead Decreases \$14 or More.
 - \$200K Non-Homestead Increases \$30 Max.
 - \$186,240 Adjustment to Balance the Current Draft Budget; No Room for Negotiations or Unknowns Without Reserves.
- Levy Same 2020 Millage of 2.9399 – 4.7%:
 - \$200K Homestead Increases \$6 Max.
 - \$200K Non-Homestead Increases \$59 Max.
 - Draft Budget Balanced; Little Room for Labor Negotiation or Unknowns Without Reserves.



Options on Millage

- Levy Proposed Millage of 3.1514 – 12.2%:
 - \$200K Homestead Increases \$38 Max.
 - \$200K Non-Homestead Increases \$105 Max.
 - Allows \$300,917 Contingency for Reductions in Revenues; Room for Labor Negotiations or Unknowns Without Using Reserves.
 - Increases Revenue Base for Future Years and Alleviates Concern of One-Time Revenues.



Status of Budgets for Other Funds

- Special Revenue Fund Budgets Drive the Capital Improvement Program.
 - \$27.6 Million Over 6 Years. \$5.8 Million Next Fiscal Year. \$23.2 Million Last Year.
 - \$900,000 Street Repaving/Reconstruction.
 - \$200,000 Stormwater Master Plan.
 - \$500,000 Canal Restoration.
 - \$569,264 New Taxi Way at Airport.
 - \$1,000,000 Sewer Services at Airport.



Status of Budget for Other Funds

- Enterprise Funds:
 - Golf Course, Airport and Building Funds Are Paying Interfund Loans.
 - Personnel and Operating Costs Are Within Amount of Projected Revenues.
 - Airport Expecting Grants That Will Fund Major Capital Projects and Support the Economy in 2021 Alone:
 - \$569,264 New Taxi Way at Airport.
 - \$1,000,000 Sewer Services at Airport.



Recommendation to City Council on Proposed Millage and 2021 Budget

- Vote on Budget:
 - Questions to Staff and Discussion by Committee Members.
 - Vote on Budget Recommendation.
- Vote on Millage:
 - Questions to Staff and Discussion by Committee Members.
 - Vote on Millage Recommendation.