

**SEBASTIAN CITY COUNCIL ATTORNEY-CLIENT SESSION
MONDAY, SEPTEMBER 28, 2020 – 5:00 P.M.
Upon the Reopening of Public Meeting:
COMMUNITY REDEVELOPMENT AGENCY BUDGET HEARING &
SEBASTIAN CITY COUNCIL 2nd BUDGET HEARING – SPECIAL MEETING
CITY COUNCIL CHAMBERS
1225 MAIN STREET, SEBASTIAN, FLORIDA
AGENDA**

*ALL AGENDA ITEMS MAY BE INSPECTED IN THE OFFICE OF THE CITY CLERK
1225 MAIN STREET, SEBASTIAN, FLORIDA OR ON THE CITY WEBSITE*

Procedures for Public Input are on Back of Agenda

1. **CALL TO ORDER**
 2. **MOMENT OF SILENCE**
 3. **PLEDGE OF ALLEGIANCE**
 4. **ROLL CALL**
 5. **RECESS TO CONVENE ATTORNEY-CLIENT SESSION:** In accordance with F.S.286.011(8) a request was made by City Attorney Manny Anon, Jr. at the September 23, 2020 Regular City Council meeting to hold an Attorney-Client session to discuss the following case:
 - A. Pelican Island Audubon Society, Graham Cox, and Donna Halleran v. City of Sebastian.
- ESTIMATED LENGTH OF SESSION: ½ hour
- NAMES OF PERSONS ATTENDING: Mayor Ed Dodd, Council Member Jim Hill, Council Member Fred Jones, Council Member Bob McPartlan, Council Member Christopher Nunn, City Attorney Manny Anon, Jr., Special Counsel Daniel L. Abbott of Weiss Serota Helfman Cole & Bierman, P.L., City Manager Paul E. Carlisle, and a Certified Court Reporter
6. **REOPENING OF PUBLIC MEETING TO ANNOUNCE TERMINATION OF ATTORNEY-CLIENT SESSION**
 7. **CONVENE PUBLIC HEARING FOR THE COMMUNITY REDEVELOPMENT AGENCY FY20/21 BUDGET**

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A. Conduct Public Hearing on CRA Budget for FY20/21 – CRA Resolution No. 21-01 (Transmittal, CRA 21-01, Ex. A)

A RESOLUTION OF THE CITY OF SEBASTIAN COMMUNITY REDEVELOPMENT AGENCY (CRA) ADOPTING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2021; MAKING FINDINGS; AUTHORIZING AMENDMENTS AND TRANSFERS; PROVIDING FOR CONFLICTS; PROVIDING FOR SCRIVENER'S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

8. **Adjourn Community Redevelopment Agency Meeting and Reconvene as City Council**

9. **PUBLIC HEARING**

A. Final Hearing on Millage for Calendar Year 2020 and FY 2020/2021 Budget

- i. Attorney advises Council on Procedure for Millage/Budget Hearing and Reads Titles for Resolutions R-20-20, R-20-21, R-2022 and R-20-23
- ii. City Manager Announces Proposed Millage Rate of 3.1514 Mills
- iii. Budget Overview Power Point Presentation
- iv. Mayor Opens Hearing for Public Comment on Millage, Budget, CIP and Financial Policies
- v. Mayor Closes Public Hearing
- vi. City Council Deliberation and Action:

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a) Adopt Resolution No. R-20-20 Millage Rate for Calendar Year 2020

A RESOLUTION OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA, ADOPTING A MILLAGE RATE OF 3.1514 MILLS FOR THE CALENDAR YEAR 2020 AND ALLOCATING SAME TO THE FISCAL YEAR BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2021; PROVIDING FOR CONFLICTS; PROVIDING FOR SCRIVENER'S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

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b) Adopt Resolution No. R-20-21 Budget for Fiscal Year 2020/2021

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA, ADOPTING THE BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2021; MAKING APPROPRIATIONS FOR THE PAYMENT OF OPERATING EXPENSES, CAPITAL EXPENSES, AND FOR THE PRINCIPAL AND INTEREST PAYMENT ON THE INDEBTEDNESS OF THE CITY IN THE CITY'S GENERAL FUND, SPECIAL REVENUE FUNDS, DEBT SERVICE FUND, CAPITAL IMPROVEMENT FUNDS, GOLF COURSE FUND, AIRPORT FUND, AND BUILDING DEPARTMENT FUND AS PROVIDED FOR IN SCHEDULE "A", ATTACHED HERETO, ESTABLISHING AUTHORITY OF THE CITY MANAGER TO IMPLEMENT THE BUDGET; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; PROVIDING FOR SCRIVENER'S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

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pgs 31-33

c) Adopt Resolution No. R-20-22 Approval of Six-Year CIP – FY 2021-2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA ADOPTING A SIX-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS ENDING 2021-2026; PROVIDING FOR REPEAL OF RESOLUTIONS OR PARTS OF RESOLUTIONS IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY; PROVIDING FOR SCRIVENER'S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

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d) Adopt Resolution No. R-20-23 Approval of Financial Policies

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA ADOPTING FINANCIAL POLICIES GOVERNING VARIOUS AREAS OF BUDGET AND FINANCE AS PROVIDED FOR IN ATTACHMENT "A"; PROVIDING FOR CONFLICTS; PROVIDING FOR SCRIVENER'S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

10. **ADJOURN** *(All meetings shall adjourn at 9:30 p.m. unless extended for up to one half hour by a majority vote of City Council)*

HEARING ASSISTANCE HEADPHONES ARE AVAILABLE IN THE COUNCIL CHAMBERS FOR ALL GOVERNMENT MEETINGS.

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.

THE PUBLIC IS ADVISED TO CHECK THE CITY'S WEBSITE FOR UP-TO-DATE INFORMATION ON ANY CHANGES TO THE MANNER IN WHICH THE MEETING WILL BE HELD AND THE LOCATION.

Future Council Meeting Dates:

October 14, 2020 Regular City Council Meeting

November 18, 2020 Regular City Council Meeting

December 9, 2020 Regular City Council Meeting

ZOOM PARTICIPATION

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/88912150691>

Or iPhone one-tap:

US: +13126266799,88912150691# or +19294362866,,88912150691#

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: 889 1215 0691

International numbers available: <https://us02web.zoom.us/j/kczn0d7YbA>

PROCEDURES FOR PUBLIC INPUT IN ACCORDANCE WITH RESOLUTION R-20-02

Regular City Council Meetings

Public input is *ALLOWED* under the headings:

- ✓ Consent Agenda
- ✓ Public Hearings
- ✓ Unfinished Business
- ✓ New Business
- ✓ Public Input

Public input is *NOT ALLOWED* under the headings:

- ✓ Proclamations, Awards, Brief Announcements (*except for individuals giving or accepting proclamations or awards*);
- ✓ Committee Reports and Appointments (*except for committee members giving reports and applicants being interviewed for committee appointments*);
- ✓ City Council Matters
- ✓ Charter Officer Matters

Council may, by majority vote, call upon an individual to provide input if desired.

Workshops and Special Meetings.

Public input is limited to the item on the agenda

Time Limit

Input on agenda items *where public input is permitted* on agendas is FIVE MINUTES; however, City Council may extend or terminate an individual's time by majority vote of Council members present.

Input Directed to Chair

Speakers shall address the City Council IMMEDIATELY PRIOR TO CITY COUNCIL DELIBERATION of the agenda item and ALL INPUT SHALL BE DIRECTED TO THE CHAIR, unless answering a question of a member of City Council or City staff. Individuals shall not address City Council after commencement of City Council deliberation on an agenda item after public input has concluded, provided, however, the Mayor and members of City Council may recall an individual to provide additional information or to answer questions.

Certain Remarks Prohibited

Personal, impertinent, and slanderous remarks, political campaigning and applauding are not permitted and may result in expulsion from the meeting. The Chair shall make determinations on such remarks, subject to the repeal provisions below.

Appealing Decisions of Chair

Any member of Council may appeal the decision of the Chair to the entire Council. A majority vote of City Council shall overrule any decision of the Chair.

Public Input Heading on Agenda

The heading on Regular Meeting agendas "Public Input" provides an opportunity for individuals to bring NEW INFORMATION OR REQUESTS TO CITY COUNCIL NOT OTHERWISE ON THE PREPARED AGENDA. Individuals are asked to attempt to resolve matters with staff prior to meetings. Individuals are asked to provide copies of material for Council one week prior to the meeting if they intend to refer to specific material. City Council will not debate an issue during Public Input but may by consensus direct a Charter Officer in regard to the item if necessary or place a requested item on a future agenda.



**RIVERFRONT COMMUNITY REDEVELOPMENT AGENCY
AGENDA TRANSMITTAL FORM**

COUNCIL MEETING DATE: September 28, 2020

AGENDA ITEM TITLE: Resolution No. R-21-01 Adopting the Riverfront Community Redevelopment Agency (CRA) Budget for the Fiscal Year 2020-2021

RECOMMENDATION: Move to Approve Resolution R-21-01

BACKGROUND:

In accordance with Florida Statute 189.418(3), a Community Redevelopment Agency (CRA) should adopt a budget by resolution. The proposed budget for Fiscal Year 2020-2021, beginning October 1, 2020 and ending September 30, 2021, is included as EXHIBIT "A" to the Resolution for the CRA Board's consideration.

The proposed budget for the CRA is \$490,215. The total tax increment revenue is projected to be \$443,884. The CRA budget is incorporated in the Annual Budget for the City of Sebastian as a Special Revenue Fund.

IF AGENDA ITEM REQUIRES EXPENDITURE OF FUNDS:

Total Cost: N/A

Fund to Be Utilized for Appropriation: N/A

Administrative Services Department Review: Kenneth W. Kilgore

ATTACHMENTS:

Resolution R-20-01

EXHIBIT "A" - Riverfront Redevelopment Agency CRA Budget FY 2019-2020

City Purchasing Manager Review, if needed: N/A _____

<p>City Manager Authorization:</p> <p><u>[Signature]</u></p> <hr/> <p>Date: <u>9/22/2020</u></p>
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**CITY OF SEBASTIAN
COMMUNITY REDEVELOPMENT AGENCY
RESOLUTION NO. 20-01**

A RESOLUTION OF THE CITY OF SEBASTIAN COMMUNITY REDEVELOPMENT AGENCY (CRA) ADOPTING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2021; MAKING FINDINGS; AUTHORIZING AMENDMENTS AND TRANSFERS; PROVIDING FOR CONFLICTS; PROVIDING FOR SCRIVENER'S ERRORS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Manager of the City of Sebastian has submitted a budget for the City of Sebastian Community Redevelopment Agency (CRA) for the Fiscal Year beginning October 1, 2020 and ending September 30, 2021; and

WHEREAS, the budget includes the estimated expenditures necessary to carry out the functions of the CRA for the Fiscal Year beginning October 1, 2020, and ending September 30, 2021; and

WHEREAS, the budget includes the estimated revenues to be received by the CRA during said period from all sources, including tax increment funding; and

WHEREAS, the CRA has examined and carefully considered the proposed budget in a duly assembled meeting;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF CITY OF SEBASTIAN COMMUNITY REDEVELOPMENT AGENCY:

SECTION 1. The City of Sebastian Community Redevelopment Agency does hereby adopt, confirm and approve the budget attached hereto as Exhibit "A" as the budget for the CRA for the Fiscal Year beginning October 1, 2020 and ending September 30, 2021.

SECTION 2. The governing board of the CRA does hereby find that:

(a) The budget adopted has been prepared in accordance with generally accepted accounting principles; and

(b) The estimated revenues to be received by the CRA during the Fiscal Year beginning October 1, 2020, and ending September 30, 2021 from all sources, including tax increment funding and reserves, equals the total of appropriations for expenditures in the budget during said period; and

(c) The budget will regulate expenditures of the CRA and no expenditures or contracts for expenditures shall be made except in pursuance of budgeted appropriations;

(d) The budget is adopted in accordance with Section 189.418, Florida Statutes.

SECTION 3: In order to effect an orderly year-end closeout of all financial books and records for the CRA, the City of Sebastian City Manager is hereby authorized and directed to increase the corresponding line item appropriations in the budget to the extent of those purchase orders which shall have been issued prior to September 30, 2020, but shall not have been filled prior to that date, and is authorized and directed to pay all such purchase orders upon receipt of the goods or services therein specified from the funds so appropriated. The City of Sebastian City Manager is hereby further authorized and directed to increase the budget appropriations to the extent of any unexpended balances from state, federal or other grants as of the end of business on September 30, 2020, and to the extent of any unexpended balances, whether or not encumbered, outstanding in projects or programs as of the end of business on September 30, 2020 and all such balances shall be

appropriated to the corresponding accounts in the same funds in which they were outstanding as of September 30, 2020; and the City Manager shall be authorized to expend such appropriations for the purposes approved by the CRA in connection with such state, federal or other grants, and projects. The City Manager shall, prior to December 31, 2020, report to the CRA all such purchase orders, grants and projects. Corresponding changes in the anticipated revenue accounts are hereby authorized.

SECTION 4: The City Manager is hereby authorized and directed to maintain and amend the budget so as to reflect the anticipated revenue and the appropriation of, and expenditure of, all grant funds and bond proceeds committed to, or received by the CRA subsequent to September 30, 2020, and prior to October 1, 2021, in accordance with the directions of the CRA as to the appropriation and expenditure of such grants and bond proceeds as and when received. The City Manager shall have the authority to transfer appropriations from one line item to another line item of the budget, so long as the total appropriations shall not be increased thereby. Transactions affecting total appropriations, other than those authorized herein in other sections shall require the prior approval of the CRA. Any such transactions are subject to any restrictive statutes or ordinances, including those authorizing the issuance of any outstanding bonds.

SECTION 5: CONFLICTS: All resolutions or parts of resolutions in conflict herewith are hereby repealed.

SECTION 6: SCRIVENER'S ERRORS: Sections of this resolution may be renumbered or re-lettered and corrections of typographical errors which do not affect the intent may be authorized by the City Manager, or the City Manager's designee, without need of further action of City Council by filing a corrected copy of same with the City Clerk.

SECTION 7: This Resolution shall become effective October 1, 2020.

The foregoing Resolution was moved for adoption by CRA Board member _____. The motion was seconded by CRA Board member _____ and, upon being put into a vote, the vote was as follows:

Ed Dodd, Chairman	_____
Jim Hill	_____
Bob McPartlan	_____
Fred Jones	_____
Christopher Nunn	_____

The CRA Chairman thereupon declared this Resolution duly passed and adopted on this 28th day of September, 2020.

CITY OF SEBASTIAN, FLORIDA

By: _____
Ed Dodd, Chairman

ATTEST:

Jeanette Williams, City Clerk

Approved as to form and legality for the reliance by the City of Sebastian only:

Manny Anon, Jr., City Attorney

EXHIBIT "A" to Resolution R-21-01 Page 1 of 2

CITY OF SEBASTIAN, FLORIDA 2020/2021 ANNUAL BUDGET

COMMUNITY REDEVELOPMENT AGENCY

City of Sebastian Community Redevelopment Agency was created by City Ordinance in 1995, pursuant to Section 163.387, Florida Statutes. The purpose of the Community Redevelopment Agency is the removal of blighted areas and the development of such areas, pursuant to the Community Redevelopment Act of 1969.

COMMUNITY REDEVELOPMENT AGENCY REVENUES

Code: 140010

Account Number	Description	FY 16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	Amended FY 19/20 Budget	FY 19/20 Projected	FY 20/21 Budget
TAXES							
338200	Tax Increment Revenue - Sebastian	181,631	181,652	183,130	182,732	182,732	208,819
338200	Tax Increment Revenue - County	160,610	184,879	201,086	215,084	220,508	235,065
TOTAL TAXES		342,241	366,532	384,216	397,816	403,240	443,884
MISCELLANEOUS REVENUE							
361100	Interest Income	4,702	8,730	9,791	15,000	15,000	10,331
361105	SBA Interest Earnings	1,056	1,885	4,310	3,750	3,750	0
362100	Rents and Royalties	36,000	36,000	36,000	36,000	36,000	36,000
366000	Contributions & Donations	0	0	3,000	0	0	0
TOTAL MISCELLANEOUS REVENUE		41,758	46,615	53,101	54,750	54,750	46,331
NON-REVENUE SOURCES							
381001	Transfer from General Fund	0	0	20,457	0	0	0
389991	Fund Balance Carried Forward	0	116,935	49,709	198,458	114,203	0
TOTAL NON-REVENUE SOURCES		0	116,935	70,166	198,458	114,203	0
TOTAL RIVERFRONT REDEVELOPMENT		383,999	530,082	507,484	651,024	572,193	490,215

EXHIBIT "A" to Resolution R-21-01 Page 2 of 2

CITY OF SEBASTIAN, FLORIDA 2020/2021 ANNUAL BUDGET

COMMUNITY REDEVELOPMENT AGENCY EXPENDITURES

Code: 140051

Account <u>Number</u>	<u>Description</u>	<u>FY 16/17</u> <u>Actual</u>	<u>FY 17/18</u> <u>Actual</u>	<u>FY 18/19</u> <u>Actual</u>	<u>Amended</u> <u>FY 19/20</u> <u>Budget</u>	<u>FY 19/20</u> <u>Projected</u>	<u>FY 20/21</u> <u>Budget</u>
OPERATING EXPENDITURES							
533100	Professional Services	5,000	5,000	5,000	5,000	5,000	5,000
533120	Consultants	0	0	19,705	256	256	0
533201	Admin Svcs Provided by the GF	13,202	87,740	90,372	99,076	99,076	89,725
533400	Other Contractual Services	0	37,013	192,224	166,944	160,000	88,722
534000	Travel and Per Diem	0	0	0	500	0	500
534320	Water and Sewer	0	0	365	0	0	0
534400	Rents and Leases	4,022	4,728	5,480	4,728	4,200	4,300
534699	Other Capital Maintenance Expense	6,178	18,706	35,466	20,000	10,000	20,000
534830	Special Events Expense	39,308	44,525	43,460	45,000	40,000	48,500
534920	Legal Ads	1,857	5,828	569	1,000	200	1,000
535310	Road Materials & Supplies	0	206	0	0	0	0
535410	Dues & Memberships	175	175	670	670	670	670
545450	Training and Education	0	0	0	500	395	400
535710	Non-Ad Valorem Taxes	2,067	1,990	2,928	1,350	1,396	1,400
TOTAL OPERATING EXPENDITURES		71,808	205,911	396,239	345,024	321,193	260,217
CAPITAL OUTLAY							
606300	Improvements Other Than Buildings	0	0	0	133,000	133,000	0
606900	Infrastructure	0	0	0	3,000	3,000	0
TOTAL CAPITAL OUTLAY		0	0	0	136,000	136,000	0
GRANTS AND AIDS							
820100	Façade/Sign Improvement Program	0	34,676	0	70,000	15,000	40,000
820200	Sewer Connection Program	40,766	39,495	0	0	0	0
TOTAL GRANTS AND AIDS		40,766	74,171	0	70,000	15,000	40,000
NON-OPERATING							
909101	Interfund Trfr to General Fund 001	0	0	0	0	0	0
909131	Interfund Trfr to CIP Fund 310	0	250,000	0	0	0	0
909132	Interfund Trfr to CIP Fund 320	0	0	0	0	0	45,000
909133	Interfund Trfr to CIP Fund 330	188,730	0	0	0	0	0
909363	Interfund Trfr to CIP Fund 363	0	0	111,245	100,000	100,000	0
909990	Unappropriated	82,695	0	0	0	0	144,998
TOTAL NON-OPERATING		271,425	250,000	111,245	100,000	100,000	189,998
TOTAL RIVERFRONT REDEVELOPMENT		383,999	530,082	507,484	651,024	572,193	490,215



2021 Budget and Capital Program

Presentation to City Council on 2021 Final Millage and Budget

Prepared By:

Ken Killgore

Administrative Services Director/CFO

Options on Millage

- Levy Rolled-Back Millage of 2.8091 – 0%:
 - \$200K Homestead Decreases \$14 or More.
 - \$200K Non-Homestead Increases \$30 Max.
 - Draft Budget Needs \$186,240 in Cuts to Balance; No Room for Further Labor Negotiations or Unknowns Except Reserves.
- Levy Same 2020 Millage of 2.9399 – 4.7%:
 - \$200K Homestead Increases \$6 Max.
 - \$200K Non-Homestead Increases \$59 Max.
 - Draft Budget Balanced; No Room for Labor Negotiation or Unknowns Except Reserves.

Options on Millage

- Levy Millage of 3.1514 – 12.2%:
 - \$200K Homestead Increases \$38 Max.
 - \$200K Non-Homestead Increases \$105 Max.
 - Allows \$300,917 for 2021 Revenue Shortfalls; Room for Further Labor Negotiations and Unknowns Without Reliance on Reserves.
 - Increases Revenue Base for Future Years and Alleviates Concern of One-Time Revenues.

Comments on 3.1514 Millage

- Citizen's Budget Advisory Board Voted on August 31st to Recommend 3.1514.
- 3.1514 Is 12.19% Over Rolled-Back:
 - Homestead Taxpayer With \$200K Taxable Value Will Pay \$38/Year (8.6%) Above Last Year, If Assessment Increased Full 1.0322%.
 - Non-Homestead Taxpayer With 200K Taxable Value Will Pay \$105/Year (17.9%) Above Last Year, If Assessment Increased Full 10%.
- City Council Adopted 3.1514 at First Public Hearing on September 14, 2020.

Other Points

- Per F.S. 200.065(2)(d):
 - Notice on the Adopted Tentative Millage and Budget Was Advertised Along With the Date for Final Millage & Budget Hearings.
 - Final Millage May Not Exceed Adopted Tentative Millage.
- Millage/Budget Resolutions Presume the Millage & Budget Based on 3.1514.
- Also Have Resolutions on Financial Policies and Capital Improvement Plan.

Recommendation on Final Millage

- Millage of 3.1514 Increases Future Revenue Base and Alleviates Concern of Using One-time Revenues to Balance.
 - FEMA Recoveries \$143,666.
 - Payment of Airport Loans \$150,000.
- No Reduction of Current Service Levels.
- No Use of Reserves to Balance Budget.
- Good Precaution With Uncertainties About Future Effects of Pandemic.

Adjustments to Draft Budget for General Fund

- Added \$300,917 to Projected General Fund Assuming 3.1514 Millage.
- Changed CRA Payment From \$194,804 At 2.9399 Millage To \$208,819 for 3.1514.
- Holding \$286,902 in “Unappropriated Budget Savings” Account for Labor Negotiations, Revenue Shortfalls or Legal Action Fees.
- Minor Changes to Liability and Workers Compensation Budgets in Departments.

Adjustments to Draft Budget for Other Funds and CIP

- Adjusted Revenue for the Community Redevelopment Fund for Added \$14,015.
- Corrected \$1,894 Error on Transfer to Stormwater Debt Service Fund.
- Adjusted Recreation Impact Fee Budget to Take Out Work Done This Year on Dugouts and Fencing – Increased Playground Improvements Project From \$40K to \$70K.
- Adjusted CIP Schedules for the Above.

Status of Budget for Other Funds

○ Enterprise Funds:

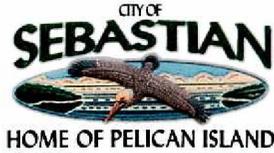
- Golf Course, Airport and Building Funds Are Paying Interfund Loans.
- Personnel and Operating Costs Are Within Amount of Projected Revenues.
- Airport Expecting Grants That Will Fund Major Capital Projects Via DST Funds That Will Provide Matching Monies.

Financial Policies Resolution

- No Major Changes From Prior Year.
- Covers Policies to be Follow:
 - On Budget Preparation and Reporting
 - Investments
 - Capital Improvement Planning
 - Debt Management
 - Fund Balances
- Some Policies Restate Applicable Laws; Others Are General Guidance.

Procedure on Adoption of Final Millage and 2021 Budget

- Open Public Hearing & Follow Agenda:
 - Adopt Final Millage Resolution R-20-20.
 - Adopt Final Budget Resolution R-20-21.
 - Adopt 6-Year CIP Resolution R-20-22.
 - Adopt Resolution R-20-23 on Financial Policies.



CITY COUNCIL AGENDA TRANSMITTAL FORM

COUNCIL MEETING DATE: September 28, 2020

AGENDA ITEM TITLE: Resolution No. R-20-20 Approving the Millage Levy of 3.1514 for the FY 2020-2021 Fiscal Year, Which is 12.19% Higher Than the Rolled-back Rate of 2.8091

RECOMMENDATION: Move to Approve Resolution No. R-20-20

BACKGROUND:

In accordance with Florida Statute 200.065 (7)(a)(1.), a tentative millage tax rate for calendar year 2020 and budget year beginning October 1, 2020 and ending September 30, 2021, was adopted by City Council on September 14, 2020. The City is now required to adopt a final millage tax rate.

The millage tax rate of THREE POINT ONE FIVE ONE FOUR (3.1514) MILLS is 12.19% higher than the "rolled-back" tax rate of 2.8091 mills and is being recommended as the final millage tax rate. This and all the other General Fund revenue sources will be necessary to: 1.) provide for flexibility in labor agreement negotiations, shortfalls in State Revenues and possible payments resulting from legal actions.

IF AGENDA ITEM REQUIRES EXPENDITURE OF FUNDS:

Total Cost: N/A

Fund to Be Utilized for Appropriation: N/A

Administrative Services Department Review: _____

Kenneth W. Calgore

ATTACHMENTS:

Resolution R-20-20

City Purchasing Manager Review, if needed: N/A _____

City Manager Authorization:

Date: 9/22/2020

RESOLUTION NO. R-20-20

A RESOLUTION OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA, ADOPTING A MILLAGE RATE OF 3.1514 MILLS FOR THE CALENDAR YEAR 2020 AND ALLOCATING SAME TO THE FISCAL YEAR BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2021; PROVIDING FOR CONFLICTS; PROVIDING FOR SCRIVENER’S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA, that:

Section 1. MILLAGE RATE LEVY. There is hereby Levied an Ad Valorem Tax of THREE POINT ONE FIVE ONE FOUR (3.1514) MILLS against all real and tangible personal property for the calendar year (January 1, 2020 through December 31, 2020) and the resulting tax revenue is hereby appropriated for the General Operating Fund of the City of Sebastian for the fiscal year beginning October, 1, 2020 and ending September 30, 2021.

Section 2. ROLLED-BACK RATE. The tax rate established in Section 1. is 12.19% higher than the computed “rolled-back” tax rate of 2.8091 mills.

Section 3. CONFLICT. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Section 4. SCRIVENER’S ERRORS. Sections of this resolution may be renumbered or re-lettered and corrections of typographical errors which do not affect the intent may be authorized by the City Manager, or the City Manager’s designee, without need of further action of City Council by filing a corrected copy of same with the City Clerk.

Section 4. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

The foregoing Resolution was moved for adoption by Councilmember _____. The motion was seconded by Councilmember _____ and, upon being put into a vote, the vote was as follows:

- Mayor Ed Dodd _____
- Councilmember Jim Hill _____
- Councilmember Bob McPartlan _____
- Councilmember Fred Jones _____
- Councilmember Christopher Nunn _____

The Mayor thereupon declared this Resolution duly passed and adopted this 28th day of September 2020.

CITY OF SEBASTIAN, FLORIDA

By: _____
Ed Dodd, Mayor

ATTEST:

Jeanette Williams, City Clerk

Approved as to form and legality for the reliance by the City of Sebastian only:

Manny Anon, Jr., City Attorney



CITY COUNCIL AGENDA TRANSMITTAL FORM

COUNCIL MEETING DATE: September 28, 2020

AGENDA ITEM TITLE: Resolution No. R-20-21 Adopting a Budget for the Fiscal Year 2020-2021

RECOMMENDATION: Move to Approve Resolution No. R-20-21

BACKGROUND:

In accordance with Florida Statute 200.065, the City Council approved a tentative budget for the fiscal year 2020-2021 on September 14, 2020.

The few necessary changes from the original draft budget document have been incorporated within Exhibit "A" and will be described in the Budget Overview presentation to be made earlier in this meeting. Staff recommends approval of the Resolution and the budget amounts shown on Schedule "A".

IF AGENDA ITEM REQUIRES EXPENDITURE OF FUNDS:

Total Cost: N/A

Fund to Be Utilized for Appropriation: N/A

Administrative Services Department Review:

Kenneth W. Cillgore

ATTACHMENTS:

Resolution R-20-21 with Exhibit "A"

City Purchasing Manager Review, if needed: N/A _____

City Manager Authorization:

Date: 9/22/2020

RESOLUTION NO. R-20-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA ADOPTING THE BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2021; MAKING APPROPRIATIONS FOR THE PAYMENT OF OPERATING EXPENSES, CAPITAL EXPENSES, AND FOR THE PRINCIPAL AND INTEREST PAYMENTS ON THE INDEBTEDNESS OF THE CITY IN THE CITY'S GENERAL FUND, SPECIAL REVENUE FUNDS, DEBT SERVICE FUND, CAPITAL IMPROVEMENT FUNDS, GOLF COURSE FUND, AIRPORT FUND, AND BUILDING DEPARTMENT FUND AS PROVIDED FOR IN SCHEDULE "A", ATTACHED HERETO, ESTABLISHING AUTHORITY OF THE CITY MANAGER TO IMPLEMENT THE BUDGET; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; PROVIDING FOR SCRIVENER'S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Manager has submitted a Proposed Budget for the City of Sebastian for the fiscal year beginning October 1, 2020, and ending September 30, 2021; and

WHEREAS, on September 14, 2020, the City Council conducted Public Hearings on the Proposed Budget and Adopted the Tentative Budget.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA, that:

Section 1. The City Manager's Proposed Final Budget is hereby adopted for the Fiscal Year beginning October 1, 2020 and ending September 30, 2021.

Section 2. The amounts shown on the attached Schedule "A" are hereby appropriated out of the Treasury of the City, including any revenues accruing to the City available for purposes of the City's budgetary accounts.

Section 3. The City Manager is hereby authorized and directed to proceed with the implementation of the service programs and projects provided for in the budget. Such implementation is to be consistent with the provisions of the City Code of Ordinances and policies established by the City Council.

Section 4. The City Manager is authorized to make budget adjustments within budgetary accounts, as he deems appropriate. He is further authorized to make budget adjustments between budgetary accounts when necessary to implement programs, projects, and expenditures authorized by the City Council. All other budgetary adjustments will require approval by the City Council.

Section 5. If any clause, section, or other parts of this Resolution shall be held by any Court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or invalid part shall be considered as eliminated and shall in no way affect the validity of the other provisions of this Resolution.

Section 6. CONFLICT. All Resolutions or parts of Resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 7. SCRIVENER'S ERRORS. Sections of this resolution may be renumbered or re-lettered and corrections of typographical errors which do not affect the intent may be authorized by the City Manager, or the City Manager's designee, without need of further action of City Council by filing a corrected copy of same with the City Clerk.

Section 8. This Resolution shall become effective October 1, 2020.

The foregoing Resolution was moved for adoption by Councilmember _____. The motion was seconded by Councilmember _____ and, upon being put into a vote, the vote was as follows:

Mayor Ed Dodd	_____
Councilmember Jim Hill	_____
Councilmember Bob McPartlan	_____
Councilmember Fred Jones	_____
Councilmember Christopher Nunn	_____

The Mayor thereupon declared this Resolution duly passed and adopted this 28th day of September, 2020.

CITY OF SEBASTIAN, FLORIDA

By: _____
Ed Dodd, Mayor

ATTEST:

Jeanette Williams, City Clerk

Approved as to form and legality for the reliance by the City of Sebastian only:

Manny Anon, Jr., City Attorney

ATTACHMENT TO RESOLUTION R-20-21
SCHEDULE "A"
BUDGET SUMMARY
FISCAL YEAR 2020/2021

GENERAL FUND

REVENUES:

001501	Taxes and franchise fees	\$ 9,148,602
001501	Licenses and permits	149,200
001501	Intergovernmental	2,534,751
001501	Charges for services	744,033
001501	Fines and forfeits	50,900
001501	Miscellaneous	328,600
001501	Transfers in	185,000
	Total Revenues	\$ 13,141,086

EXPENDITURES:

010001	City Council	\$ 59,737
010005	City Manager	286,148
010009	City Clerk	213,657
010010	City Attorney	197,538
010020	Administrative Services	693,359
010021	Management Information System	508,634
010041	Police Administration	862,635
010043	Police Operations	3,493,863
010047	Police Detective Division	1,094,927
010049	Police Dispatch Unit	653,778
010045	Code Enforcement Division	193,315
010052	Roads and Maintenance	1,028,229
010054	Fleet Management	211,227
010056	Facilities Maintenance	560,688
010059	Cemetery	228,114
010057	Leisure Services	1,110,085
010080	Community Development	507,450
010099	Non-departmental	1,237,702
	Total Expenditures	\$ 13,141,086

ATTACHMENT TO RESOLUTION R-20-21
SCHEDULE "A"
BUDGET SUMMARY
FISCAL YEAR 2020/2021

SPECIAL REVENUE FUNDS

LOCAL OPTION GAS TAX FUND

120010	REVENUES				
	Taxes			\$	710,000
	Miscellaneous				27,913
	Appropriation from prior year				268,337
	Total Revenues			\$	1,006,250

120051	EXPENDITURES				
	Operating			\$	5,400
	Capital Outlay			\$	257,510
	Debt service				243,340
	Transfers out				500,000
	Total Expenditures			\$	1,006,250

DISCRETIONARY SALES TAX FUND

130010	REVENUES				
	Taxes			\$	3,581,025
	Miscellaneous				89,178
	Total Revenues			\$	3,670,203

130051	EXPENDITURES				
	Transfers out			\$	2,935,619
	Unappropriated				734,584
	Total Expenditures			\$	3,670,203

RECREATION IMPACT FEE FUND

160010	REVENUES				
	Impact fee			\$	150,000
	Miscellaneous				5,000
	Total Revenues			\$	155,000

160051	EXPENDITURES				
	Transfers out			\$	120,000
	Unappropriated				35,000
	Total Expenditures			\$	155,000

STORMWATER UTILITY FUND

163010	REVENUES				
	Stormwater utility fee			\$	2,039,714
	Miscellaneous				44,844
	Total Revenues			\$	2,084,558

163051	EXPENDITURES				
	Operating			\$	1,511,306
	Capital Outlay			\$	242,050
	Transfers out				300,000
	Unappropriated				31,202
	Total Expenditures			\$	2,084,558

**ATTACHMENT TO RESOLUTION R-20-21
SCHEDULE "A"
BUDGET SUMMARY
FISCAL YEAR 2020/2021**

SPECIAL REVENUE FUNDS - CONTINUED

PARKING IN-LIEU-OF FEE FUND

190010	REVENUES		
	Miscellaneous		\$ 4,376
	Total Revenues		<u>\$ 4,376</u>
190051	EXPENDITURES		
	Unappropriated		4,376
	Total Expenditures		<u>\$ 4,376</u>

LAW ENFORCEMENT FORFEITURE FUND

190010	REVENUES		
	Fines and forfeits		\$ 1,000
	Miscellaneous		250
	Total Revenues		<u>\$ 1,250</u>
190051	EXPENDITURES		
	Unappropriated		\$ 1,250
	Total Expenditures		<u>\$ 1,250</u>

COMMUNITY REDEVELOPMENT AGENCY FUND

163010	REVENUES		
	Tax Increment - Sebastian		\$ 208,819
	Tax Increment - Indian River County		235,065
	Miscellaneous		46,331
	Total Revenues		<u>\$ 490,215</u>
163051	EXPENDITURES		
	Operating		\$ 260,217
	Grants and Aids		40,000
	Transfers out		45,000
	Unappropriated		144,998
	Total Expenditures		<u>\$ 490,215</u>

DEBT SERVICE FUND

STORMWATER UTILITY REVENUE BONDS

263010	REVENUES		
	Miscellaneous		\$ 1,000
	Transfers in		400,961
	Total Revenues		<u>\$ 401,961</u>
263051	EXPENDITURES		
	Debt service		\$ 400,529
	Unappropriated		1,432
	Total Expenditures		<u>\$ 401,961</u>

**ATTACHMENT TO RESOLUTION R-20-21
SCHEDULE "A"
BUDGET SUMMARY
FISCAL YEAR 2020/2021**

CAPITAL PROJECTS FUNDS

REVENUES

Transfers from Other Funds	3,499,658
Grants	1,344,301
Total Revenues	\$ 4,843,959

EXPENDITURES

Transportation	\$ 2,776,864
Recreation	144,000
Physical Environment	900,000
Public Safety	373,500
General Government	649,595
Total Expenditures	\$ 4,843,959

ENTERPRISE FUNDS

GOLF COURSE FUND

410010 **REVENUES:**

Charges for services	\$ 1,503,081
Total Revenues	\$ 1,503,081

EXPENSES:

GOLF COURSE ADMINISTRATION

410110 Personal services	\$ 297,243
Operating expenses	378,875
Repayment of Interfund Loans	73,366
Total Administration	\$ 749,484

GOLF COURSE GREEN DIVISION

410120 Operating expenses	\$ 588,904
Capital Outlay	14,000
Total Golf Course Green Division	\$ 602,904

GOLF COURSE CARTS DIVISION

410130 Personal services	\$ 92,358
Operating expenses	1,944
Debt Service on Cart Lease/Purchase	56,391
Total Golf Course Carts Division	\$ 150,693

Total Golf Course Expenses	\$ 1,503,081
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**ATTACHMENT TO RESOLUTION R-20-21
SCHEDULE "A"
BUDGET SUMMARY
FISCAL YEAR 2020/2021**

ENTERPRISE FUNDS - CONTINUED

AIRPORT FUND

450010	REVENUES		
	Charges for services		\$ 539,768
	Miscellaneous revenues		23,802
	Total Revenues		<u>\$ 563,570</u>
450110	EXPENSES:		
	Personal services		\$ 69,763
	Operating expenses		295,307
	Debt service		30,500
	Capital Outlay		18,000
	Transfer out		150,000
	Total Expenses		<u>\$ 563,570</u>

BUILDING DEPARTMENT

480010	REVENUES		
	Charges for services		\$ 862,450
	Transfer from General Fund		\$ -
	Miscellaneous revenues		57,288
	Restricted cash balance carryforward		-
	Total Revenues		<u>\$ 919,738</u>
480110	EXPENSES:		
	Personal services		\$ 730,760
	Operating expenses		152,389
	Capital Outlay		24,000
	Unappropriated		12,589
	Total Expenses		<u>\$ 919,738</u>

TOTAL BUDGET SUMMARY

GENERAL FUND			\$ 13,141,086
SPECIAL REVENUE FUNDS			7,411,852
DEBT SERVICE FUNDS			401,961
CAPITAL PROJECT FUNDS			4,843,959
ENTERPRISE FUNDS			2,986,389
TOTAL BUDGET FOR ALL FUNDS			<u>\$ 28,785,247</u>



CITY COUNCIL AGENDA TRANSMITTAL FORM

COUNCIL MEETING DATE: September 28, 2020

AGENDA ITEM TITLE: Resolution No. R-20-22 Approving the Six-Year Capital Improvement Program for the Fiscal Years 2021-2026

RECOMMENDATION: Move to Approve Resolution No. R-20-22

BACKGROUND:

While preparing the Operating Budget for FY 2020-2021, Staff prepared a Six-Year Capital Improvement Program for FY 2021-2026. The Capital Improvement Program was previously reviewed by the City Council, Planning and Zoning Commission and Citizen’s Budget Review Advisory Committee. Plus, the Parks and Recreation Advisory Board was given the opportunity to comment on projects planned for parks and recreation facilities.

The Capital Improvement Program is incorporated as a section of the Annual Budget document. It includes long-term projections for General Fund, Special Revenue and Enterprise Funds in order to forecast the financial feasibility of funding the planned capital expenditures, plus continuing to provide adequate fund balances and reserves.

IF AGENDA ITEM REQUIRES EXPENDITURE OF FUNDS:

Total Cost: N/A

Amount Budgeted in Current FY: N/A

Amount of Appropriation Required: None

Fund to Be Utilized for Appropriation: N/A

Administrative Services Department Review: Kenneth W. Colgrove

ATTACHMENTS:

Resolution R-20-22 With Summary of Capital Improvements Attachment.

Purchasing Manager Review, if needed: N/A _____

City Manager Authorization:

Date: 9/22/2020

RESOLUTION NO. R-20-22

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA ADOPTING A SIX-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS ENDING 2021-2026; PROVIDING REPEAL OF RESOLUTIONS OR PARTS OF RESOLUTIONS IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY; PROVIDING FOR SCRIVENER’S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Sebastian, Indian River County, Florida finds that it is in the best interest of its citizens and taxpayers to provide for financial planning; and

WHEREAS, a detailed capital budget is necessary for the proper annual operation of the City and its desired capital program; and

WHEREAS, the Six-Year Capital Improvement Program has been reviewed by the City Council, Citizen’s Budget Review Advisory Committee and the City Planning and Zoning Commission;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA as follows:

Section 1. A Summary of Capital Purchases and Improvements for Fiscal Years 2021-2026 for the City of Sebastian is attached hereto.

Section 2. All Resolutions or parts of Resolutions in conflict herewith are hereby repealed.

Section 3. Sections of this resolution may be renumbered or re-lettered and corrections of typographical errors which do not affect the intent may be authorized by the City Manager, or the City Manager’s designee, without need of further action of City Council by filing a corrected copy of same with the city Clerk.

Section 4. This Resolution shall take effect immediately upon its adoption.

The foregoing Resolution was moved for adoption by Councilmember _____. The motion was seconded by Councilmember _____ and, upon being put into a vote, the vote was as follows:

- Mayor Ed Dodd _____
- Councilmember Jim Hill _____
- Councilmember Bob McPartlan _____
- Councilmember Fred Jones _____
- Councilmember Christopher Nunn _____

The Mayor thereupon declared this Resolution duly passed and adopted this 28th day of September, 2020

CITY OF SEBASTIAN, FLORIDA

By: _____
Ed Dodd, Mayor

ATTEST:

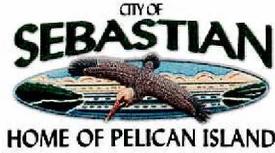
Jeanette Williams, City Clerk

Approved as to form and legality for the reliance by the City of Sebastian only:

Manny Anon, Jr., City Attorney

CITY OF SEBASTIAN, FLORIDA
FISCAL YEAR 2021-2026
SUMMARY OF CAPITAL PURCHASES AND IMPROVEMENTS

<u>List of Projects</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>Totals</u>
General Government							
Blueprint - Survey Storage	2,310	-	-	-	-	-	2,310
Server/Host Update	43,195	43,195	43,195	43,195	-	-	172,780
City Wide Computers	35,000	45,000	35,000	45,000	35,000	45,000	240,000
Audio Visual Equipment	75,000	-	-	-	-	-	75,000
COSTv Equipment	10,000	10,000	10,000	10,000	10,000	10,000	60,000
Phone System	100,000	-	-	-	-	-	100,000
Network Infrastructure	39,000	30,000	30,000	30,000	30,000	30,000	189,000
Over-the-Air Connections	-	10,000	20,000	-	-	-	30,000
Core and Remote Switches	-	-	-	25,000	20,000	-	45,000
Police Department							
COPE Vehicles Graphic Wrap	5,000	-	-	-	-	-	5,000
Police Vehicles	373,500	300,000	305,000	310,000	315,000	320,000	1,923,500
Police Road Patrol Equipment	25,000	56,000	32,500	20,000	36,000	39,500	209,000
Police Investigations Equipment	10,600	-	-	-	-	-	10,600
Community Development							
Harrison Street Park Plaza	270,000	250,000	-	-	-	-	520,000
N. Central Avenue Event Plaza	40,000	250,000	250,000	-	-	-	540,000
Working Waterfront Landscaping	45,000	-	-	-	-	-	45,000
Tree Protection Plan	135,000	135,000	-	-	-	-	270,000
Sustainable Sebastian	16,500	-	-	-	-	-	16,500
Septic to Sewer	-	200,000	-	200,000	-	200,000	600,000
Roads Department							
School Zone Lights	46,510	-	-	-	-	-	46,510
Update City Street Signs	81,000	-	-	-	-	-	81,000
Street Repaving	400,000	600,000	600,000	600,000	600,000	600,000	3,400,000
Street Reconstruction	500,000	-	-	-	-	-	500,000
Sidewalk Replacement	100,000	100,000	100,000	100,000	100,000	100,000	600,000
Roads Division Equipment	48,400	-	-	-	-	-	48,400
Roads Division Heavy Equipment	130,000	165,000	85,000	-	-	-	380,000
Public Facilities Department							
Public Facilities Compound	-	1,250,000	1,250,000	1,000,000	-	-	3,500,000
Fleet Division Equipment	2,800	9,880	4,800	-	-	-	17,480
Cemetery Equipment	19,500	-	-	-	14,000	-	33,500
Cemetery Grounds Improvements	20,000	20,000	40,000	-	-	-	80,000
Cemetery Driveway Resurfacing	15,000	-	-	-	-	-	15,000
Cemetery Columbarium Niches	45,000	45,000	-	-	-	-	90,000
Bench Seats and Monuments	20,000	-	-	-	-	-	20,000
Facility Maintenance Equipment	13,500	40,000	-	-	-	-	53,500
Facility Maintenance Vehicles	65,000	-	-	-	-	-	65,000
Facility Maintenance Repairs	6,800	-	-	-	-	-	6,800
Leisure Services Department							
Facility Repairs	-	18,300	-	-	-	-	18,300
Maintenance Equipment	29,000	13,000	-	14,000	-	-	56,000
Park Identification Signage	30,000	30,000	-	-	-	-	60,000
Parks Division Vehicles	34,000	-	34,000	34,000	34,000	-	136,000
Playground Improvements	70,000	40,000	40,000	110,000	40,000	80,000	380,000
Park Improvements	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Barber St. Lightning System	24,000	-	-	-	-	-	24,000
Stormwater Department							
Stormwater Master Plan	200,000	-	-	-	-	-	200,000
Stormwater Equipment	77,050	3,100	55,000	58,000	-	-	193,150
Stormwater Heavy Equipment	165,000	-	-	225,000	-	-	390,000
Slip Lining	100,000	100,000	100,000	100,000	100,000	100,000	600,000
Swale/Driveway/Culvert Repairs	100,000	100,000	100,000	100,000	100,000	100,000	600,000
Canal Restoration	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
Concha Dam Repairs	-	800,000	-	-	-	-	800,000
Tulip Drive Crossing	-	-	250,000	-	-	-	250,000
Bayfront Road Crossing	-	-	-	250,000	-	-	250,000
Ocean Cove Drainage	-	-	-	-	350,000	-	350,000
Golf Course Fund							
Driving Range Equipment	-	5,290	-	-	-	-	5,290
Irrigation Software Upgrade	14,000	-	-	-	-	-	14,000
Airport Fund							
Construct Taxi Lane	569,264	-	-	-	-	-	569,264
Construction of Square Hangars	-	885,282	-	-	-	-	885,282
Establish Sewer Service	1,000,000	-	-	-	-	-	1,000,000
Economic Development Hangar	-	1,000,000	-	-	-	-	1,000,000
Rehab Taxiway Alpha Apron	-	290,000	-	-	-	-	290,000
Rehab Runway 05/23	-	-	2,200,000	-	-	-	2,200,000
Apron Reconstruction	-	-	-	150,000	-	-	150,000
Building Fund							
Front Counter Renovations	24,000	-	-	-	-	-	24,000
Totals	\$ 5,694,929	\$ 7,364,047	\$ 6,104,495	\$ 3,944,195	\$ 2,304,000	\$ 2,144,500	\$ 27,556,166



CITY COUNCIL AGENDA TRANSMITTAL FORM

COUNCIL MEETING DATE: September 28, 2020

AGENDA ITEM TITLE: Resolution No. R-20-23 Adopting Financial Policies for Fiscal Year 2020-2021

RECOMMENDATION: Move to Approve Resolution R-20-23

BACKGROUND: Pursuant to City of Sebastian Resolution 06-20, the City's financial policies shall be readopted annually. These policies incorporate relevant statutory requirements and authoritative guidance provided for sound and responsible governmental financial management. They are incorporated into the Annual Budget document and provide a ready reference to how significant financial matters need to be addressed.

This document has not been modified from that adopted for last year. The policies as stated are deemed adequate to provide the necessary guidance.

IF AGENDA ITEM REQUIRES EXPENDITURE OF FUNDS:

Total Cost: N/A

Fund to Be Utilized for Appropriation: N/A

Administrative Services Department Review: Kenneth W. Kilgore

ATTACHMENTS:

Resolution R-20-23 and Attachment "A" Financial Policies

City Purchasing Manager Review, if Required: N/A _____

City Manager Authorization:

[Signature]

Date: 9/22/2020

RESOLUTION NO. R-20-23

A RESOLUTION OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA, ADOPTING FINANCIAL POLICIES GOVERNING VARIOUS AREAS OF BUDGET AND FINANCE AS PROVIDED FOR IN ATTACHMENT “A”; PROVIDING FOR CONFLICTS; PROVIDING FOR SCRIVENER’S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Government Finance Officers Association of the United States and Canada recommends best practices in various areas for Finance and Budget; and

WHEREAS, the City Council deems it to be necessary to adopt and readopt such financial policies on an annual basis,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEBASTIAN, FLORIDA, as follows:

SECTION 1. AMENDING FINANCIAL POLICIES: The City Council of the City of Sebastian hereby adopts Financial Policies governing the Operating Budget, Financial Reserves, Use of Surplus, Performance Measurement, Capital Improvement Program, Debt Management, Revenue, and Investment, which are attached hereto.

SECTION 2. CONFLICT. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

SECTION 3. SCRIVENER’S ERRORS; Sections of this resolution may be renumbered or re-lettered and corrections of typographical errors which do not affect the intent may be authorized by the City Manager, or the City Manager’s designee, without need of further action of City Council by filing a corrected copy of same with the City Clerk.

SECTION 4. This Resolution shall take effect upon adoption.

The foregoing Resolution was moved for adoption by Council Member _____.
Motion was seconded by Council Member _____ and, upon being put to a vote, the vote was as follows:

Mayor Ed Dodd	_____
Councilmember Jim Hill	_____
Councilmember Bob McPartlan	_____
Councilmember Fred Jones	_____
Councilmember Christopher Nunn	_____

The Mayor thereupon declared this Resolution duly passed and adopted this 28th day of September, 2019.

CITY OF SEBASTIAN, FLORIDA

By: _____
Ed Dodd, Mayor

ATTEST:

Jeanette Williams, City Clerk

Approved as to Form and Legality for
Reliance by the City of Sebastian Only:

By: _____
Manny Anon, Jr., City Attorney

City of Sebastian, Florida

Financial Policies

City of Sebastian's financial policies set forth the basic framework for overall fiscal planning and management and set forth guidelines for both current activities and long-range planning. These policies are reviewed annually to assure the highest standards of fiscal management and were formally adopted by the City Council at a public meeting on September 28, 2020. The City Manager and the Management Team has the primary role of reviewing financial actions and providing guidance on financial issues to the City Council.

I. Overall Goals

The overall financial goals underlying these policies are:

1. **Fiscal Conservatism:** To ensure the city is in a solid financial condition at all times. This can be defined as:
 - A. Cash Solvency – the ability to pay bills
 - B. Budgetary Solvency – the ability to balance the budget
 - C. Long Term Solvency – the ability to pay future costs
 - D. Service Level Solvency – the ability to provide needed and desired services
2. **Flexibility:** To ensure that the city is in a position to respond to changes in the economy or new service challenges without an undue amount of financial stress.
3. **Compliance with All Statutory Requirements:** As set forth by the State of Florida and the City ordinances.
4. **Adherence to the highest Accounting and Management Practices:** As set by the Government Finance Officers' Association standards for financial reporting and budgeting, the Government Accounting Standards Board and other professional standards.

II. Operating Budget Policies

The City Administrative Services Department, with support and general direction from the City Manager, coordinates the budget process. The formal budgeting process begins in March and ends in September and provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided, given the anticipated level of available resources. Revenues and expenditures are projected on the basis of information provided by City departments, outside agencies, current rate structures, historical data and statistical trends.

A. Budget Process

The development of the budget is guided by the following budget policies:

1. A budget calendar will be designed each year to provide a framework within which the interactions necessary to formulate a sound budget could occur and ensure that the City complies with State legal mandates.
2. The budget must be balanced for all funds. Total revenues and other available funds must equal total estimated expenditures for each fund (Section 166.241 Florida Statutes requires all budgets to be balanced).
3. All operating funds are subject to the annual budget process and reflected in the budget document.
4. The enterprise operations of the City are intended to be self-supporting; i.e., current revenues are hoped to cover current expenditures, including debt service.

An administrative service fee will be paid to the General Fund by each enterprise fund. This assessment is calculated based upon a percentage (ratio of both the number of full-time equivalent employees of the enterprise fund/total number of full-time equivalent employees of the City and ratio of the operating budget of the enterprise funds/total operating budget of the City) of total budgeted General Fund administration expenditures (includes City Council, City Manager, City Attorney, City Clerk, Administrative Services, Management Information Systems, Community Development and Facilities Maintenance). An administrative service fee is assessed by the General Fund against the Community Redevelopment Agency (CRA) Fund of the City. This assessment will be based on 75% of the pay and benefits of the Community Development Director/CRA Manager and corresponds with the amount of time devoted to administrative support for the CRA.

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5. Pursuant to Ordinance 05-16, stormwater utility fees can be utilized to fund stormwater operations, in addition to capital improvements. Stormwater operations were previously accounted for in the General Fund and partially reimbursed with transfers from the Stormwater Fund. However, since the FY 2019 Budget, stormwater operating expenditures are directly accounted for within the Stormwater Fund to better disclose how the fees are being used.
6. In no event will the City of Sebastian levy ad valorem taxes against real property and tangible personal property in excess of 10 mills, except for voted levies (Section 200.081 of Florida Statutes places this millage limitation on all Florida municipalities.)
7. The City will budget 96 percent of anticipated gross ad valorem proceeds to provide an allowance for discounts for early payment of taxes (Section 200.065 of Florida Statutes states that each taxing authority shall utilize not less than 95 percent of the taxable value.)
8. Employees covered by the Coastal Florida Public Employee Labor Agreement will have 9% of their wages contributed to a pension plan offered by the Communication Workers of America. The locally administered defined benefit pension plan for police officers will be funded in accordance with the required annual contribution calculated by an independent actuary but no less than 14.6% of the covered payroll. All other employees will have 9% of their wages contributed to a deferred compensation retirement program sponsored by the International City Management Association.
9. The City will coordinate development of the capital improvement budget with the development of the annual operating budget. Each item included in the capital improvement budget is reviewed for its impact on the operating budget. The review quantifies four main factors, which are maintenance costs, improved efficiency, reduction in liability exposure and savings from taking replaced items out of service. Other considerations include the expectation of generating additional revenue, changes in personnel requirements and consistency with the City's Comprehensive Plan.

B. Basis of Budgeting

The basis of budgeting for governmental funds (General, Special Revenue, Debt Service Funds, and Capital Project funds) shall be prepared on a modified accrual basis of accounting. This means unpaid financial obligations, such as outstanding purchase orders, are immediately reflected as encumbrances when the cost is estimated, although the items may not have been received. However, in most cases revenue is recognized only after it is measurable and actually available.

The budgets for the proprietary funds – Golf Course, Airport and Building Department – are prepared using the accrual basis of accounting. Proprietary funds also recognize expenses as encumbered when a commitment is made (e.g., through a purchase order). Revenues, on the other hand, are recognized when obligated to the City.

Purchase orders for goods and services received prior to the end of the current fiscal year will be eligible for payment immediately following the close of the fiscal year. Encumbrances for all other purchases, excluding the capital projects funds purchases, will automatically lapse at the close of the fiscal year.

The Comprehensive Annual Financial Report (CAFR) presents the status of the City's finances on the basis of Generally Accepted Accounting Principles (GAAP). Since FY 2001, the CAFR has been prepared in compliance with Governmental Accounting Standards Board (GASB) Statement 34 requirements. The CAFR shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes. In most cases, this conforms to the way the City prepares its budget with the following exceptions:

1. Any principal payments on long-term debt within the enterprise funds are applied to the outstanding liability on a GAAP basis as opposed to being expended when paid on a budget basis.
2. Capital outlay within the proprietary funds are recorded as assets on a GAAP basis and expended on a budget basis.
3. Depreciation expense is not budgeted.
4. Inventory is expensed at the time it is used.
5. Compensated absences liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees on a GAAP basis as opposed to being expended when paid on a budget basis.

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C. Guidelines

The Comprehensive Annual Financial Report (CAFR) presents the status of the City's finances on a basis consistent with Generally Accepted Accounting Principles (GAAP). Therefore, a statement of net assets and a statement of activities are presented for total governmental funds and total proprietary funds on an accrual basis of accounting. Additional statements then identify major governmental funds and individual proprietary funds, with the modified accrual basis of accounting used for Governmental funds and accrual basis of accounting used for the proprietary and trust funds. In order to provide a meaningful comparison of actual results to the final budget, the CAFR presents the City's operations on a GAAP basis with a reconciliation to presentations of fund revenue and expenditures on a budget basis for the General, Special Revenue, and Debt Service funds.

Current revenues shall be sufficient to support current expenditures. The Administrative Services Department will monitor each fund and make timely budgetary recommendations and adjustments to be sure no expenditures are in excess of appropriations at fiscal year end, which is not permitted under Florida State Statutes. The budget process and format shall be performance-based and focus on goals, objectives, programs, and performance indicators. The budget will provide adequate funding for maintenance and replacement of capital plant and equipment.

D. Budget Amendment

1. Changes to total fund appropriations and uses of contingency appropriations may only be approved by the City Council.
2. Shifts in appropriations within fund totals may be done administratively on the authority of the City Manager. In most cases the City Manager will request City Council's approval, since any significant item prompting the change will usually go to the City Council (e.g., award of contract, additions to staff, contract change order). Procedures for transfers between appropriations and delegation of budget responsibility will be set by the City Manager.
3. A Budgetary Control System will be maintained to ensure compliance with the budget. Monthly operating statements are provided to all Department Heads and Quarterly budget status reports will be provided to the Citizen's Budget Review Board and the City Council comparing actual versus budgeted revenue and expense activity for all budgeted funds.

E. Planning

The City will annually prepare and distribute to departments and the City Council a Five-Year Forecast for the period beyond the next fiscal year. The forecast will include estimated revenues, operating costs and future capital improvements included in the capital improvement plan, as well as projected fund balances.

III. Revenue Policies

A. Revenue Projections

The City shall estimate its annual revenues by objective and analytical processes. The City shall maintain a diversified and stable revenue system to the extent provided by law to insulate it from short-term fluctuations in any one revenue source.

B. User Fees

The City shall recalculate on an annual basis the full cost of selected activities currently supported by user fees and charges to identify the impact of inflation and other cost increases. The City shall set fees and user charges for the Golf Course and Building Enterprise Funds with the intent to have them fully support the total direct and indirect costs of their respective operations, including any debt service and depreciation.

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IV. Performance Measurement Policies

A. Establishing Performance Requirements

Annually, each department shall develop departmental performance measures that correspond with the department programs and file them with the City Manager's Office. Goals should be related to core services of the department and should reflect stakeholder needs. The measures should be of a mix of different types, including effectiveness, efficiency, demand and workload. Measures should have sufficiently aggressive "stretch" goals to ensure continuous improvement.

- Workload – Measures the quantity of activity for a department (e.g., number of calls responded to).
- Demand – Measures the amount of service opportunities (e.g., total number of calls).
- Efficiency – Measures the relationship between output and service cost (e.g., average cost of the response to a service call).
- Effectiveness – Measures the impact of an activity (e.g., percent of people who feel safe).

Department Directors shall establish performance measures for each program within their department. These must be linked to the department wide goals and objectives being supported. Systematic and cost effective methodologies must also be developed to monitor and project the established performance measures. Supervisors shall insure that fair, objective and aggressive performance measures are identified for each employee or work group that directly supports program goals and objectives and that an evaluation of the success in accomplishing departmental measures are part of the employee's annual performance review.

B. Reporting Performance

Quarterly summaries of progress on goals and objectives and departmental performance measures will be provided to the Administrative Services Director for publishing in the City Council's Quarterly Budget to Actual Report.

V. Investment Policies

A. Investment Management

The City Administrative Services Department shall perform a cash flow analysis of all funds on a regular basis. Disbursement, collection, and deposit of all funds will be scheduled to insure optimum cash availability. When permitted by law, the City shall pool cash from each respective fund for investment purposes. The Administrative services Director, as the City's Chief Financial Officer, shall select and manage all City investments. Investments shall always be made with the priority focused on achieving safety, liquidity and optimal return of the investments, in that order. Further detail on allowed investments is contained in a separately published investment policy.

B. Investment Analysis

The Administrative Services Director shall review the investment policy established for investing surplus funds to account for changes in legislation and market conditions on a regular basis. The Administrative Services Director shall prepare quarterly investment portfolio reports containing information on the securities being held and the returns of each investment category. The City's Chief Financial Officer shall meet and discuss any changes in investment strategies or differences in investment holdings with an Investment Committee consisting of the Administrative Services Director, the City Manager and a third person selected by the City Manager.

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VI. Capital Improvement Program Policies

A. Capital Improvement Plan

The City shall adopt an annual Capital Budget based on the Capital Improvement Plan and make all capital improvements in accordance with it. Future capital improvement expenditures necessitated by changes in population, real estate development, or in economic base will be calculated and included in the capital improvement plan projections. The City will determine and use the most prudent financial methods for acquisition of capital improvement projects based upon market conditions at the time of acquisition.

Capital Replacement Programs – The City shall forecast capital replacement and maintenance needs for at least five-year periods beyond the budget year and update this projection each year. From this, a maintenance and replacement schedule shall be developed and implemented. Funding for capital replacement may be obtained through excess year-end surpluses as identified in the Use of Surplus Policies. Maintenance programs shall be paid for on a pay-as-you-go basis. The City will determine and use the most prudent financial methods for acquisition of capital equipment, based upon market conditions at the time of acquisition.

B. Definition

Capital improvements include streets, buildings, building improvements, park expansions/improvements, new parks, airport runways, infrastructure improvements, and acquisitions of equipment. Projects in the Capital Improvement Program generally cost more than \$750 and last at least five years (with the exception of computer software if \$5,000 or greater). For accounting purposes, these lesser cost capital items are often included, in order to easily reconcile the initial year with the capital accounts budgeted in that year's Operating Budget. Significant allocations to some programs that do not meet the definition of capital items may also be reflected in the Program in order to present the complete financial plan, although they may ultimately be accounted for as operating expenditures.

C. Alignments

The City shall coordinate the development of the Capital Improvement Program plan with the development of the Operating Budget, as well as ensuring compliance with the Comprehensive Plan Capital Improvement Element. Future operating expenditures and revenues associated with new capital improvements will be projected and included in the Capital Improvement Program Forecasts.

D. Project Approvals

Capital projects submitted for approval must be justified in terms of how the project supports the achievement of the City's strategic priorities. The originating department of the capital improvement project will identify the estimated costs and impacts on revenue and operating costs for each capital project proposal. Projects are prioritized and approved based on the relevancy of the project to the City's strategic plan and the impact on the end stakeholder(s).

E. Maintenance

The City shall maintain all capital assets at a level adequate to protect the City's capital investment and minimize future maintenance and replacement costs.

F. Physical Inventory

An annual physical inventory will be conducted to ensure that all capital assets listed in the City's financial system are accounted for, and that sufficient internal control over capital items is exercised. Further detail on capital purchases and dispositions is detailed in a separately published policy.

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VII. Debt Management Policies

A. Market Review

The City's Administrative Services Director, in conjunction with the Financial Consultant, shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and incur less debt service costs. In order to consider the possible refunding of an issue, a present value savings of at least three percent (3%) over the life of the respective issue should be attained.

B. Debt Financing for Capital Assets

1. Short-term Borrowing

Short-term borrowing or lease/purchase contracts should only be considered for financing major operating capital equipment when the Administrative Services Director, along with the City's Financial Consultant, determines that this is in the City's best financial interest. Lease/purchase decisions should have the concurrence of the appropriate department/division head and should consider the net cost after factoring in anticipated maintenance expenditures.

2. Issuance of Long-term Debt

When the City finances capital projects or purchases by issuing long-term debt, it shall amortize the debt over a term not to exceed the average useful life of the project(s) financed. Financing utilizing bank notes will be preferred to avoid the higher issuance cost typically incurred with bonded debt. Except in the most unusual instances, the City will seek competitive bids to assure it selects the financial institution with the most advantageous terms.

If General Obligation Bonds are issued, the City's goal will be to limit the maturity to fifteen (15) years. When possible, the City shall use a special assessment or self-supporting financing instead of general obligation bonds, so those benefiting from the improvements will bear all or part of the cost of the project financed.

C. Debt Service Levels

Annual General Fund debt service expense, if any, will be limited to eight percent (8%) of the General Fund expenditures budget.

The City will limit its total outstanding General Obligation debt, if any, to five percent (5%) of the assessed valuation of taxable property.

The City will limit the amount of Variable Rate debt to fifteen percent (15%) of the total debt outstanding.

D. Bond Ratings and Full Disclosure

The City recognizes the importance of favorable bond ratings by the various rating agencies. Bond ratings will be obtained when bonds are issued and will be regularly updated for the term of the issue. The Administrative Services Director, along with the Financial Consultant, shall periodically review possible actions to maintain or improve its bond ratings and shall maintain good communications with bond rating agencies and its bond insurers about its financial condition. The Administrative Services Director shall coordinate all communications to ensure a professional and factual response to any inquiries.

The City shall follow a policy of "full disclosure" in its Comprehensive Annual Financial Report and bond prospectuses. The Administrative Services Director shall assure that all legally required filings are made in regard to outstanding financings.

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E. Decision Making and Analysis

The City's strategic planning and budgeting decisions are based on a number of processes currently in place. The specific tools used are:

- ❖ *Citizen Advisory Boards* – (e.g., Citizens Budget Review Board) are teams made up of Residents and City staff to address specific concerns and provide direction and feedback;
- ❖ *Master Planning* – Specific functions and processes are included in written plans, such as the Comprehensive Plan, Stormwater Master Plan, Community Redevelopment Agency Master Plan and the Airport Master Plan;
- ❖ *Fiscal Impact Model* – Allocation methodology that quantifies average and marginal revenues and the costs of new development by land use type;
- ❖ *Revenue Forecasting Model* – Statistical time series analysis and tracking model of major revenue sources;
- ❖ *Performance Measurement System* – Quarterly performance evaluations and reports;
- ❖ *Capital Budgeting Tools* – Present Value Payback, Net Present Value Analysis, Own/Lease Analysis, and Return on Investment (ROI) Analysis;
- ❖ *Five-Year Financial Plan* – Multi-year forecasting of revenues and expenditures beyond the next budget year for all major City funds;
- ❖ *Ten-Year Fleet Replacement Program* – Equipment maintenance and replacement schedule covering the useful life of all vehicle classes;
- ❖ *Ten-Year Equipment and Maintenance Program* - maintenance and replacement schedule covering the useful life of all major equipment, other than vehicles;
- ❖ *Financial Trend Monitoring System* – Systematic analysis of major financial indicators;

VIII. Fund Balance Policies

On an annual basis, after the year-end audit has been completed, but no later than April 1, the City's Chief Financial Officer shall update schedules of all fund surpluses and deficits, with projections of reserve requirements and any plan for the use of any excess surplus for the current year in accordance with the Financial Balance Policies and Use of Surplus Policies. This will be reviewed to ensure compliance with stated and adopted policies, but also to analyze the total reserve and surplus picture to ensure that the policies as adopted do not inadvertently create adverse effects. The City's Administrative Services Director shall provide recommendations to the City Manager for any changes to the Fund Balance Policies and Use of Surplus Policies based on needs identified in this analysis.

- A. General Fund uncommitted and unassigned fund balances will be maintained at a target amount of five million dollars (\$5,000,000) as a reserve for declared natural disasters. This approximates an amount calculated to sustain City operations in the aftermath of unforeseen or emergency events, such as hurricanes declared to be natural disasters. Key assumptions of this calculation are:
 - a. That damage to City-owned and private property will amount to a loss of no greater than 30% in overall property values;
 - b. That the damage occurs after the maximum proposed millage is established for the next fiscal year, resulting in up to a year's delay before there is the option of increasing property tax revenues;
 - c. Property taxes, franchise fees, utility service taxes and other revenues will decline;
 - d. There would be significant public safety and public works employee overtime; large outlays for debris removal; plus expenditures for repairing and replacing City facilities;
 - e. Reimbursements from insurance claims will occur within six months and FEMA claims will occur within a year;

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- B.** In addition, the City shall assign any General Fund operating surplus for the fiscal year (revenues in excess of expenditures) to restore the Capital Renewal and Replacement Reserve to a balance no greater than \$275,000. This Reserve is assigned for the purpose of allowing the City Manager to immediately proceed with repairing or replacing essential equipment or facilities in instances where those items have not been budgeted. Such expenditures shall be governed by the purchasing thresholds set by City Code Section 2-10. The necessary budget adjustments for these items shall be reported to and approved by the City Council along with the next Quarterly Financial Report.
- C.** Consideration shall also be given to establishing extra cushions for unanticipated events or extraordinary expenditures, such as:
- a. Uncontrollable shortfalls in intergovernmental revenue occurring due to poor economic conditions at the State and National levels or the willful political action of those attempting to undermine home rule and the effectiveness of City government. (General Fund receives about \$3.7 million each year from Communication Service Taxes, State Revenue Sharing, Motor Fuel Taxes and the Half-cent Sales Taxes which is about 29% of its total revenues);
 - b. Significant payouts of unused employee leave accruals at the time they terminate. These are typically manageable by covering them from the relevant department's other budgeted funds but the departure of 100% of the employees would create a total payout of about \$1.4 million in wages alone. In response to some emergency situations, the City could be faced with excessive voluntary departures or perhaps mandatory layoffs due to the financial situation.
 - c. Unanticipated expenditures on capital outlays or capital replacements of such a magnitude that are beyond the possibility of immediately funding within any legal or normally reasonable means.
 - (1) Although financing from financial institutions may be feasible in certain isolated cases, this possibility may not be available should those creditors have to also consider other events the City could be dealing with at the time.
 - (2) Additional cushions could be established in certain Special Revenue Funds (Local Option Gas Tax, Discretionary Sales Tax, Community Redevelopment Agency and Stormwater Utility Funds) as a capital reserve for this purpose.
 - d. The unfunded Police Pension Fund Actuarial Accrued Liability is also something that could possibly be a concern. Annual contributions to the pension plan are calculated to cover the vested benefits being accumulated by the Police Officers but the deficit occurs when plan changes are made or when assumptions are changed or when certain assumptions such as investment income do not materialize. An immediate payout is not required, since repayment of the deficit is allowed to be amortized and calculated into future annual payment requirements. Some consideration could be given to either paying more than required on the annual requirement or establishing another cushion of cash reserves in case political forces create a mandate in the future to pay off the deficit.
 - e. Localized emergencies that may not be eligible for insurance or FEMA reimbursement, such as flooding, tornados, sink holes, earth quakes, civil disorders, terrorism, explosions, fires, etc. Emergencies of this nature would most likely impact operational accounts such as overtime pay expenditures and utility tax and franchise fee revenues. To the extent possible without increasing tax rates, a cushion of some amount would be warranted.
- D.** Target amounts should be established and reviewed annually during the budgeting process for each of the above. Generally, the targets would be calculated as a reasonable percentage of the total based on a rational analysis of the perceived likelihood of the event actually occurring and amounts that would be sufficient to reduce the negative impact of the event to acceptable levels. At the discretion of the City Council, the creation or replenishment of established target amounts will occur as soon as reasonably possible without tax rate increases or further damaging ongoing levels of service to the public.

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- E.** In some instances, the City's Golf Course, Airport and Building Enterprise Funds may be impacted by the foregoing emergency conditions. Certainly, the Golf Course and Airport may not have the resources that might be necessary to effectively restore their operations. While considering the level of targeted cash reserve balances in the General Fund and Special Revenue Funds, it must be recognized that these operations may also need financial assistance to recover.
- F.** In conclusion, the following Fund Balance Policies for funding amount targets will be in effect:
- a. Declared National Disasters - \$5,000,000 Target Balance.
 - b. Capital Renewal and Replacement Reserve – Replenished Up to \$275,000 from Operating Surpluses.
 - c. Shortfalls in Intergovernmental Revenues – \$370,000 Based on 10% of Annual State Revenues.
 - d. Employee Leave Accrual Payouts – \$350,000 Based on 25% of Accumulated Liability.
 - e. Capital Outlay Reserve – Set Aside 5% in Certain Special Revenue Funds:
 - i. Local Option Gas Tax – \$37,000 based on 5% of budget of gas taxes.
 - ii. Discretionary Sales Tax – \$176,000 based on 5% of budget for sales taxes.
 - iii. Community Redevelopment Agency – \$19,700 based on 5% of budget for tax increment receipts.
 - iv. Stormwater Utility – \$97,000 based on 5% of budget for stormwater fee receipts.
 - f. Unfunded Police Pension Liability – Address this by increasing annual contribution when possible.
 - g. Localized Emergencies – The severity of such events is difficult to envision, thus it is assumed that other balances would have to be utilized.
 - h. The total funding target for General Fund to cover items a, b, c and d. would be \$5,995,000, which exceeds current balances. These are to be fully funded as soon as possible by using accumulated Operating Surpluses that result from revenues exceeding expenditures.

IX. Use of Surplus Policies

It is the intent of the City to use all uncommitted or unassigned surpluses to accomplish three primary goals: meeting fund balance policies, avoidance of future debt, and reduction of outstanding debts or liabilities. The City will always avoid using fund balances or year-end surpluses to cover ongoing operating expenses.

- A.** Any surpluses realized in the General Fund may, at the discretion of the City Council, be used to restore fund balance targets or other purposes in the following order of priority:
1. \$5,000,000 target reserve for declared national disasters.
 2. \$275,000 maximum start of the fiscal year Capital Renewal and Replacement Reserve.
 3. \$370,000 target reserve for shortfalls in intergovernmental revenues.
 4. \$350,000 target reserve for payouts of terminating employee leave accruals.
 5. Additional payments to reduce the Police Pension Trust Fund Unfunded Actuarial Accrued Liability.
- B.** After fully satisfying the fund balance targets or additional payments, surpluses may be used for the following purposes, listed in order of priority:
1. Additional Cash Payments for Capital Improvement Program Projects. Using cash to purchase capital items that may otherwise to be purchased with the proceeds from debt will reduce the future debt burden of the City. This strategy may be beneficial but a financial analysis should be performed to determine the greatest net present value savings.
 2. Cemetery Permanent Trust Fund. After all other needs have been satisfied, excess surpluses may be transferred to the Cemetery Permanent Trust Fund established to care for the Cemetery. The amounts transferred shall be deemed corpus to the Cemetery Trust fund for funding Cemetery care and maintenance.
 3. Riverfront Redevelopment Agency. After all other needs have been satisfied; excess surpluses may be transferred to the Riverfront Redevelopment Agency that has been established to provide infrastructure and public facility needs in that area that will result in increased property values.

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C. Special Revenue Fund Surpluses

Local Option Gas Tax Revenue Fund – A target reserve will be maintained in an amount equal to five percent (5%) of the annual budgeted gas tax receipts to alleviate the impact of a decline in amounts of collected revenue and to provide sufficient funds for unanticipated transportation expenditures. Surpluses projected five years beyond the budget year may exceed the target or be allocated toward additional eligible projects or programs.

Discretionary Sales Surtax Revenue Fund – A target reserve will be maintained in an amount equal to five percent (5%) of the annual budgeted sales tax receipts to alleviate the impact of decline in amounts of collected revenue and to provide sufficient funds for unanticipated replacements of eligible capital improvements or equipment. Surpluses projected five years beyond the budget year may exceed the target or also be programmed toward additional eligible capital infrastructure, payoff of the outstanding Stormwater Bank Notes or forgiveness of some of the advances made for the construction of Airport Hangars A and B.

Community Redevelopment Agency – A target reserve will be maintained in an amount equal to five percent (5%) of the annual budgeted tax increment receipts to alleviate the impact of a decline in amounts of collected revenue and to provide sufficient funds for unanticipated projects or programs. Surpluses projected five years beyond the budget year may exceed the target or also be programmed toward additional eligible projects or programs that may be identified in the future.

Parking In-Lieu-Of Fund – Surpluses will be used to fund projects that add vehicle parking facilities or may be held in reserve for projects that may be identified in the future.

Recreation Impact Fee Fund – Surpluses will be used toward additional projects to provide additions or improvements to Parks and Recreation facilities or may be held in reserve for projects that may be identified in the future. (Note that impact fee payments must be refunded if not appropriated within seven years).

Stormwater Utility Revenue Fund – A target reserve will be maintained in an amount of five percent (5%) of the annual budgeted Stormwater fee receipts for the purpose of alleviating the impact of an unanticipated decline in amounts of collected revenue and to provide sufficient funds for unanticipated capital improvements. Surpluses projected five years beyond the budget year may exceed the target or be programmed toward additional programs or eligible capital projects or be used for paying off the Stormwater Bank Notes.

X. Reporting and Analysis

To ensure compliance with the adopted financial policies, the Administrative Services Department shall prepare analyses in conjunction with the annual budget process to assist departments/divisions with budget projections. The analyses include the following:

- *Five-Year Forecast of Revenues and Expenditures* – Planning tool used by the Administrative Services Department to forecast and project various funds (General, Local Option Gas Tax, Discretionary Sales Tax, Recreation Impact Fees, Riverfront CRA, Stormwater Utility, Golf Course, Building, and Airport).
- *Financial Trend Monitoring System* – Set of financial trends and ratios used as leading indicators and as a measurement of relative performance.
- *Revenue Manual* – Guide to the major revenue sources that indicates the source, calculation, legal requirements, historical trends and accounting guidelines. Updated annually and included in the annual budget document.
- *Fund Balance and Reserve Analysis* – The City's Administrative Services Director will review the fund balance and reserve levels and produce a report annually on reserve levels as compared to policy goals.