

**THE CITY OF MADEIRA BEACH, FLORIDA
PUBLIC NOTICE**

**BOARD OF COMMISSIONERS
WORKSHOP MEETING**

The Board of Commissioners of the City of Madeira Beach, Florida will meet at City Hall, located at 300 Municipal Drive, Madeira Beach, Florida to discuss the agenda items of City Business listed at the time indicated below.

2:00 P.M.

TUESDAY, MARCH 29, 2016

COMMISSION CHAMBERS

A. CALL TO ORDER – The meeting was called to order at 2:03 p.m.

B. ROLL CALL

MEMBERS PRESENT: Travis Palladeno, Mayor
Elaine Poe, Vice-Mayor
Terry Lister, Commissioner District 1
Nancy Hodges, Commissioner District 2
Patricia Shontz, Commissioner District 4

STAFF PRESENT: Shane B. Crawford, City Manager (CM)
Vincent M. Tenaglia, Assistant City Manager (ACM)
Thomas Trask, City Attorney, (CA)
Aimee Servedio, City Clerk (CC)
Dave Marsicano, Public Works/Marina Director
Sea Marshall-Barley, Support Specialist (SS)

C. TOPICS

1. FUND BALANCE POLICY STATUS UPDATE
Vincent M. Tenaglia, Assistant City Manager
David D. Hart, Public Financial Management, Inc.
2. INTRODUCTION OF NEW BUDGET AND FINANCE POLICIES
Vincent M. Tenaglia, Assistant City Manager
David D. Hart, Public Financial Management, Inc.
3. FISCAL YEAR 2017 BUDGET PROCESS DISCUSSION
Vincent M. Tenaglia, Assistant City Manager
David D. Hart, Public Financial Management, Inc.

CM: Turned the discussion over to the Assistant City Manager.

ACM: These first three items will be treated as one long discussions since all items are inter-related. David Hart is the City's advisor that is held on retainer. He has been with the City for about eighteen months and helped with the budget process last year.

The first policy approved last September was the Investment Policy that provided guidance on the City's investment portfolio. He will be handing out the second quarter investment report in mid-April. This report will detail all securities and interest rates – this is in addition to the monthly reports the Board already receives.

The Fund Balance Policy is more linked to the City's long-term financial position and will be discussed in much more detail today. One notion of this policy was that the City would not use one-time revenues for ongoing projects. The policy also defined restricted versus unrestricted funds. The 'emergency' fund is still one third of the entire budget that is used for any type of disaster or similar emergency. The last notion of this was the amount of unrestricted funding which should never fall below two months of operation costs. We are only talking in the context of the General Fund today, which is worthy of most of the attention today.

The first change in the distributed reports shows actual revenues and expenditures (as opposed to budgeted) and accounts for the fact that General Fund Departments are not going to use their full budget. These are staff estimates and should not be taken as hard numbers. This also notes formal amendments made to the budget. The Fiscal 2017 column pencils in some very rough assumptions on the revenue and expenditures side. For example, the Marriott has not hit the tax collection yet and will in FY2017. The FY2017 column include what he estimates the budget will look like. There is also planned borrowing noted. The net result of all those changes is that he is projecting that the City will reach the minimum Fund Balance ratio at the end of the five year planning period.

Commissioner Lister: Asked if any revenue from any new property values that may be added?

ACM: New property tax revenue is not included – he is basing he assumptions of what he knows for sure right now. If the Board would like any additional projections made, he can do that as they request. On the expenditure side, staffing costs has increased – another sheriff’s deputy was added to the Code Enforcement Department, there have been some changes to the Community Development Department, and contracted positions for Planning & Zoning services has been added.

On the expenditures side, he projects that costs will continue to increase with growth and the revenues are not likely to change drastically unless some unforeseen change occurs (something like a millage rate increase or the like).

In the last four year (FY2018 to FY2021), the capital project costs are \$450,000 whereas the three previous years were nearly \$13 million. We are still on the trend to a reduced Fund Balance Level. We are not approaching the number despite the fact we are not even funding these programs. No action has been taken formally that these projects have been discussed such as high and dry marina, bus shelters, or additional parking. We have discussed land acquisition as well – none of these have any formal action, but if in the future these became real projects, could very much affect and change this projection.

There were some one-time revenues that helped the revenues exceed the projection by 9%. For example, on the employee retirement contributions, the City contributes 9% but if the employee is not vested for the five year period, the money defaults back to the City. This can spike interest rates and that is why he counted it as a one-time revenue.

David Hart: The reason PFM was retained was to help to develop these policies and create a framework to hear from the staff and constituents to get the information the Board needs to make a good decision that will impact the future. He has heard that the ACM is conservative, but as a public finance officer, you always want to be wrong in a way that won’t negatively impact the future if estimates are off. It is the idea of measure twice, cut once.

There are a couple of points that need to be made. It looks like the expenses are going to increase over the next five years in about a 20% rate for operating funds. The breadth and quality of the service needs to be taken into account. The policy requires that a reserve is a percent of the total. There are revenues that need to be factored, but the trend won’t change that the expenses will increase.

The policies before the Board today are two policies from the GFOA.

Commissioner Lister: Is the 16.7% established by the GFOA, PFM or our standards?

Mr. Hart: In the absence of a community lacking logic for an amount, it was advised that the City start here and adjust as needed. This is the operating costs for two months.

Commissioner Lister: On our investment policy, does the policy change as the interest rate change?

ACM: The interest rate would not impact the types of investments that we would make.

Mayor Palladeno: The last parking rate was \$0.50 and that increased about \$340,000 or so?

ACM: Noted that between 2010 and 2014, the parking revenues were at about \$600,000 and in the FY2015 alone, the revenues were about \$1,000,000.

Commissioner Lister: Are any earned grants projected in these estimates? The ACM explained that grant revenues were not used in these projections.

David Hart: There is not debt policy and he has noted that the City has issued a debt service five times in the last five years. He would recommend a framework policy in regards to the issuance of debt. We will consider inevitable tradeoffs – pay-as-you-go versus issuing debt.

Commissioner Lister: We have established that we won't use ad valorem funds but do we not have a formal policy? Are you comfortable without debt right now?

ACM: Said that he was in the regard that we are able to pay are debts right now. The City has issued four rounds of debt in a relatively short time frame, but each has pledged different revenue sources.

Commissioner Shontz: We have always dedicated some fund if we are buying something large that isn't normally purchased.

ACM: We have pledged different revenue sources for the projects we have financed. The undergrounding is from the County beautification dollars; the fire engine was also pledged from county funds through Penny for Pinellas. The pledge revenue has been diversified and leaves us in a healthy position at this point.

He knows there are potential concerns that the revenues may not include projects that may impact the property tax base. These are not just off-the-cuff flat revenues without accompanying analysis. These are realistic projections. He is planning on growth, and believes that this is reflected accurately.

Commissioner Lister: He does not question his tactics at all and commends his staff for all that they do.

ACM: The budget process will start soon and he wants these projections and processes to be present in the Board's minds for when the budget talks really start. The City Manager noted that he wants to steer away from adding items to the budget after it has been adopted.

4. UPDATE ON BOCA CIEGA STORMWATER UPGRADE PROJECT

Al Carrier, P.E., P.S.M., Deuel & Associates

CM: The project went out to bid and the bids that were received were too high.

Al Carrier: The bids were so high because of the cost of materials, the cost of doing business, and the workload of the contractors. He talked to a few vendors to reduce the costs and rebid it. One of the ways of doing this is to combine the Boca Ciega and 140th Avenue projects to save on logistics costs. His firm will work on estimates and rebid the project.

CM: This project will be delayed and we will get a much later start on this project. We will do everything we can to work around the holidays and get this project completed as soon as possible. Mr. Carrier explained that the estimate for completion of the project once it starts is one year.

5. DISCUSSION ON ENCLOSING DUMPSTERS ON PELICAN LANE

Travis Palladeno, Mayor

Terry Lister, Commissioner District 1

Mayor Palladeno: This is something that was brought up at the last meeting.

CM: There are some concerns in Pelican Lane. There was trash blowing around and some questionable parking from some employees. We would want to establish some criteria for the dumpsters but more space is needed.

The parking in the area needs to be remedied as well. The deputies will start stronger enforcement beginning with warnings and escalating. He also would like the John's Pass Village Association to take note that they have backing from citizens to have some of these issues addressed. The PW/MD also added that the pick-up service would be doubled.

Mayor Palladeno: This could either be a special district or a plan to enclose the dumpsters. The CM added that the Madeira Beach sanitation staff could spend special attention on this area.

Commissioner Shontz: In 2013, she and Deb Laramée spent a long time walking those streets. If you want to get something done in the John's Pass Area, you need to get the association to step up and take initiative on the issue. The merchants need to work together and clean the street up. Everyone expects the City to clean it all up – the village and association need to take some of their revenues to clean up their own areas.

PW/MD: There has also been talk with the City's engineer for a sidewalk on Pelican Lane. A proposal for bid for the Pelican Lane sidewalk will be incorporated into the next year's budget.

6. DISTRIBUTION OF SUBMITTED PLANNING COMMISSION APPLICATIONS AND TABULATION SHEETS

Shane B. Crawford, City Manager

Aimee Servedio, City Clerk

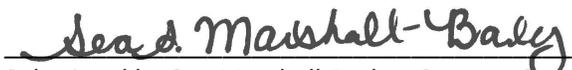
CC: The packet includes all of the eleven applications that were submitted to the City and tabulation forms are on the dais for the Board members to fill out. The tabulation forms are due by April 4, 2016 and the new commissioner will be appointed at the next BOC Regular Meeting on April 12, 2016.

D. ADJOURNMENT – The meeting was adjourned at 3:17 p.m.

Date approved: April 12, 2016



Travis Palladeno, MAYOR



Submitted by Sea Marshall-Barley, Support Specialist