



THE CITY OF MADEIRA BEACH, FLORIDA
PUBLIC NOTICE

BOARD OF COMMISSIONERS
BUDGET 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.

FRIDAY, JUNE 30, 2017

COMMISSION CHAMBERS

A. CALL TO ORDER – The meeting was called to order at 2:00 p.m.

B. ROLL CALL

MEMBERS PRESENT: Maggi Black, Mayor
John Douthirt, Vice-Mayor
Terry Lister, Commissioner District 1
Nancy Hodges, Commissioner District 2
Nancy Oakley, Commissioner District 3

Staff Present: Derryl O’Neal, Acting City Manager
Erica Augello, City Attorney (CA)
Nick Lewis, Interim City Clerk
Walter Pierce, Finance Director (FD)
Dave Marsicano, Public Works/Marina Director (PW/MD)
Doug Andrews, Events and Recreation (PZD)

C. TOPICS

Mayor Black: Before we get started I just want to read something from the Board of Commissioners Handbook. This is concerning commissioner conduct in public. “No signs of partiality, prejudice, or disrespect shall be evident on the part of individual commissioners toward an individual participating in a public forum. The behaviors and comments serve as models for proper deportment in the City. Honesty and respect for the dignity for each individual shall be reflected in every word and action taken by the commissioners twenty-four hours a day, seven days a week, which is a series and continuous responsibility.”

1. PRESENTATION

Nicklas Rocca, City of Madeira Beach Financial Advisor

I’m Nicklas Rocca and I’m with Public Financial Management, the City’s financial advisor. I’m going to conduct a quick overview of your outstanding debt and also the Fund Balance Policy. Proceeding in chronological order we have capital improvement revenue bonds, series 2013. Those were public bond issues for the purposes of financing the City Hall building, Fire Station and other facilities. Those were issued in the amount of \$4,700,000. Currently, there is almost \$4,500,000 still outstanding due to them being issued as 30-year bonds. There is a call provision on the bonds but that is not until October 1st 2023. We will go into more detail on this later in the presentation.

The series 2014 Inter Local Payments Revenue Bonds: These were issued through a bank loan form of financing just like the other three financings. They were used to finance undergrounding of City utilities. These were issued with a final maturity date of 2018 for the amount of \$3,000,000 which are callable at any time without any prepayment penalty.

Referring to the Storm Water System Revenue Bonds that were issued in 2015. These were issued for improvements to the storm water system. These bonds have a final maturity date of October 1st 2030 and were issued for the amount of \$6,200,000 and are callable at any time. However, bank loans have different types of prepayment options associated with them. This specific financing has a prepayment penalty for the first three years but starting in August 2018 we would be able to prepay without penalty.

The final outstanding debt issuance is the Infrastructure Sales Surtax Revenue Note. These were issued last year as a bank loan as well. This was used to finance a fire rescue apparatus in the amount of \$725,000 with a final maturity date of 12-01-2019. These are also able to be pre-paid without penalty.

All four of these financings are used for a specific purpose. All of which were issued at good interest rates.

Commissioner Lister: On the 2014 with the interest rate at 1.43 and the 2016 note at the interest rate of 1.59, you said those are callable at any time?

Mr. Rocca: Correct, those are callable at any time without any penalty.

Commissioner Lister: With it being such a low interest rate is it going to be easier to call them?

Mr. Rocca: Technically you could call it with cash if that's what council decides but the rate that you are paying right now is so low that we wouldn't recommend it. Also, if you were to try and refinance it you would probably incur additional cost of issuance. We would recommend leaving those two outstanding at this time.

Overview of Call Features, Mr. Rocca:

The 2013 bonds are the only ones issued as publically issued bonds. Almost every public bond issued now days is with what's called a 10-year par call. For example, for the first ten years of the debt they are non-callable. Starting in year 10 any maturity in year 11 or afterwards can be called starting in year 10 without any prepayment penalty.

You are able to issue bonds with a shorter call option but this only makes sense if you know you will be prepaying it at that time.

More Specifics on the 2013 Bonds, Mr. Rocca:

They have the 10-year call option so that means that everything up through October 1st 2023 is not callable. The bonds maturing in year 2024 all the way up to 2043, the final maturity date, are callable but not until October 1st 2023. If you want to refund these bonds today, you would have to allocate all money necessary to pay them off into an escrow. From there it would sit all the way up to October 1st 2023. This can create instances of negative arbitrage where basically you are paying a higher interest if you were to refund these with new bonds.

If we look specifically at the bond maturing in 2043, the City would have to deposit \$1,900,000 in to escrow in order to refund the \$1,500,000. This is because you have to put every interest expense related to that maturity into an escrow today. While you can invest those proceeds in escrow, interest rates are still low right now so you wouldn't be earning that much. If that is the direction that the City would like to go in, all of that money would not be able to be touched once it is in escrow.

At this time we looked at what it would cost if you were to issue refunding bonds and we found out that you would actually be losing money. We would not recommend refunding it due to this reason. However, as we get closer to that call date in 10-1-2023, we can keep reevaluating options. If the City keeps its fund balance high enough we could possibly use cash to refund these bonds.

Generally when we get close to the call date of 10-year call bonds, we can actually refund them with new debt. Originally you issued 30-year bonds but if you refund them next to the 10-year call you are actually only issuing 20-year bonds. As you move down the yield curve the interest rates get lower and you may be able to refund this for savings as you get closer to the call date.

Vice Mayor Douthirt: Regarding the long-term bonds, as time goes out the interest rate goes up, correct?

Mr. Rocca: For the originally issued bonds, yes.

Vice Mayor Douthirt: At this point it doesn't really pay to pay them off until the interest rates start to go up and then it would make more sense to possibly pay them off after 2023, correct?

Mr. Rocca: After 2023, if you're going to take out that original issued 30-year bond, you would only have to issue 20-year debt to take out that 30 since you moved ten years out. Therefore, assuming interest rates stay around the same, you are financing on a much shorter term and you have a lower interest rate.

Fund Balance Policy Highlights, Mr. Rocca:

This is something that the commission authorized and adopted back in September of 2015. The City Manager and Finance Director helped execute and enforce this policy.

The fund balance policy addresses and sets an appropriate level of fund balance in order to account for the City's size/location and mitigate the City's unique material risks. Considering we are a coastal city, severe weather is one of the main things that the fund balance prefers to highlight in case of emergency.

The fund balance policy that the city adopted follows a Government Finance Officers Association that has the best practices and advisories. It is in the policy that this should be reviewed every five years by the City Manager and Finance Director.

Fund balance classifications include non-spendable fund balance, restricted fund balance, and unrestricted fund balance that has three subcategories that include committed fund balance, assigned fund balance, and unassigned fund balance.

Walter Pierce: Concerning the debt from the City Center 2013, we can't do anything now but we wait 6 years for the call date considering the options we would have at that time. The idea being that we increase our unassigned fund balance and at that time we will have options to choose from including taking an aggressive approach to decrease debt.

Mr. Rocca: Exactly, you can use that unassigned fund balance to help in any way you see fit at the time.

Fiscal Year 2016 Fund Balances, Mr. Rocca:

This is simply a snapshot from the CAFR highlighting the Emergency reserve that is \$2,118,100 and the Unassigned Fund Balance at \$5,493,842.

Fund Balance Policy Directives, Mr. Rocca:

The emergency storm response fund according to the fund balance sets it to be at least 4 months of the general fund operating expenditures and as of 2016 it was right at that point which equates to 33%.

For the unassigned fund balance, the fund balance policy sets aside 2 months of the general fund operating expenditures and as of fiscal year this was about 5,500,000 which is about 85%. It is worthy to note that the 2 month allocation is based on all cities and counties as a general amount. When looking at the cash amount, it's natural that the City of Madeira Beach would have much higher than two months considering the location and size. The City has a reasonable amount of \$5,500,000 allocated.

Vice Mayor Douthirt: Are the 33% and 16.6% required by State? Is there a required amount in general?

Mr. Rocca: There is no specific required amount that you legally have to maintain. The GFOA drafted these policies so it's just a general overview. It is up to the City to decide what the appropriate amount is to allocate.

I also wanted to highlight that the budget currently shows a spend down of this unassigned fund balance is down to about \$3,000,000 by 2021.

Commissioner Lister: Is it your opinion that the City borrowed money at the appropriate time and for appropriate reasons?

Mr. Rocca: Yes, we never try to time the market and 30 years is a very reasonable amount of time to finance such a project.

2. DEBT SERVICE FUND

Walter Pierce, Finance Director

Acting City Manager Derryl O'Neal: Just a brief announcement before we get started. I would like to mention that I have received an article from the Florida League of Cities announcing Florida City Government Week that is coming up in October. The slogan for this week is "What Makes Your City Great?" I think this is something we should keep in mind while we go through this budget process.

Commissioner Oakley: When is this taking place in October?

Derryl: October 23rd through October 29th.

Walter Pierce: Mayor and council this is a reminder that we have to go back to Sanitation, Storm water, and the Marina budget that we postponed at the end of the June 28th meeting. Before we get to that I just want to indicate that the property appraiser adjusted our taxable value slightly downwards to about \$7,000. We got some additional revenue from our EMS coordinator position. Instead of getting reimbursement for 20%, we received 50%. The property appraisers reassessed some of the values and the assessment that they conducted is the actual millage rate that we will be using for the tentative budget. I'm just making council aware now that if you see that figure on the tentative budget a little lower, that's the explanation.

Sanitation budget, Dave Marsicano: There are not a lot of changes in this fund except for some increases in salaries. We are going to be reducing the amount of temp services that we use in the sanitation department by adding one position. It has become increasingly difficult to locate labor services that have adequate insurance for their workers.

In capital improvements that number has been reduced to \$200,000. This is to build a small metal building to move our mechanic and sanitation department back in the City. This building will be smaller than the one that was there before but big enough for the new ladder truck. When we moved sanitation to the Bay Pines location, WaWa's was not there yet and the Walmart was not there yet. It has become more congested and dangerous for my staff to travel those roads several times a day. We will still keep the garbage trucks at that location but we really need a spot back in the City for us to work again.

Walter Pierce: We did reduce the amount of capital to fund this building but that is not to say we are scrapping plans, we are just going to be cautious. We might have to fund part of it next year and part of it going into the budget in the following year.

Mr. Marsicano: I would like if the BOC would allow me to come back in a separate meeting where I can show what the building will look like, the location, and the overall site plan for that property.

Mr. Marsicano: There is also \$32,000 for a new Ford truck for the sanitation supervisor.

Commissioner Lister: What is the final number for the Sanitation Fund?

Mr. Pierce: The final number is \$1,405,000

Commissioner Lister: So this is less than last year.

Mr. Pierce: Yes sir.

Storm Water Fund, Mr. Marsicano:

We are asking for a couple of things this year for the storm water fund. We have just finished some outstanding projects, one of them being Boca Ciega neighborhoods. In order to alleviate storm water problems we put in new pervious concrete roads. The City also installed approximately 16 more CDS units (Collection Device units) that collect trash before it goes into the Bay.

The truck is not just a street sweeper, it's also a vacuum truck which will aid in unclogging drains. This 6.2 million in grants or the 1.3 million we received from S.W.F.W.M.D, we have 18 months of monitoring that has to be done after that. This street sweeper is going to dramatically reduce cost. We are not going to hire an additional employee to operate this truck, it will be operated in house. By having this truck we will not have to contract services out, I will be able to clean the drains when I need them cleaned.

Commissioner Oakley: The \$290,000 for this piece of equipment will be coming out of the \$1.3 million?

Mr. Marsicano: No ma'am, it's coming out of the Storm Water Fund. I could not get any grant money for this for the short amount of time that I could receive it.

Commissioner Oakley: What was the 1.3 million?

Mr. Marsicano: That is the money for the storm water project.

Vice Mayor Douthirt: Is the city mechanic able to work on this truck also?

Mr. Marsicano: I'm glad you asked that question Vice Mayor. I don't buy a vehicle without our mechanic examining it first.

Mr. Pierce: I did make one change on page 88. The S.W.F.W.M.D grant reimbursement, I have \$325,000. I have increased it to \$575,000. That is the amount that we project we will be reimbursed for in 2018.

Mr. Marsicano: I have Rex Place going out to bid Wednesday July 5th and 137th Ave Circle will also get done this year which is also taken care of by S.W.F.W.M.D funds.

Commissioner Oakley: What is the \$200,000 for rehabilitation replacement program for?

Mr. Marsicano: That is ongoing rehabilitation replacement. It is basically for emergency repairs.

Commissioner Lister: I know we have had a few meetings regarding the check valves that we're going to put in line in my area. What is the current status?

Mr. Marsicano: I would like to tell you that we are putting a flex valve in as soon as I can get it out to bid.

Commissioner Lister: The Coast Guard will have access to that valve correct?

Mr. Marsicano: Yes, it will be in a box so it doesn't get direct sunlight.

Commissioner Lister: With this new street sweeper we are going to have to come up with a solid schedule for when the streets will be swept considering how many cars park on the streets.

Mr. Marsicano: Yes, I completely agree. We will make it very clear that we will be there and cars need to be off the street when we get there.

Marina Fund, Mr. Marsicano:

The Marina is growing by the day. We operate every day of the year except Thanksgiving and Christmas with a very small staff.

Mr. Pierce: We did make one change on the revenue side for the operating fund sources coming in. We did take out the \$90,000 boat in FY2018. Considering it is budgeted in this year, it really should be zero for FY2018 so that is one correction that I made. So if council wishes to purchase that this year, we are able to do so.

Mr. Marsicano: Nothing else has really changed. Fuel purchases are always a guess so we have that at \$1,500,000.

Mr. Pierce: When I was hired on here I got the general consensus that council was concerned and wanted to know more about the debt the City is in from all of the new infrastructure. With that in mind I decided to focus a lot of my attention on the debt and have spoken with Mr. Rocca almost on a daily basis. I would like to inform council that although our hands are tied when it comes to paying it down for the next few years, the more that we can do through efficiency and adding to the

unassigned fund balance in the interim, the better our options will be when we are able to start eliminating this debt in the future.

Vice Mayor Douthirt: On page 79 you show series 2013, 2014, and 2016, where is series 2015?

Mr. Pierce: Series 2015 I believe is in the local option sales tax fund.

3. LOCAL OPTION SALES TAX & GAS FUNDS

Walter Pierce, Finance Director

Starting on page 54.

This fund was created to take proceeds from the County and municipalities to fund infrastructure payments. This is basically money coming in from sales tax located on page 55. We have an estimated budget of \$425,000. The one improvement that we want to fund for this is the \$290,000 which is on page 56 which is the City Center boat dock construction.

Mr. Marsicano: That is for the transient boat docks that we would like to put here at City Hall.

Commissioner Oakley: On page 51 you have capital improvements that were increased from \$350,000 to \$647,115 in 2017.

Mr. Marsicano: Correct, we did the lighting project at John's Pass and the remainder of that is the transient docks at John's Pass. Some of that money has been spent on engineering and permitting.

Commissioner Lister: Do you have a time frame Dave?

Mr. Marsicano: No sir, I can try again after July 4th and see if I get a response.

Commissioner Oakley: Has this been bid out?

Mr. Marsicano: It has not been bid out, I haven't received a permit yet. When I have something in writing that allows me to build it will go out via RFP.

Commissioner Lister: Are you going to do the handicapped first?

Mr. Marsicano: Yes, we will be doing the handicapped first.

Commissioner Oakley: What is the purpose for the transient slips at City Hall?

Mr. Marsicano: It will be for people that use the park or for any kind of special events. This was direction given by the previous commission. If council would like to redirect this project we are open to do so.

Commissioner Lister? Will there be overnight fees associated?

Mr. Marsicano: I will be presenting a fee schedule for both John's Pass and City Hall docks to council and from there receive direction from the board.

Vice Mayor Douthirt: How is the sales tax revenue calculated?

Mr. Pierce: Referring to the seven cent sales tax, I believe it is based on the County as a whole. We get a portion of the money that comes in through the County. I can get that calculation for you to be more specific.

Mayor Black: I have a question regarding the beach groin rehabilitation. How often is that done because it is not budgeted for?

Mr. Marsicano: We have only don't this one time. It was a project that we conducted with the County funded by the County.

Gas Tax Fund, Mr. Pierce:

This is a special revenue fund that was created in 2016 that reports the State revenue sharing. This is an estimate for the FY2018 budget. Between the tentative budget and adopted budget in September, I will probably have a more exact revenue figure for the State revenue sharing and other State monies like the communication service tax.

This fund basically covers transportation related expenditures which are better reflected on page 74.

Commissioner Lister: I think we should speak to Alan and get some funds for digital light replacement when we do the undergrounding.

Mayor Black: Before we move on to the capital improvement plan I feel we should introduce our newest member of staff.

Mrs. Gamble: My name is Andrea Gamble and today is my first day working for the City of Madeira Beach. I am a former employee of Redington Beach as of last April to take care of personal business. I have been working with Nick Lewis for training and I'm happy to be here.

Acting City Manager Derryl O'Neal: Mrs. Gamble has been a breath of fresh air through this hiring process. We received her resume and knew right away that she was going to be a perfect fit for the City. We offered her the job and she was gracious enough to start right away so she can go through some of the processes with Mr. Lewis. We are glad to have her with us

4. CAPITAL IMPROVEMENT PLAN

Derryl O'Neal, Acting City Manager/Fire Chief
Walt Pierce, Finance Director

Mr. Pierce: The capital improvement fund has been revised since it was included in your packets. The City dock construction came out of the local option sales tax fund that is \$200,000, previously \$290,000. The gateway sign that is coming out of the general fund is \$50,000. Parking pay station upgrades from the general fund is \$40,000. Mr. O'Neal, Mr. Lewis, Mr. Tarkenton, and I had a lengthy meeting with a sales representative from Cale America after our meeting last Wednesday. We were informed of current optional features including the "pay-by-plate" feature that is linked with a cell phone app which would make for a much easier and convenient parking experience for our visitors. We were informed that this is a popular method of paying to park that works for their other customers. The life expectancy for the machines are about seven years or less due to being exposed by the elements. A feature that will be good for our visitors is they will be able to pay to park at Archibald and relocate to John's Pass without having to repay.

Commissioner Oakley: I feel that the equipment needs to all be the same. If not, that could be confusing to a visitor that paid on a new machine and parks in a different lot that has the old meters. They would be confused if they would need to make an additional payment.

Mr. Pierce: Right now we are budgeted for \$40,000. The price will decrease per unit the more machines we buy and we also get another discount for the trade in value of the old machines. I have a quote for 15 and 20 machines so it's something to consider.

Commissioner Oakley: How many machines do we have in the City?

Mr. Lewis: There is 27.

Commissioner Oakley: Walt can you get a quote for all 27 pay stations? Maybe we can redirect funds available for docks to use to purchase all new pay stations. That way we can all be up to date. I'm just looking for an estimated cost because it sounds like it's going to be expensive.

Mr. Pierce: Once I receive a quote for all of them I can come back for more direction. We could also formulate other plans of replacing some in this budget and the remaining balance could be in the 2018 budget.

They do have a contract available where they come out and conduct repairs and routine maintenance but it will take them 24 to 48 hours to arrive. Cale America recommends that we make an investment in training our staff. Mr. Tarkenton is trained to operate on these machines but we need to get other members of the department trained as well.

They have a preventative maintenance package for \$30 per pay station. They will come out and service each pay station once a month where they clean everything and inspect for possible issues.

Commissioner Oakley was clarified that the maintenance package would cost \$30 per pay station per month.

Mr. Pierce: The maintenance contract would be an hourly rate of \$125.00.

Commissioner Lister: Will the machines at least have a one year guarantee?

Mr. Pierce: Yes and another good thing about this contract is it will also take pressure off of Mr. Tarkenton. The current pay stations require a lot of his attention that pulls him away from other duties.

Right now we have \$40,000 budgeted for the pay station but I would like to increase that if I can.

Commissioner Oakley: What does council think about putting off doing the City Hall docks and reallocate those funds to buy more pay stations for the parking department? They generate a lot of money for the City.

Mr. Pierce: That is a good idea Commissioner Oakley, if council agrees to move those funds it'd be receptive to that.

Commissioner Lister: During storms do we have to unbolt them from the concrete and temporarily relocate them?

Mr. Lewis: No, we just remove the battery at the bottom of them.

Commissioner Lister: In 2013 we spent \$230,000 for all new pay stations and we brought in around \$1,700,000 just last year so it's a good trade off. Does the parking enforcement staff have to scan the license plate with a device to find out if they are in the system?

Commissioner Oakley suggests that council receive a presentation to get more information about the new parking process.

Mr. Pierce received confirmation from the BOC that the funds in the local option sales tax will be reallocated to purchase more pay stations.

Commissioner Oakley: In the meantime we would like a quote for the replacement of all pay stations and a presentation from Cale America.

Commissioner Lister: My only other input on that would be we might want to buy one or two more machines than we need just to put them off in storage and have those available in case we have a catastrophic failure and one of the machines goes down. Or we get our transient parking down at John's Pass and we could put a machine down there for people to pay.

Mr. Pierce: Moving forward on the CIP rehabilitation and replacement program that Dave indicated on storm water is \$200,000. Road sign replacement from the general fund is \$100,000. Sanitation vehicle equipment storage facility we moved down to \$200,000. Street resurfacing and general fund is \$20,000. The paint stripe for the engine is \$15,000. The Archibald vehicles \$32,000. Sanitation vehicles is also \$32,000. General fund vehicle for Recreation is \$32,000. The street sweeper vehicle that Dave mentioned is \$291,000. The acquisition of equipment for the ladder truck is \$50,000. This total is \$1,282,000 of which \$307,000 comes out of the general fund.

Vice Mayor Douthirt: Does the City have a plan for the next five years as far as what we will be purchasing?

Mr. Pierce: We do have a replacement plan that I communicate with Dave and Megan with. Megan does a great job with keeping all of that information up to date for all departments.

5. TRIM REQUIREMENTS/SCHEDULE

Walt Pierce, Finance Director

Mr. Pierce: I will keep council advised as far as the trim requirements as we are moving forward.

Public Comment: I hear complaints about the old pay stations all the time. It will be money well spent to invest in up to date machines.

D. ADJOURNMENT 9:05

Mayor Black: Meeting is adjourned at 3:35p.m.

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D. ADJOURNMENT 3:35PM

Mayor Black: Meeting is adjourned at 3:35p.m.

Minutes Prepared by _____


Andrea Gamble, Interim City Clerk

Minutes Reviewed by _____


Andrea Gamble, Interim City Clerk

Minutes Approved by _____


Maggi Black, Mayor