

The Budget Workshop of the City Council of the City of Panama City Beach, Florida, and when permitted or required by the subject matter, the Panama City Beach Community Redevelopment Agency, conducted on September 3, 2015.

ROLL

MAYOR GAYLE F. OBERST

CITY MANAGER:

MARIO GISBERT

COUNCILORS:

JOHN REICHARD

CITY CLERK:

HOLLY J. WHITE

RICK RUSSELL

ASSISTANT CITY ATTORNEY:

JOSIE STRANGE

AMY MYERS

KEITH CURRY

Mayor Oberst called the Budget Workshop to order at 1:05 P.M., with all the Council members, the City Manager, City Clerk and Assistant City Attorney present. The Mayor stated the Utility Fund would be reviewed first.

Ms. White began with the overview of the Utility Fund for 2016 with the projected reserves, expenditures, and receipts. Councilman Reichard asked if the \$72 Million Dollars included the new building. Ms. White said the restricted funds included the Sinking Bonds, the SRF loans, Water & Sewer Impact Fees, and the unrestricted \$44 Million Dollars. For revenue, the Water & Sewer increases planned by the Rate Consultant were assumed for approval and included in the numbers. Revenue was up over the projections for the year. One small Grant for Gulf Highlands townhouses would continue into next year. The remaining revenue sources were the same as last year.

Ms. White said there were no new positions included with this Budget and the Water Dept had some unfilled positions as a result of movement and restructuring. She explained the open positions, Electrician, Accountant, Engineer, Mechanic, and Field Inspector.

Mayor Oberst asked about raises in this Budget. Ms. White said there was no Cost of Living and Ms. Fowler was working with Mr. Gisbert on recommendations for Council from the Pay Plan. She said she believed that would occur at the first of next year. She said funds were in reserves and available for raises. Mr. Gisbert said the rollout for the pay increase would be in January, and he explained the process with the Evergreen Pay Plan. In response to the Mayor's question about last year, Ms. White said there was a 1.2% COLA and adjustments based on the pay plan. Councilman Reichard asked about incentives and employee reviews for merit raises. Mr. Gisbert said that was part of the process and the review must be between now and January if part of the raises included a review. He continued that Ms. Fowler would develop the plan which would then be vetted through staff and then to the Council.

Mayor Oberst asked when he planned for Council to have that discussion. Mr. Gisbert estimated late October or early November. Regarding the review process, the proper form would need to be determined and he explained in detail with the goal to have the raises in January. Councilman Russell said he would like to see some sort of across-the-board raise, not one strictly merit. Councilwoman Strange said the Council should have the data in November and she preferred across-the-board also. Mr. Gisbert said staff would present Council with options such as strictly merit, strictly across-the-board or a hybrid of the two. Councilman Curry said he would prefer a COLA and a performance raise. Mayor Oberst said regardless of the plan chosen, the employees needed to be evaluated. Mr. Gisbert said Evergreen supplied a few examples of evaluations and Ms. Fowler would use the City versions from the Fire and Police Departments and create a hybrid for the entire City. Ms. White said funds were set aside for the raises.

Ms. White said in the Water Department, no employees were lost but were rather reallocated. She explained that some salaries had gradually moved from the Water side to the Sewer side to give a truer picture of how much it cost to operate that piece. For Retirement, the percentages went down in each Fund. She continued that the self-insurance program worked well and been able to hold the premiums flat. There were no

real changes on the Operating side. Ms. White said before switching to self insurance, the City saw 14%-15%-16% annual increases in premiums. Mayor Oberst asked if the City was preparing the information to advise the employees that the City was bearing the full cost of the insurance. Ms. White said the total insurance cost, including dental and life, was slightly over \$7,000 per year per person. She added that the City contributions toward retirement last year were 17.3% for General, 24% for Police, and Fire was over 30%, fairly significant.

For the Operating side for Water, there was nothing significantly different. She mentioned the timing issue receiving the bills from Bay County for the wholesale water. The Mayor asked Mr. Shortt how many gallons of water the City used and he replied 4.5 billion gallons annually. Ms. White said the drop in fuel prices saved money across the different departments, several hundred thousand dollars.

For the Capital Projects planned in Water, she spoke of timing issues. The large number was 2.4 Million Dollars for their share of the new building, vehicles, and individual projects such as automated meter reading and Bayside. Ms. White directed attention to the spreadsheet with the project costs estimated over the years and its funding source.

Councilwoman Strange asked Mr. Shortt about system extensions and loops and if that was meant for future growth. Mr. Shortt replied affirmatively, and that the consultant was finishing the update for the hydraulic water model. He said until the model was complete and known where the extra lines were needed, it was merely a placeholder. He said they also budgeted approximately \$40,000 for a complete review of the Water and Sewer rates since the rate increases Council would consider later this month were the final rate adjustments planned from five years ago. He said it was time to relook at the City but did state that he felt the City was in a solid good position financially. He said that third party independent look would give the public the confidence that the City was not picking numbers out of the air. Mayor Oberst asked if the County was raising the wholesale water rate and Mr. Shortt said no and added that as part of the rate study, the consultant would look at the Impact Fees and most of the future projects would be in the County. Mr. Gisbert said in the not too distant future, staff would come to Council for a study to look at all of the Impact Fees.

For Wastewater, the salary increase was mostly that reallocation shift she discussed on the Water side. She said there was one new employee added, a Facility Maintenance Worker, for the Wetlands. For the Operating side, there was not much of an increase for the proposed budget, up about 10%, normal inflationary costs except for chemicals. Repair and Maintenance was high since that plant equipment was costly.

Councilman Reichard asked for examples of the \$40,000 legal fees. Mr. Shortt responded legal work for the easements, the St. Joe Sector Plan, and Revenue Certificates review.

For Capital Projects, Ms. White explained the timing issue for the Bayside Utilities project and the West Bay Lift Station. Mr. Shortt said another lift station near Calypso was in the future and discussion ensued concerning its possible location.

For Stormwater, Ms. White said no new people were added but the salaries of the employees were reallocated as in Water and Wastewater to better match their duties, such as engineering and inspector and administrative assistant time. For Operations, no significant changes. She said there was a significant amount in beach outfall maintenance but most was not spent so some was rolled to next year. For Capital Outlay, they were projects that had been discussed, such as the Glades and Gulf Highlands projects, but Stormwater did not have as many revenue options as Water or Sewer. Ms. White said by the end of 2016, the bulk of the cash from the Stormwater Assessment would have been used, so the option would be to stop current projects and save money to continue in the future or do smaller projects or find additional sources of funds.

For Debt Service, the City had no control over the expenses on the two Bond issues, 2009 and 2012. The City had two State Revolving Fund (SRF) loans outstanding, used to fund the sewer projects in the neighborhoods many years ago. She said on all four items, the payments totaled approximately \$5,000,000 per year. She added that based on current rates, there were no refunding opportunities available.

For the General Fund, Ms. White began with an overview of the set aside funds for the new fire truck and the restricted funds, primarily Impact Fees which could only be spent on certain projects. She said there was \$700,000 set aside for accrued Sick and Vacation Leave, and explained the projections for the DROP employees and how much would be owed when they left. She said One Million Dollars was set aside for future road

maintenance. The Reserve for Capital Expenditures covered a small list of big upcoming projects, the primary being the 800 Mhz system which was over One Million Dollars, projected to happen in FY17. Other big projects were lighting for the soccer fields and replacement playground, about \$300,000 each. Ms. White said another set aside was One Million Dollars to redo the interior roadway within Frank Brown Park and the intersection improvements at Mandy Lane. Councilman Reichard said he was concerned about set aside funds not being restricted to certain items. Ms. White said she could prepare a breakdown of the set asides but the funds would not be restricted to only those items. She explained assignments for funds. Mr. Sale explained reserved funds and the rights of a third person as compared to the set asides which was all City money.

Ms. White presented the detailed listing of revenue and she said the estimates were fairly flat for next year even though this year was great as shown on the amended budget. She said she kept the increases for next year fairly modest, the conservative approach. For Parks, every line item increased due to the restructuring of the fees. She explained field rental revenue versus concession stand revenue. Councilwoman Strange suggested that the field rentals were not high enough and Ms. White confirmed they were probably on the low side. She explained the Interfund Transfer, money from the CRA into the General Fund, the Prop Share funds for the Loop Road.

For Legislative, Ms. White increased a few line items due to the upcoming April election, such as conferences and travel for the new Council members.

For Admin, Ms. White said a new City Clerk was added. She explained the legal item in Admin and to make things simpler, a separate Legal Department was created and all General Fund legal fees were moved there. She said the legal fees were not increased but rather combined now. Mayor Oberst asked how much money was spent with legal for Spring Break. Ms. White said at one point, it was over \$100,000 but she could research and bring the total to the next meeting. She added that camera and audio/visual equipment was added for the Council Chambers once the new buildings were completed and new carpeting. Councilman Reichard said he would support moving forward with upgrading the audio/visual due to the poor broadcast quality and new carpeting.

For the Comp Plan, she explained the difference in salary was due to shifting staff but not new people. For operations, Legal moved out and additional money for consultants for the LDC. She said the Construction in Progress was the Comp Plan's share of the new building.

For Law Enforcement, Ms. White said there would be two new people, one Communications and one Patrol. For Operations, Mutual Aid was reduced to actually what had been spent. Chief Whitman thought the reduction would be all right since next year's Spring Break was shorter. For the Capital Outlay, \$400,000 was for new vehicles, moving from the Charger to Ford Explorers with 4-wheel drive capabilities. She explained another vehicle would need to be added in the budget to replace a wrecked vehicle if the insurance funds were not received timely. There were funds budgeted for new public area furniture and computers.

For Fire, Ms. White said there would be no new people but one Firefighter was in the DROP program and his increased accumulated leave time. For Operations, there was no significant change and only a 2% increase. She spoke of the new Auxiliary program, similar to the Police, and elaborated. She said there was a substantial Capital Outlay next year, \$150,000, to replace all of the breathing apparatus equipment, a life safety issue. The Department was replacing the turnout gear which was fairly expensive, another life safety issue, and planned a rotation basis similar to the Police Department.

For Building, Ms. White said a new part-time person was planned to help during the season. She said there were no changes in Operations and for Capital Outlay, this was their share of the new building.

For Street, no new people were planned. In Operations, the resurfacing budget increased to \$500,000 to do a little more resurfacing and striping. Capital Outlay included the new knuckleboom truck and one additional vehicle. The \$2.6 Million Dollar Construction in Progress was for the Loop Road as a placeholder if the Council elected to move forward with that project.

For Library, there was nothing different, no additional funding, approximately \$163,000. She added that the City paid for the building repairs and maintenance.

For Recreation, no new people were added. She said there were accrued leave for the people retiring and many seasonal people. For Operations, there was nothing different, about a 3% increase. The TDC planned to build the buildings in conjunction with the City's direction. Afterwards, the TDC would give the City those improvements,

something shown on the financial statement, but not affecting the budget. Ms. White detailed the improvements planned for the City such as the basketball courts resurfacing, community center restrooms redo, gym floor redo, and new gazebos in the dog park. The \$710,000 was for the trail portion of the Loop Road, the trail around Seahorse Lake, and the trail around Trieste.

Councilwoman Strange asked Mr. Casto about the beach access walkovers and the maintenance schedule. He said some were on a schedule. Ms. White said there was \$30,000 in the proposed budget for beach access repairs.

For Grants and Aids, the Boys & Girls Club was the same, and the Senior Center asked for \$41,600 and only \$40,000 had been budgeted. Councilman Russell said he had been contacted by a few people who worked at the Senior Center and he said he would ask the City for an additional \$5,000 for their proposed budget. Councilwoman Strange said she would not oppose that increase. **Councilwoman Strange made the motion to increase the proposed budget by \$5,000. Second was by Councilman Russell.** The Mayor asked if there were any comments or questions. Councilman Reichard said the \$30.00 annual membership could be increased if they needed additional funds. He said he would encourage the Senior Center to raise the dues since they wanted the City's contribution to increase. Mayor Oberst said that the Senior Center controlled their own destiny and that everyone was trying to raise money. She said the Seniors had made the commitment to take care of the building and themselves when the City gave them the building, and yet the City had contributed funds to them every year.

**The motion passed by the unanimous rollcall vote recorded as follows:**

<b>Councilman Reichard</b>	<b>Aye</b>
<b>Councilman Russell</b>	<b>Aye</b>
<b>Councilwoman Strange</b>	<b>Aye</b>
<b>Councilman Curry</b>	<b>Aye</b>
<b>Mayor Oberst</b>	<b>Aye</b>

For Capital Outlay, Ms. White said the total was \$11,000,000 and she felt it was important for the Council to see what was being spent in each Department as well as its funding source. She said the bulk of the funds would be for the new building and the Loop Road.

Ms. White said for the recap, she would increase the Senior Center contribution and add the one Police car for the final budget for the next meeting. Mayor Oberst asked about the expenditure budget and Ms. White replied that the Utility Fund was \$48.3 Million Dollars and \$29.7 Million Dollars for the General Fund. The CRA was \$49 Million Dollars, with the overall budget approximately \$128 Million Dollars. She said there was no debt in the General Fund and no planned new debt in the Utility Fund. She added that the CRA Bonds had just been refinanced and the two new buildings were being paid from the cash reserves.

Councilwoman Strange asked about the Gulf Power Franchise Fee. Ms. White said it was \$2.8 Million Dollars estimated for next year. Mr. Sale asked about the aggregate debt service for the City. Ms. White said \$5,000,000 in the Utility Fund and \$3.4 Million Dollars for the CRA.

Mayor Oberst said the Council complimented Staff and the Department Heads for the great job in making the most of what the City had. She said the City had always budgeted very conservatively and taken care of ourselves. The City built its own library building and its own Senior Center building. Mr. Gisbert said the City provided for the Boys & Girls Club. Mayor Oberst stated that Panama City Beach was the only City that contributed a building and \$60,000 annually to the Boys & Girls Club. She thanked Ms. White for her hard work. Regarding salaries, Mayor Oberst said the City was working with Ms. Fowler to look at the pay study and that Mr. Gisbert would look into evaluations.

With nothing further, the meeting was adjourned at 2:45 P.M.

**IN THE EVENT OF A CONFLICT BETWEEN THE FOREGOING MINUTES AND A VERBATIM TRANSCRIPT OF THESE MINUTES, THE FOREGOING MINUTES SHALL CONTROL.**