

**MINUTES** of the Regular Meeting 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, held on **April 22, 2021.**

**Mayor Sheldon called the meeting to order at 9:00 a.m.**

**ROLL CALL**

MAYOR MARK SHELDON  
VICE MAYOR GEOFF MCCONNELL  
COUNCILMAN PAUL CASTO  
COUNCILMAN PHIL CHESTER  
COUNCILMAN MICHAEL JARMAN

Others present were Interim City Manager Al Shortt, City Attorneys Amy Myers and Cole Davis, City Clerk Lynne Fasone, Directors and members of the public and press.

Pastor Jeff Wade with Rock Church of PCB led the invocation. Councilman Paul Chester led the Pledge of Allegiance.

Mayor Sheldon provided community announcements. Mayor Sheldon called for approval of the February 11 and 16 2021, meeting minutes. Councilman Casto so moved. Councilman Jarman seconded the motion. All were in favor by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

Mayor Sheldon called for approval, additions and/or deletions to the agenda. Councilman Chester moved to approve the agenda. Vice Mayor McConnell seconded the motion. All were in favor of approval of the agenda by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

**PUBLIC COMMENTS - NON-AGENDA BUSINESS (LIMITED TO THREE MINUTES)**

Mayor Sheldon opened the floor for consent agenda and/or non-agenda business public comments.

**Michael Steinkirchner, 132 Lakeside Circle** – Mr. Steinkirchner recognized Chief Morgan, Deputy Chief Busch and staff for their rapid response to the recent tornado. Mr. Steinkirchner asked Council to comment, when possible, on the outside counsel investigation. Mr. Steinkirchner suggested that the vacancies on the important Public Safety Committee be filled as soon as possible.

**Burnie Thompson** – Mr. Thompson inquired if the City used local preference when awarding contracts. Mayor Sheldon reported no. Mr. Thompson made a spoken records request for contracts “between the engineer of record and County Commissioner Robert Carroll.”

**Andriana Foster** - Ms. Foster commented on the liens due on her property at 106 El Centro Blvd. Ms. Foster asked that the liens be waived. Ms. Foster asked for a meeting.

Mayor Sheldon called for further public comments. Hearing and seeing none, Mayor Sheldon closed public comments.

### **PRESENTATIONS**

Mayor Sheldon called for presentations.

- Councilman Chester presented a Proclamation to Chief Morgan recognizing May 4<sup>th</sup> as International Firefighters’ Day;
- Councilman Chester presented an employee with a years of service award;
- Finance Director White presented updates on the Pier 5-Year Financial Forecast (FY 2021-FY 2025) **copy attached**; and
- Finance Director White presented updates on the Aquatic Center 5-Year Forecast (FY 2021-FY 2025) **copy attached**.

Mayor Sheldon thanked Director White and Ms. Joey for preparation of the updates.

### **CONSENT AGENDA**

**RESOLUTION 21-139, A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, AUTHORIZING CAREFUL TRAFFIC CONTROL AND EXTRAORDINARY USAGE OF A PORTION OF FRONT BEACH ROAD (U.S. 98) TO PERMIT THE SHADDAI SHRINE TEMPLE SPRING CEREMONIAL PARADE ON FRIDAY, MAY 14, 2021; AND PROVIDING AN IMMEDIATELY EFFECTIVE DATE.**

**RESOLUTION 21-140, A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, APPROVING THE PURCHASE OF TWO SOLAR POWERED, PORTABLE, CHANGEABLE MESSAGE BOARD SIGNS FOR THE STORMWATER DEPARTMENT IN THE AMOUNT OF \$32,046 FROM K&K SYSTEMS, INC.**

**RESOLUTION 21-141, A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, APPROVING AN AGREEMENT WITH KILYN CONSTRUCTION, INC., FOR THE POLICE DEPARTMENT IMPOUND BUILDING ROOF REPLACEMENT IN AN AMOUNT NOT TO EXCEED \$16,878.**

**RESOLUTION 21-142, A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, AUTHORIZING UTILITY WORK BY HIGHWAY CONTRACTOR AGREEMENT WITH THE FLORIDA DEPARTMENT OF TRANSPORTATION FOR RESURFACING OF STATE ROAD 79 AND SHARED USE PATH (GAYLE’S TRAILS) FROM SR 30A (US 98) NORTH TO THE INTRACOASTAL WATERWAY BRIDGE, IN THE BASIC AMOUNT OF \$14,740.00.**

**RESOLUTION 21-143, A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA APPROVING A TASK ORDER WITH DEWBERRY ENGINEERS, INC. FOR PROFESSIONAL STORMWATER ENGINEERING DESIGN FOR THE GARDENIA STREET DRAINAGE PIPE PROJECT IN THE AMOUNT OF \$14,480.**

**RESOLUTION 21-144, A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, APPROVING AN AGREEMENT WITH MARSHALL BROTHERS CONSTRUCTION & ENGINEERING, INC. FOR THE LIFT STATION 4 REPLACEMENT PROJECT IN THE AMOUNT OF \$2,594,350.**

**RESOLUTION 21-145, A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, APPROVING AN AGREEMENT WITH NPC INTERNATIONAL, INC., RELATING TO THE CITY'S PURCHASE OF PROPERTY AT 16726 FRONT BEACH ROAD, IN THE TOTAL AMOUNT OF \$310,203.78.**

**RESOLUTION 21-146, A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, AUTHORIZING AGREEMENTS WITH AMERIS BANK AND HANCOCK-WHITNEY BANK, FOR BANKING SERVICES, AND AUTHORIZING THE APPROPRIATE OFFICERS AND EMPLOYEES OF THE CITY TO TAKE NECESSARY STEPS TO IMPLEMENT THE PROVISION AND TRANSITION OF BANKING SERVICES.**

Mayor Sheldon asked Ms. Fasone to read the consent agenda. Mayor Sheldon announced that the consent agenda was available. Councilman Jarman moved to approve the consent agenda. Councilman Chester seconded the motion. All were in favor of approval by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

**REGULAR AGENDA- DISCUSSION/ACTION**

**ITEM 1. ORDINANCE 1549, AMENDING FIREFIGHTERS' RETIREMENT PLAN, 2ND READING / PUBLIC HEARING, AND ADOPTION.**

Mayor Sheldon introduced Mrs. Myers, City Attorney. Mrs. Myers read Ordinance 1549 by title only. Mayor Sheldon opened up Item 1 for public hearing/comments. Hearing and seeing no public comments, Mayor Sheldon closed public comments. Mayor Sheldon called for comments from Council. Hearing and seeing none, Councilman Jarman moved to approve Ordinance 1549. Councilman Casto seconded the motion. Hearing and seeing no further comments, all were in favor of approval by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

**ITEM 2. ORDINANCE 1550, AMENDING POLICE OFFICERS' RETIREMENT PLAN, 2ND READING / PUBLIC HEARING, AND ADOPTION.**

Mayor Sheldon introduced Mrs. Myers, City Attorney. Mrs. Myers read Ordinance 1550 by title only. Mrs. Myers reported that this ordinance and the previous ordinance were slightly different than presented at first reading. Mrs. Myers reported that procedurally these ordinances should be codified in the City's Code of Ordinances. Mayor Sheldon opened up Item 2 for public hearing/comment. Hearing and seeing no public comments, Mayor Sheldon closed public comments. Mayor Sheldon noted this item was available for Council. Councilman Casto moved to approve Ordinance 1550. Councilman Chester seconded the motion. All were in favor by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

**ITEM 3. RESOLUTION 21-147, ESTABLISHING A CHARTER REVIEW COMMITTEE.**

Mayor Sheldon introduced Mrs. Myers, City Attorney. Mrs. Myers read Resolution 21-147 by title only. Mrs. Myers reported this ordinance was drafted by Mrs. Myers' office at the direction of Mayor Sheldon during the last Council meeting. Mayor Sheldon opened up Item 3 for public comment. Hearing and seeing none, Mayor Sheldon noted this item was available to Council. Mayor Sheldon noted this item was available for Council.

Vice Mayor McConnell recommended that the name of the Committee be changed to the "Citizens Charter Review Committee." Vice Mayor McConnell reported that it had been fifty years since the Charter was last reviewed, end to end. Vice Mayor McConnell discussed the timeline and invited the public to attend the meetings. Mayor Sheldon concurred and reported that the Charter was not a long document and was manageable. Councilman Chester concurred and added that the document was only 20 pages long. Discussion regarding choosing members at-large and/or by Ward took place. Members discussed having all Wards represented on the Committee. Discussion regarding the timing took place. Members discussed the Council representative on the Committee being a voting member. Members discussed having clear legislative language on the ballot.

Councilman Jarman moved to approve Resolution 21-147, with the new title. Councilman Casto seconded the motion. All were in favor by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

**ITEM 4. DISCUSSION ITEM - APPOINTING CHARTER REVIEW COMMITTEE MEMBERS.**

Mayor Sheldon called for comments from Mrs. Myers. Mrs. Myers recommended, having now stood up the Committee, it was important to appoint a quorum so the Committee could begin meeting as soon as possible. Mayor Sheldon called for public comment. Hearing and seeing none, Mayor Sheldon closed public comment.

Discussion regarding taking nominations this evening to establish a quorum of the Committee so a meeting could be scheduled as soon as possible took place. Mayor Sheldon called for nominations to the Citizens' Charter Review Committee.

Councilman Jarman nominated Mr. Rick Ramos, who was currently on the Parks & Rec Board. Mayor Sheldon noted that Vice Mayor McConnell would be the Ward 3 appointment. Councilman Casto and Councilman Chester noted they would make appointments at the next meeting. Mayor Sheldon nominated Mr. Ryan Houk from Ward 4.

Councilman Jarman moved to approve the slate. Vice Mayor McConnell seconded the motion. All were in favor by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

Mayor Sheldon thanked those who volunteered to sit on the Committee. Councilman Jarman reported this Committee was motivated by Staff and that he was not necessarily looking for any changes to be made to the Charter.

**ITEM 5. RESOLUTION 21-148, APPROVING CITY MANAGER CONTRACT.**

Mayor Sheldon introduced Mrs. Myers, City Attorney. Mrs. Myers read Resolution 21-148 by title only. Mayor Sheldon opened up Item 5 for public comment. Hearing and seeing no public comments, Mayor Sheldon closed public comments.

Mayor Sheldon called for comments from Manager Shortt. Manager Shortt thanked Council for the opportunity to serve and being courteous to staff. Manager Shortt welcomed Drew Whitman as new City Manager and wished City Council and Mr. Whitman the best.

Mayor Sheldon noted this item was available to Council. The Council thanked Mr. Shortt for stepping up and doing an outstanding job.

Councilman Casto moved to approve Resolution 21-148. Councilman Jarman seconded the motion. All were in favor by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

Mayor Sheldon asked new City Manager Whitman to step forward. Manager Whitman thanked his family, Council, Ms. Joann Clark, Mr. Shortt, Mrs. Myers, and the legal team. Manager Whitman noted it was an honor and privilege to serve the City. Mr. Whitman announced that Deputy Chief Lindsey would be the City's Interim Chief of Police. Manager Whitman thanked the men and women of the Police Department. Interim Chief Lindsey thanked Mr. Whitman and congratulated him on his new appointment. Interim Chief Lindsey thanked Council for the opportunity to serve.

City Council members presented Mr. Shortt with bags of chocolate candy for his retirement.

**ITEM 6. RESOLUTION 21-149, APPROVING ASSISTANT CITY MANAGER CONTRACT.**

Mayor Sheldon introduced Mrs. Myers, City Attorney. Mrs. Myers read Resolution 21-149 by title only. Mayor Sheldon opened up Item 6 for public comment. Hearing and seeing no public comments, Mayor Sheldon closed public comments. Mayor Sheldon called for comments from Manager Whitman.

Manager Whitman thanked Ms. White for stepping up and accepting his offer to serve as Assistant City Manager, with Council's blessing. Mayor Sheldon noted this item was available to Council.

Councilman Chester moved to approve Resolution 21-149. Vice Mayor McConnell seconded the motion. Mayor Sheldon thanked Ms. White and discussed having a succession plan. Vice Mayor McConnell concurred with Mayor Sheldon on having a succession plan in place.

Mayor Sheldon asked the Clerk to call the roll. All were in favor by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

**ITEM 7. DISCUSSION ITEM – APPROVING THE FINANCE DIRECTOR JOB DESCRIPTION.**

Mayor Sheldon called for comments from Manager Whitman. Manager Whitman reported that the past Finance Director position was not hired under Civil Service. Manager Whitman recommended that it be a position under the Civil Service. Mayor Sheldon called for comments from the public. Hearing and seeing none, Mayor Sheldon closed the public comments. Mayor Sheldon noted this item was available to Council. Vice Mayor McConnell moved to approve the job description. Councilman Chester seconded the motion. All were in favor by a roll call vote (5-0).

Councilman Chester	Aye
Vice Mayor McConnell	Aye
Councilman Jarman	Aye
Councilman Casto	Aye
Mayor Sheldon	Aye

**CITY MANAGER REPORT**

Manager Whitman thanked Council for the opportunity to serve the community as the City's new city manager.

**CITY ATTORNEY REPORT**

Mrs. Myers, no report.

**COUNCIL COMMENTS**

Councilman Casto thanked Manager Whitman and Ms. White for stepping up to serve the community. Councilman Chester concurred with Councilman Casto. Councilman Jarman concurred and welcomed Drew and Holly. Vice Mayor McConnell concurred and noted that he was grateful to both Drew and Holly. Mayor Sheldon discussed March being the airport's third busiest month to date. Mayor Sheldon sadly reported on the passing of Ed Hickey, a pioneer for the city. Mayor Sheldon welcomed Drew and Holly and thanked Al for his service.

With nothing further, Mayor Sheldon adjourned the meeting by unanimous consent at 9:57 a.m.

READ AND APPROVED this \_\_\_\_\_ day of July, 2021.



\_\_\_\_\_  
Mark Sheldon, Mayor  
City of Panama City Beach, Florida

ATTEST:



\_\_\_\_\_  
Lynne Fasone, MMC  
City Clerk

\* ACTION ITEMS NOTED WITH AN ASTERISK ARE TAKEN BOTH BY THE CITY COUNCIL AND THE PANAMA CITY BEACH REDEVELOPMENT AGENCY JOINTLY AND CONCURRENTLY. IN THE EVENT OF A CONFLICT BETWEEN THE FOREGOING MINUTES AND A VERBATIM TRANSCRIPT OF THESE MINUTES, THE FOREGOING MINUTES SHALL CONTROL.

# City of Panama City Beach



April 22, 2021

TO: Mayor and City Council  
FROM: Holly White, Finance Director  
RE: Pier Five-Year Financial Forecast (FY 2021 – FY 2025)

In August 2020, the City Council adopted its first ever strategic plan followed by the adoption of its first formal business plan in November of 2020. As stated in that business plan, the City's future vitality and sustainability is linked to its financial stewardship and health. To that end, a series of initiatives has been undertaken to ensure the City is a prudent steward of the public's resources and maintains a sustainable financial capacity to meet the current and future needs and expectations of the community. One of the initiatives prescribed in the plan is to develop and review with the City Council a 5-year financial plan to identify future expenditure, revenue, and shortfall trends. The purpose of the plan is to allow the City to forecast the future and utilize that forecast as a tool to assist in meeting financial challenges by developing long-term solutions rather than short-term fixes.

By providing a forecast of revenues and expenditures over a five-year period (FY 2021 – FY 2025), the Pier Five-Year Financial Forecast will assist the City Council in meeting the following key goals:

- Ensuring a financially sustainable future
- Addressing strategic plan priorities

The City's vision as stated in its strategic plan is as follows: *"to be a safe, family-friendly, vibrant community that values residents, businesses and visitors, supports cultural and economic diversity, and maintains outstanding quality of life"*. The continued financial health of the Pier Fund is critical to the City's strategic priority to address community quality of life issues. The Pier itself provides residents and visitors alike the opportunity to fish, walk and simply enjoy a different view of the "world's most beautiful beaches". Additionally, due to extremely good fiscal health, the City has historically been able to utilize excess revenues generated by the Pier to fund other quality of life recreational facilities, primarily the City's aquatic center.

As time goes on, this plan will be monitored, as economic/business conditions will likely be different from preliminary estimates. Any significant changes in assumptions or additional budget amendments will require future modifications to the forecast. The FY 2021 budget numbers in this document include all amendments as of April 21, 2021.



**Pier Five-Year Financial Forecast in Brief**

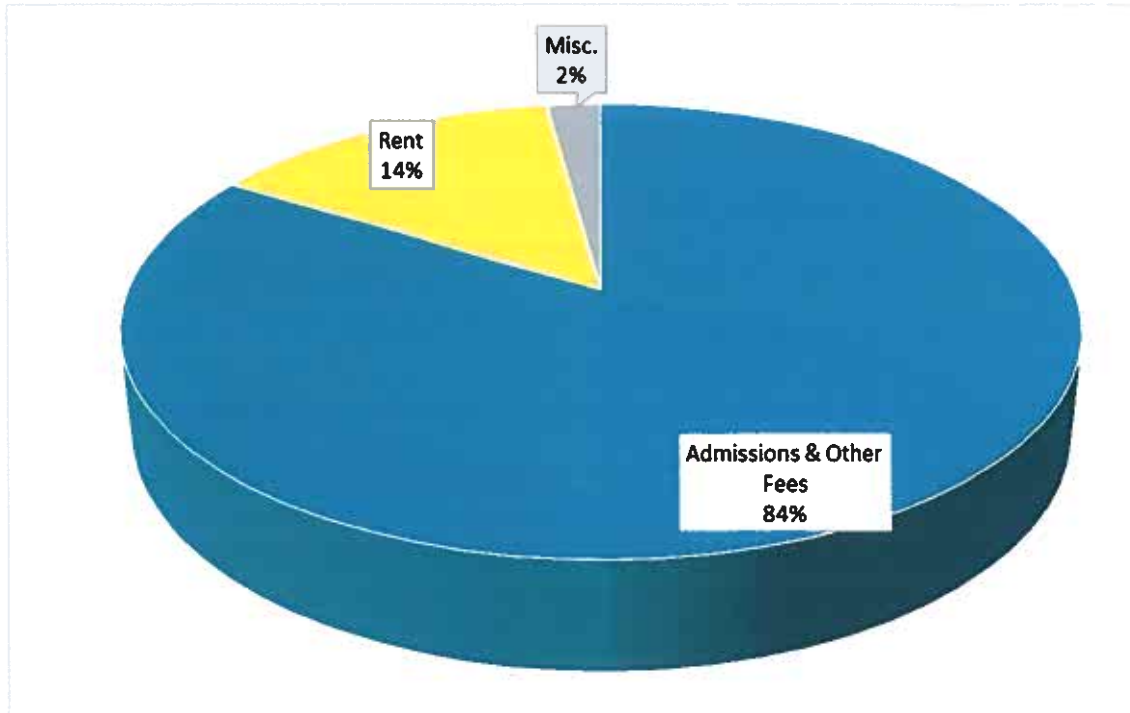
This Pier Five-Year Financial Forecast in Brief provides the City Council a high-level overview of the proposed Pier Five-Year Financial Forecast. The Pier Fund is extremely healthy and provides a valuable source of funds to assist in the subsidy of other community recreational facilities.

Pier Fund	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Revenues	\$ 1,384,900	\$ 1,461,000	\$ 1,526,000	\$ 1,594,000	\$ 1,665,000
Expenditures	1,085,840	1,059,650	992,050	1,034,950	1,079,090
Transfers Out	250,000	650,000	400,000	500,000	500,000
<b>Budget Gap</b>	<b>\$ -</b>	<b>\$ (248,650)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Recovery Element</b>					
Use of Reserves	\$ -	\$ 248,650	\$ -	\$ -	\$ -
<b>Net Budget</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

Reserve Balance, End of Year	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Designated R & R	\$ 650,000	\$ 750,000	\$ 850,000	\$ 950,000	\$ 1,000,000
Unassigned Reserves	625,895	277,245	311,195	270,245	306,155
<b>Total Reserves</b>	<b>\$ 1,275,895</b>	<b>\$ 1,027,245</b>	<b>\$ 1,161,195</b>	<b>\$ 1,220,245</b>	<b>\$ 1,306,155</b>

**Pier Revenues**

The following chart depicts the adopted FY 2021 Pier revenues budget in generalized categories:

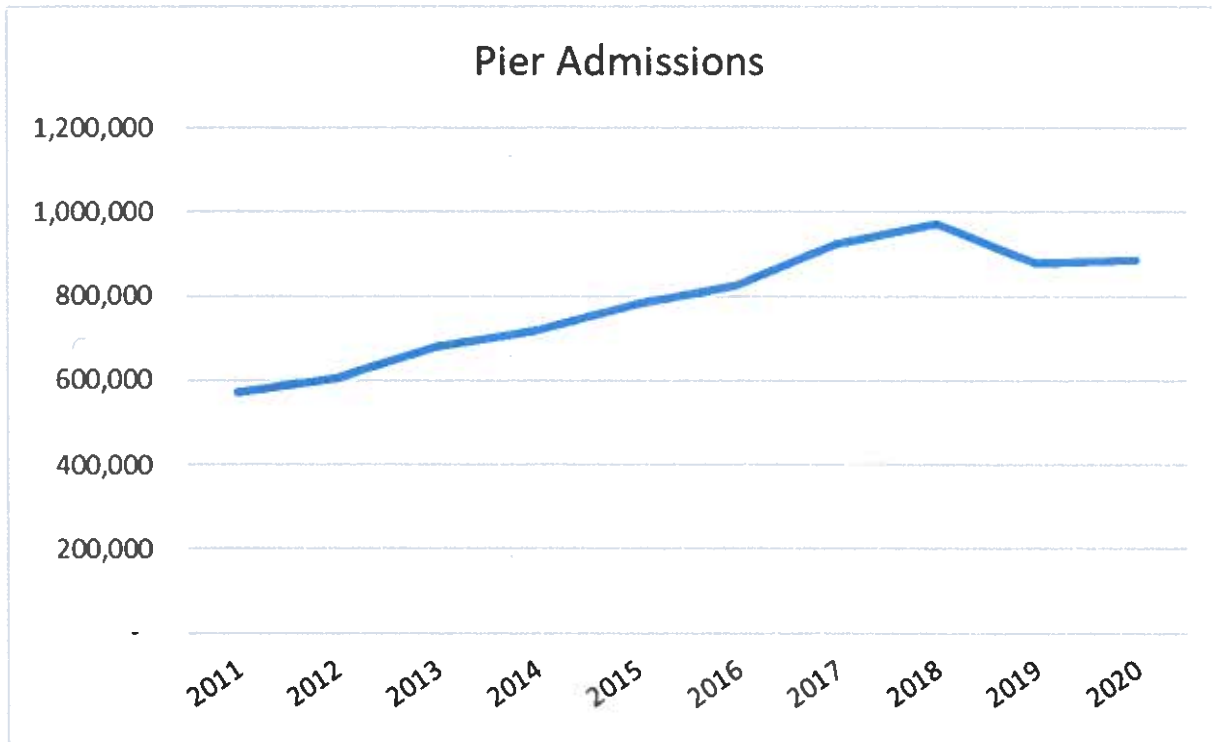


The following table summarizes the Pier revenues forecast.

Revenues	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Admissions & Other Fees	\$ 1,159,000	\$ 1,216,000	\$ 1,276,000	\$ 1,339,000	\$ 1,405,000
Rent	196,900	241,000	246,000	251,000	256,000
Miscellaneous	29,000	4,000	4,000	4,000	4,000
<b>Total Revenues</b>	<b>\$ 1,384,900</b>	<b>\$ 1,461,000</b>	<b>\$ 1,526,000</b>	<b>\$ 1,594,000</b>	<b>\$ 1,665,000</b>
		5%	4%	4%	4%

Growth	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Admissions & Other Fees		5%	5%	5%	5%
Rent		22%	2%	2%	2%
Miscellaneous		-86%	0%	0%	0%
<b>Total Revenues</b>		<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>

**Admissions & Other Fees**



Admissions and other fees are the Pier Fund’s largest revenue source, representing 84% of the FY 2021 Pier Fund revenues budget. Historically, admissions have increased by an average of 5% annually.

*Projections and Assumptions*

	FY 2020	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Admissions & Other Fees	\$ 901,467	\$ 1,159,000	\$ 1,216,000	\$ 1,276,000	\$ 1,339,000	\$ 1,405,000
Growth		29%	5%	5%	5%	5%

The 29% increase projected in FY 2021 is driven by the \$1 spectator admission fee increase implemented in FY 2021. The historic trend of 5% annual growth is projected thereafter.

**Rent**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Rent	\$ 240,620	\$ 243,051	\$ 232,166	\$ 227,477	\$ 244,521	\$ 253,664
Growth		1%	-4%	-2%	7%	4%

*Projections and Assumptions*

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Rent	\$ 196,900	\$ 241,000	\$ 246,000	\$ 251,000	\$ 256,000
Growth		22%	2%	2%	2%

The lease for the City owned buildings on the pier deck is scheduled to expire in FY 2021. The facility has the potential to be closed for a period of two months to be cleaned and maintained prior to the start of the new lease term. As such, FY 2021 projection includes rent for only 10 months. A full 12 months is projected thereafter.

This forecast does not contemplate the potential new revenue stream from the additional land rental at the Pier because the timing and amount is not known at this time.

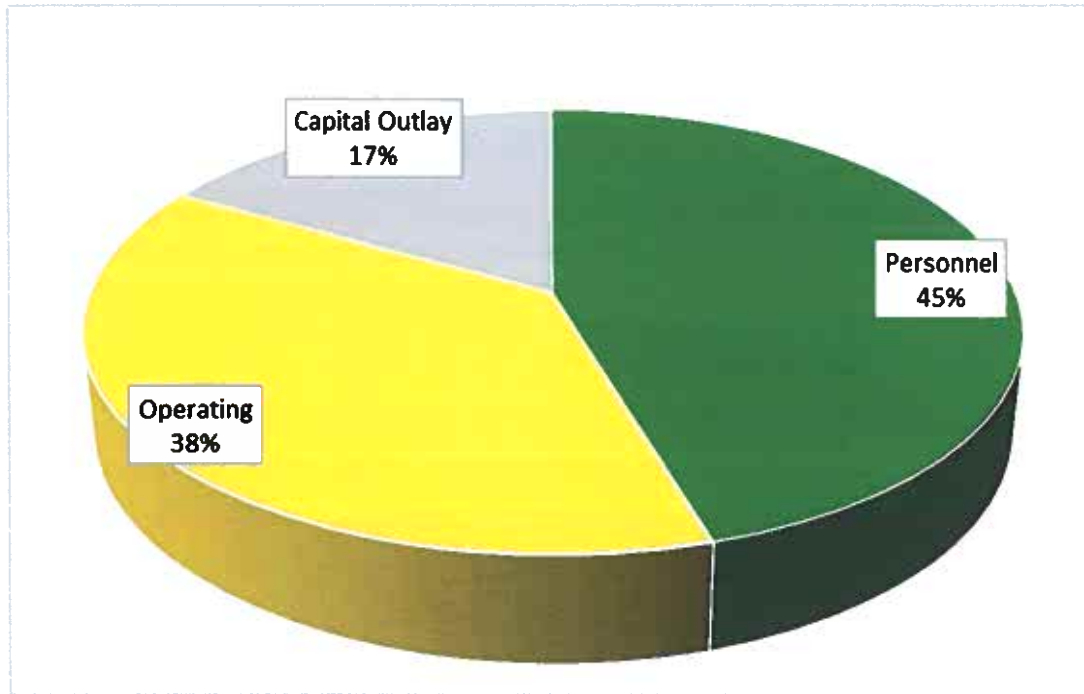
**Miscellaneous**

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Miscellaneous	\$ 29,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Growth		-86%	0%	0%	0%

This category has historically included an annual \$15 thousand fireworks contribution from Simon Properties and a \$10 thousand annual fireworks contribution from the TDC utilized for the 4<sup>th</sup> of July fireworks display at the City Pier. Going forward, the TDC will be paying for the fireworks directly with contributions from the City and Simon Properties. As such, this revenue stream will not continue.

**Pier Expenditures**

The following chart depicts the adopted FY 2021 Pier expenditures budget in generalized categories:



See Appendix I for FY 2022 – FY 2025 charts.

The following chart shows projected Pier expenditures by major category:

Expenditures	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Personnel	\$ 493,030	\$ 548,550	\$ 575,450	\$ 604,450	\$ 634,050
Operating	409,810	403,100	416,600	430,500	445,040
Capital Outlay	183,000	108,000	-	-	-
<b>Total Expenditures</b>	<b>\$ 1,085,840</b>	<b>\$ 1,059,650</b>	<b>\$ 992,050</b>	<b>\$ 1,034,950</b>	<b>\$ 1,079,090</b>
		-2%	-6%	4%	4%

Growth	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Personnel		11%	5%	5%	5%
Operating		-2%	3%	3%	3%
Capital Outlay		-41%	-100%	-	-
<b>Total Expenditures</b>		<b>-2%</b>	<b>-6%</b>	<b>4%</b>	<b>4%</b>

**Personnel**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personnel	\$ 344,270	\$ 365,416	\$ 519,171	\$ 582,028	\$ 590,900	\$ 462,424
Growth		6%	42%	12%	2%	-22%

Personnel expenditures account for 45% of the FY 2021 Pier expenditures budget and include both wages and personnel benefits.

*Projections and Assumptions*

	FY 2020	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Personnel	\$ 462,424	\$ 493,030	\$ 548,550	\$ 575,450	\$ 604,450	\$ 634,050
Growth		7%	11%	5%	5%	5%

*Personnel – Wages*

Salaries and wages are projected to increase for cost of living adjustments (COLA) and merit increases as follows:

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
COLA	0%	2%	2%	2%	2%
Merit	3.5%	3%	3%	3%	3%
Total Increase	3.5%	5%	5%	5%	5%

Additionally, 1 new full-time position has been proposed and is included in this forecast:

- 1 maintenance worker, shared 50% with CRA (FY 2022)

*Personnel – Benefits*

Personnel benefits are projected to increase as insurance costs increase and as new positions are added. The City's health insurance rates have been flat for several years, however the long-term average US healthcare inflation rate has been close to 5%. For prudence, a 5% annual growth factor has been assumed for health insurance. The City has a two-year rate lock for dental and life insurance; a 5% annual growth factor has been included thereafter. The projected annual cost per employee is summarized in the following table:

Annual Cost / Employee	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Health Insurance	\$ 7,200	\$ 7,470	\$ 7,844	\$ 8,236	\$ 8,647
Dental Insurance	\$ 306	\$ 306	\$ 317	\$ 333	\$ 350
Life Insurance	\$ 129	\$ 129	\$ 134	\$ 141	\$ 148

Growth Assumptions	Budget 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Health Insurance	0%	5%	5%	5%	5%
Dental Insurance	0%	0%	5%	5%	5%
Life Insurance	0%	0%	5%	5%	5%

Pension contributions will grow as salaries grow with merit and COLA increases and will fluctuate with investment experience and plan assumption changes. The City's general employee pension contribution rate increased from 8% to 13% in the middle of FY 2021 based upon updated actuarial information provided by the Plan's actuary as part of the required annual valuation report. For purposes of the Pier Five-Year Financial Forecast, the contribution percentage is assumed to remain constant at 13% because we cannot predict the effect of investment fluctuations which impact this contribution percentage. Changes in plan assumptions, such as vesting period or rate of return, will change this rate and require an update to the Pier Five-Year Financial Forecast.

### Operating

Operating expenditures account for 38% of the FY 2021 Pier expenditures budget and include both tangible goods and professional services.

#### *Projections and Assumptions*

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Operating	\$ 409,810	\$ 403,100	\$ 416,600	\$ 430,500	\$ 445,040
Growth		-2%	3%	3%	3%

Operating expenditures increase with inflation and as new positions are added. A 3% annual growth factor has been included for all recurring operating expenditures to account for inflation.

Historically, the City has annually procured fireworks for \$30 thousand and received contributions from Simon Properties and the TDC to defray a portion of this cost. Going forward, the TDC will procure the fireworks with a contribution from the City and Simon Properties. As a result of this change, FY 2022 operating expenditures are projected to decrease.

**Capital Outlay**

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Capital Outlay	\$ 183,000	\$ 108,000	\$ -	\$ -	\$ -
Growth		-41%	-100%	-	-

Capital expenditures account for 17% of the FY 2021 Pier expenditures budget. The Pier Five-Year Financial Forecast includes the following capital investments:

- IT and accounting system upgrade (FY 2022) <sup>(1)</sup> \$60 thousand
- Truck (FY 2022) \$33 thousand
- Golf cart (FY 2022) \$15 thousand

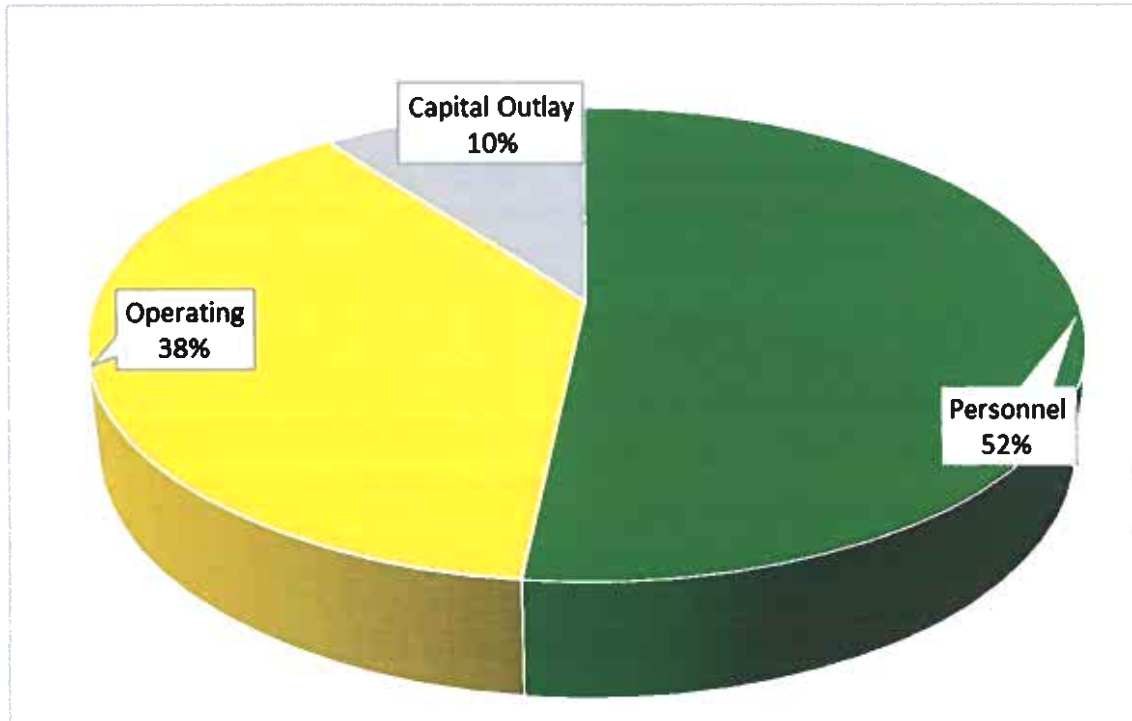
(1) An IT assessment study will be completed in FY 2021. The cost of a potential IT and accounting system upgrade and conversion is not yet known, however a \$60 thousand (3% of \$2 million) estimate has been included in the Pier Five-Year Financial Forecast. This estimate will be updated once the IT assessment study has been completed.



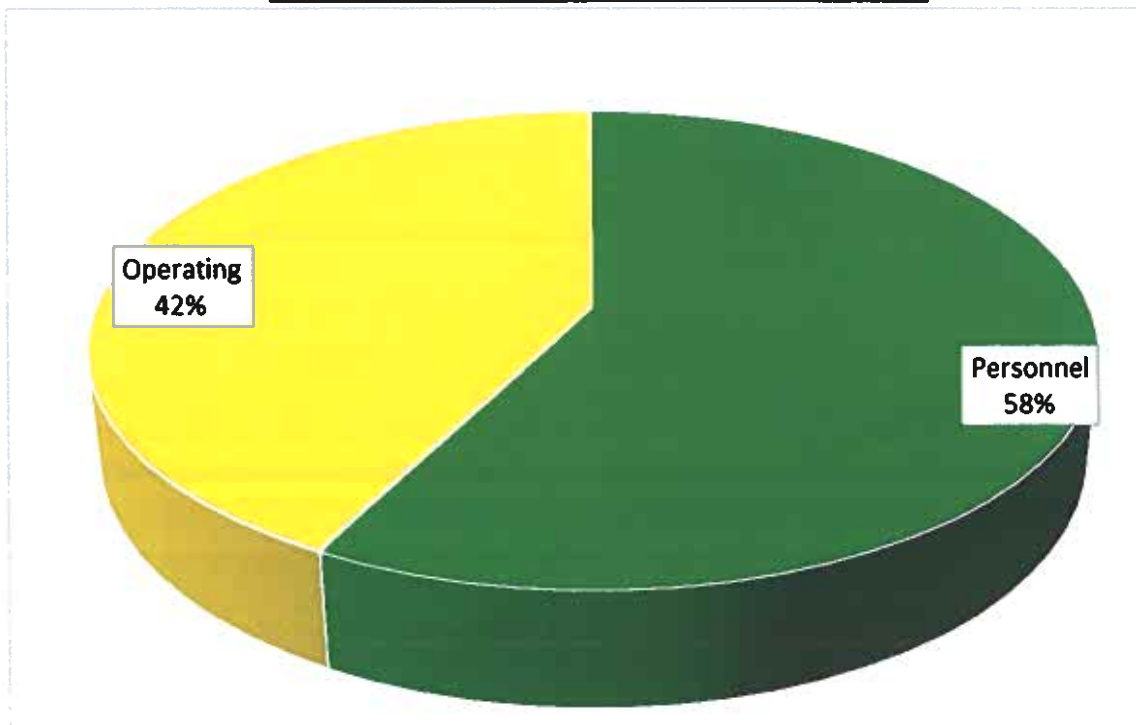
Appendix I

The following charts depict the FY 2022 – FY 2025 Pier expenditures forecast in generalized categories:

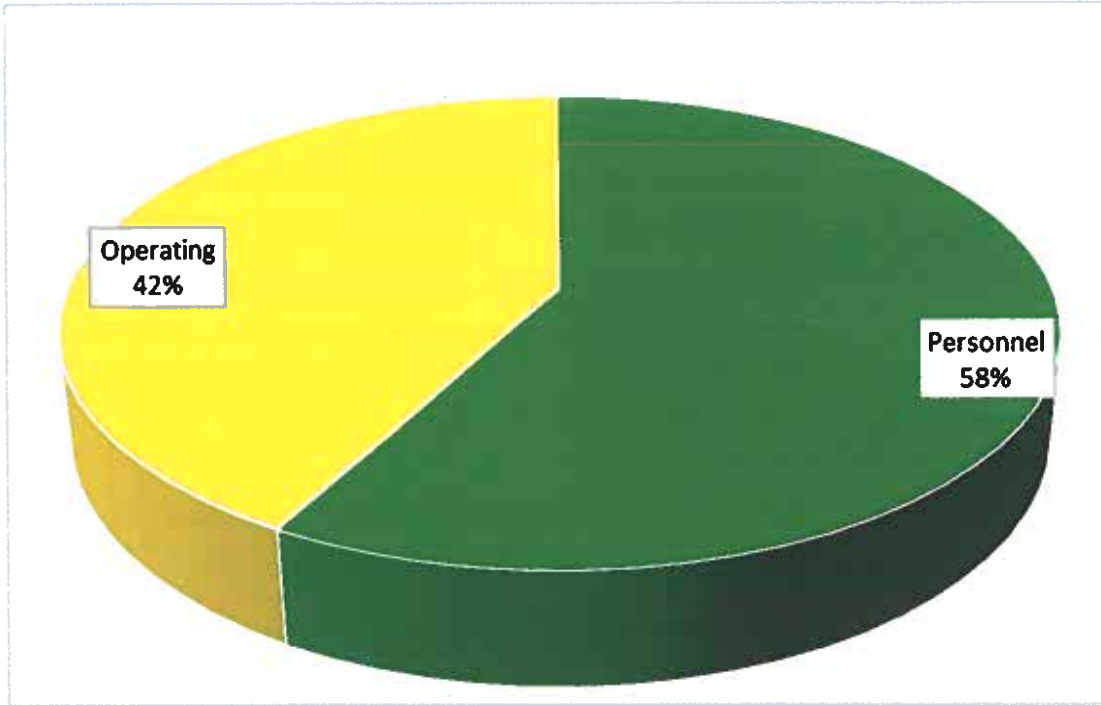
FY 2022 Forecast Total Expenditures



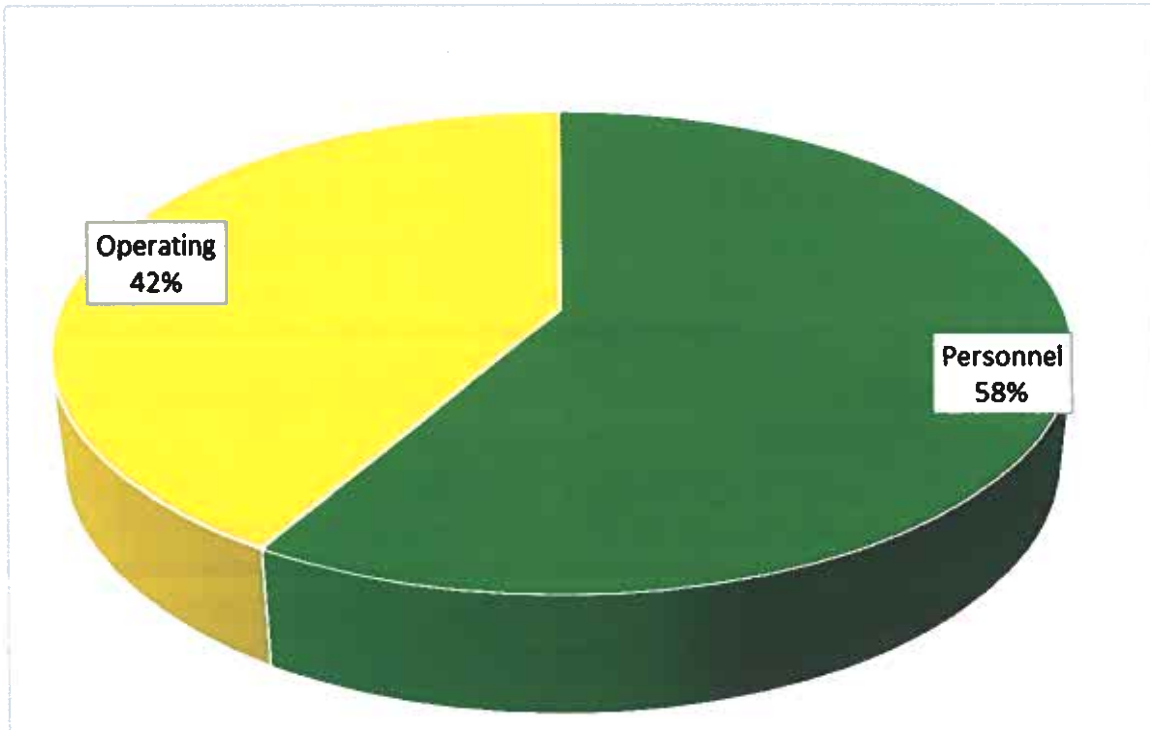
FY 2022 Forecast Non-Capital Outlay Expenditures Only



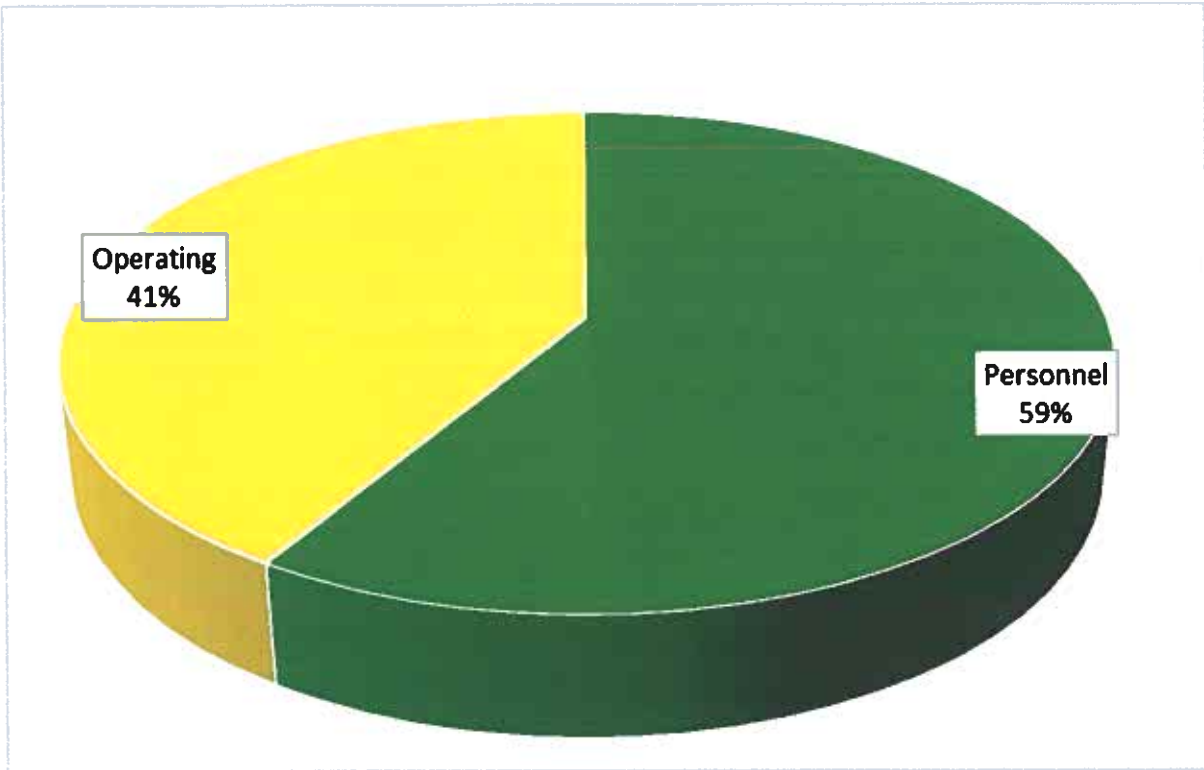
FY 2023 Forecast Total Expenditures



FY 2024 Forecast Total Expenditures



FY 2025 Forecast Total Expenditures



# City of Panama City Beach



April 22, 2021

TO: Mayor and City Council

FROM: Holly White, Finance Director

RE: Aquatic Center Five-Year Financial Forecast (FY 2021 – FY 2025)

In August 2020, the City Council adopted its first ever strategic plan followed by the adoption of its first formal business plan in November of 2020. As stated in that business plan, the City's future vitality and sustainability is linked to its financial stewardship and health. To that end, a series of initiatives has been undertaken to ensure the City is a prudent steward of the public's resources and maintains a sustainable financial capacity to meet the current and future needs and expectations of the community. One of the initiatives prescribed in the plan is to develop and review with the City Council a 5-year financial plan to identify future expenditure, revenue, and shortfall trends. The purpose of the plan is to allow the City to forecast the future and utilize that forecast as a tool to assist in meeting financial challenges by developing long-term solutions rather than short-term fixes.

By providing a forecast of revenues and expenditures over a five-year period (FY 2021 – FY 2025), the Aquatic Center Five-Year Financial Forecast will assist the City Council in meeting the following key goals:

- Ensuring a financially sustainable future
- Addressing strategic plan priorities

The City's vision as stated in its strategic plan is as follows: *"to be a safe, family-friendly, vibrant community that values residents, businesses and visitors, supports cultural and economic diversity, and maintains outstanding quality of life"*. The Aquatic Center was opened in the spring of 2006 to meet the needs of recreational and competitive swimmers alike. Historically, the facility has been unable to produce sufficient revenue to cover its operating expenses and the City has subsidized operations by transfers of funds from both the Pier and the General Funds. Future challenges in the Aquatic Center Fund will arise from the need to replace aging capital equipment as the pool has reached year 15 in its life cycle.

As time goes on, this plan will be monitored, as economic/business conditions will likely be different from preliminary estimates. Any significant changes in assumptions or additional budget amendments will require future modifications to the forecast. The FY 2021 budget numbers in this document include all amendments as of April 21, 2021.

**Aquatic Center Five-Year Financial Forecast in Brief**

This Aquatic Center Five-Year Financial Forecast in Brief provides the City Council a high-level overview of the proposed Aquatic Center Five-Year Financial Forecast and highlights the continued need for subsidies from the Pier and General Funds. Anticipated subsidies over the life of this five-year plan are expected to total \$3.4 million.

Aquatic Center	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Revenues	\$ 293,000	\$ 415,000	\$ 437,000	\$ 460,000	\$ 484,000
Expenditures	948,300	1,490,970	1,029,570	1,073,370	1,116,870
<b>Budget Gap</b>	<b>\$ (655,300)</b>	<b>\$ (1,075,970)</b>	<b>\$ (592,570)</b>	<b>\$ (613,370)</b>	<b>\$ (632,870)</b>
<b>Recovery Element</b>					
Transfer from Pier	\$ 250,000	\$ 650,000	\$ 400,000	\$ 500,000	\$ 500,000
Transfer from General Fund	500,000	200,000	200,000	100,000	100,000
Use of Reserves	-	225,970	-	13,370	32,870
<b>Net Budget</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

Reserve Balance, End of Year	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Unassigned Reserves	\$ 349,316	\$ 123,346	\$ 130,776	\$ 117,406	\$ 84,536

**Aquatic Center Revenues**



**Admissions & Other Fees**

Prior to FY 2020, admissions and other fees increased by an average of 5% annually. As pictured on the trend line above, the facility has slowly and steadily increased daily admissions and other fees over the past six years. Unfortunately, COVID-19 had a major impact on Aquatic Center operations in FY 2020 due to the suspension of open swim for most of the year. Although core membership revenue remained stable, virtually all other revenue sources were negatively impacted, particularly daily entry fees which experienced a 70% decline over the prior year.

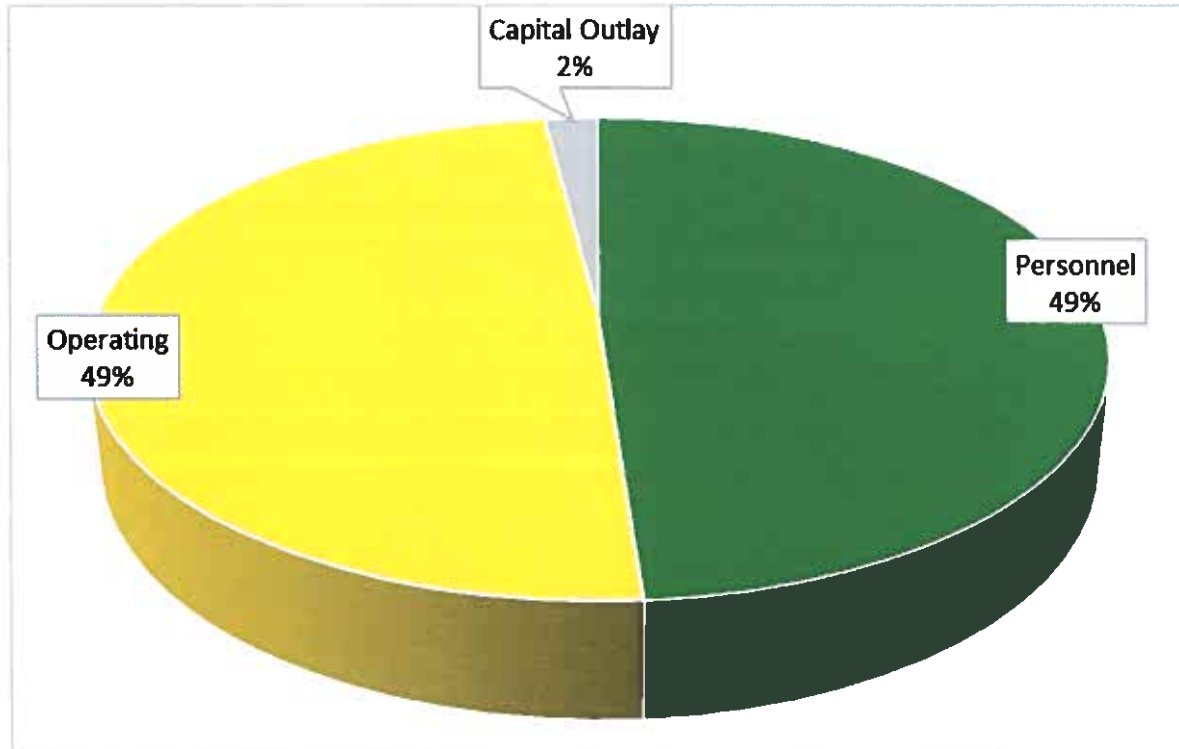
*Projections and Assumptions*

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Admissions & Other Fees	\$ 293,000	\$ 415,000	\$ 437,000	\$ 460,000	\$ 484,000
Growth	50%	42%	5%	5%	5%

With the introduction of a COVID-19 vaccine in FY 2021 and the reopening of open swim, admissions are projected to return to pre-COVID levels over the next two years. The historic trend of 5% annual growth is projected thereafter.

**Aquatic Center Expenditures**

The following chart depicts the adopted FY 2021 Aquatic Center expenditures budget in generalized categories:



See Appendix I for FY 2022 – FY 2025 charts.

The following chart shows projected Aquatic Center expenditures by major category:

Expenditures	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Personnel	\$ 463,150	\$ 507,070	\$ 529,370	\$ 556,470	\$ 582,470
Operating	466,150	457,100	472,500	488,300	504,900
Capital Outlay	19,000	526,800	27,700	28,600	29,500
<b>Total Expenditures</b>	<b>\$ 948,300</b>	<b>\$ 1,490,970</b>	<b>\$ 1,029,570</b>	<b>\$ 1,073,370</b>	<b>\$ 1,116,870</b>
		57%	-31%	4%	4%

Growth	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Personnel		9%	4%	5%	5%
Operating		-2%	3%	3%	3%
Capital Outlay		2673%	-95%	3%	3%
<b>Total Expenditures</b>		<b>57%</b>	<b>-31%</b>	<b>4%</b>	<b>4%</b>

**Personnel**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personnel	\$ 369,093	\$ 407,959	\$ 365,191	\$ 373,939	\$ 373,778	\$ 293,499
Growth		11%	-10%	2%	0%	-21%

Personnel expenditures account for 49% of the FY 2021 Aquatic Center expenditures budget and include both wages and personnel benefits.

*Projections and Assumptions*

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Personnel	\$ 463,150	\$ 507,070	\$ 529,370	\$ 556,470	\$ 582,470
Growth		9%	4%	5%	5%

*Personnel – Wages*

Salaries and wages are projected to increase for cost of living adjustments (COLA) and merit increases as follows:

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
COLA	0%	2%	2%	2%	2%
Merit	3.5%	3%	3%	3%	3%
Total Increase	3.5%	5%	5%	5%	5%

No new full-time positions have been proposed for the Aquatic Center; however, the Aquatic Center is allocated 5% of the wages of the IT department which has proposed the addition of 2 new positions in FY 2022. As a result, the percentage wage increase in FY 2022 exceeds the projected 5% combined COLA and merit increases.

*Personnel – Benefits*

Personnel benefits are projected to increase as insurance costs increase and as new positions are added. The City's health insurance rates have been flat for several years; however, the long-term average US healthcare inflation rate has been close to 5%. For prudence, a 5% annual growth factor has been assumed for health insurance. The City has a two-year rate lock for dental and life insurance; a 5% annual growth factor has been included thereafter. The projected annual cost per employee is summarized in the following table:



Annual Cost / Employee	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Health Insurance	\$ 7,200	\$ 7,470	\$ 7,844	\$ 8,236	\$ 8,647
Dental Insurance	\$ 306	\$ 306	\$ 317	\$ 333	\$ 350
Life Insurance	\$ 129	\$ 129	\$ 134	\$ 141	\$ 148

Growth Assumptions	Budget 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Health Insurance	0%	5%	5%	5%	5%
Dental Insurance	0%	0%	5%	5%	5%
Life Insurance	0%	0%	5%	5%	5%

Pension contributions will grow as salaries grow with merit and COLA increases and will fluctuate with investment experience and plan assumption changes. The City's general employee pension contribution rate increased from 8% to 13% in the middle of FY 2021 based upon updated actuarial information provided by the Plan's actuary as part of the required annual valuation report. For purposes of the Aquatic Center Five-Year Financial Forecast, the contribution percentage is assumed to remain constant at 13% because we cannot predict the effect of investment fluctuations which impact this contribution percentage. Changes in plan assumptions, such as vesting period or rate of return, will change this rate and require an update to the Aquatic Center Five-Year Financial Forecast.

### Operating

Operating expenditures account for 49% of the FY 2021 Aquatic Center expenditures budget and include both tangible goods and professional services.

#### *Projections and Assumptions*

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Operating	\$ 466,150	\$ 457,100	\$ 472,500	\$ 488,300	\$ 504,900
Growth		-2%	3%	3%	3%

Operating expenditures increase with inflation and as new positions are added. A 3% annual growth factor has been included for all recurring operating expenditures for inflation. The decrease in FY 2022 is due to the purchase of 10 new starting blocks in FY 2021 which is not a recurring annual expense.

**Capital Outlay**

	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Capital Outlay	\$ 19,000	\$ 526,800	\$ 27,700	\$ 28,600	\$ 29,500
Growth		2673%	-95%	3%	3%

Capital expenditures account for 2% of the FY 2021 Aquatic Center expenditures budget. The Aquatic Center Five-Year Financial Forecast includes the following capital investments:

- Kiddie pool play feature replacement (FY 2022) \$250 thousand
- HVAC system replacement (FY 2022) \$150 thousand
- IT and accounting system upgrade (FY 2022) <sup>(1)</sup> \$100 thousand
- Annual pool heater replacement (\$26,000 each) (FY 2022 - 25) \$110 thousand

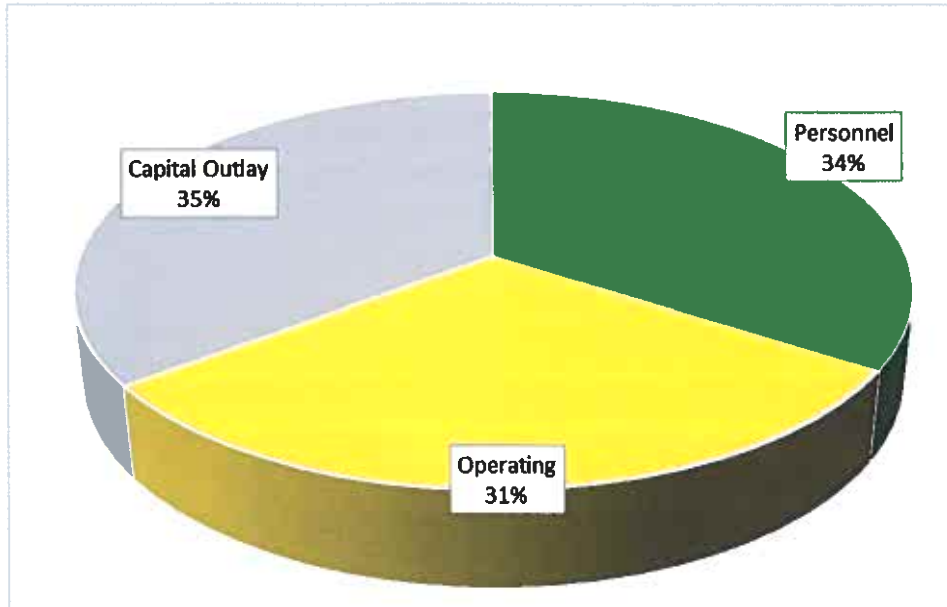
(1) An IT assessment study will be completed in FY 2021. The cost of a potential IT and accounting system upgrade and conversion is unknown at this time; however, a \$100 thousand (5% of \$2 million) estimate has been included in the Aquatic Center Five-Year Financial Forecast. This estimate will be updated once the IT assessment study has been completed.

The Aquatic Center has a list of additional capital improvements to be added if funding becomes available. This list can be found in Appendix II.

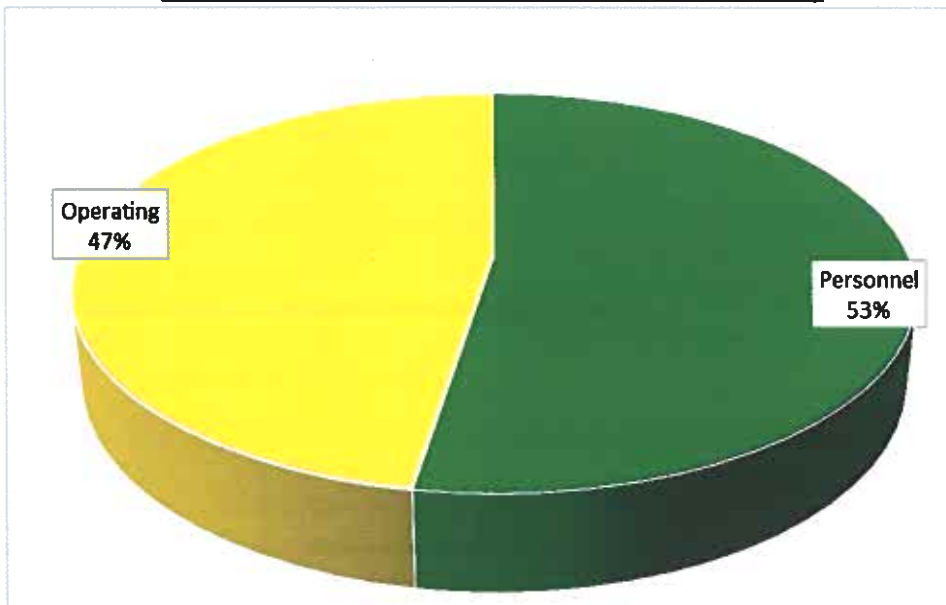
Appendix I

The following charts depict the FY 2022 – FY 2025 Aquatic Center expenditures forecast in generalized categories:

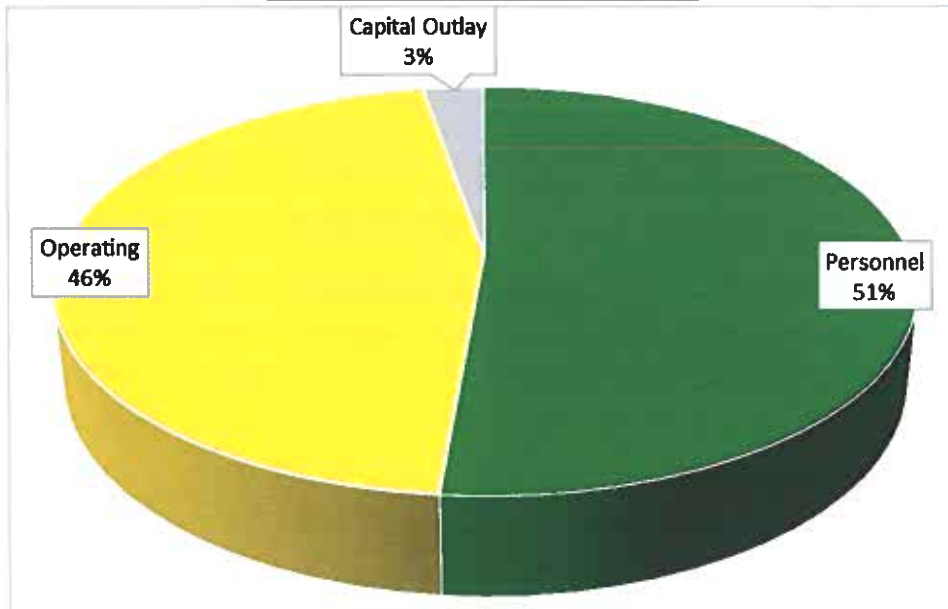
FY 2022 Forecast Total Expenditures



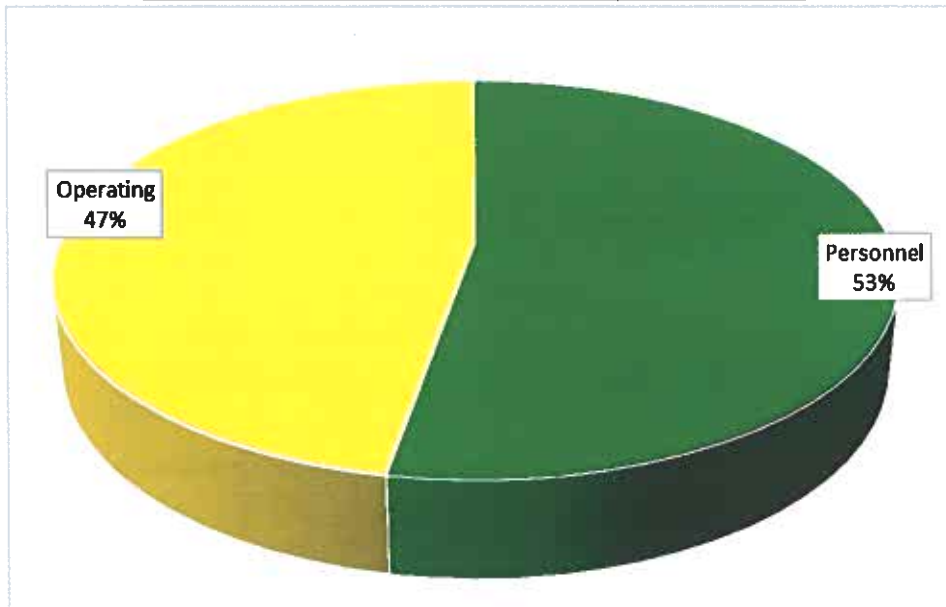
FY 2022 Forecast Non-Capital Outlay Expenditures Only



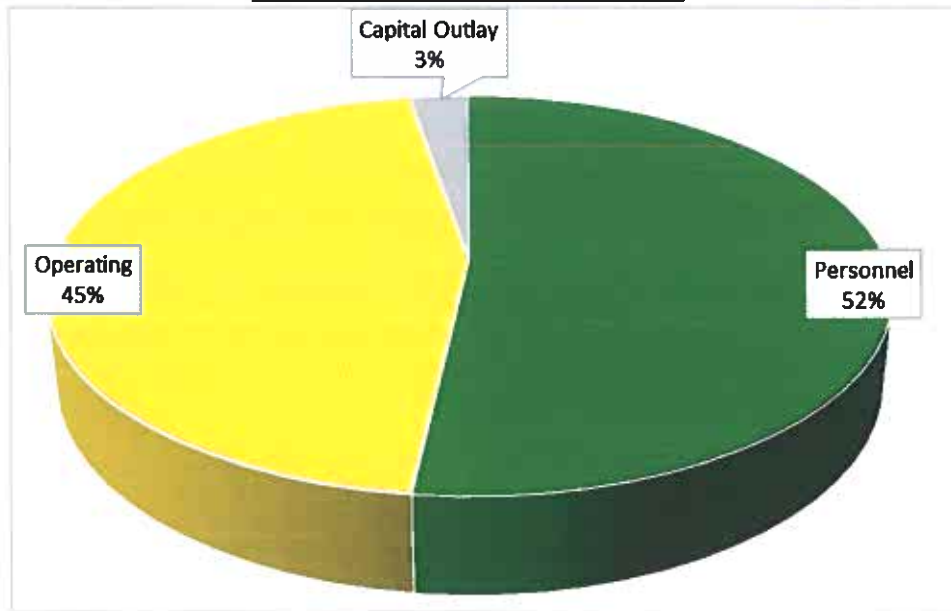
**FY 2023 Forecast Total Expenditures**



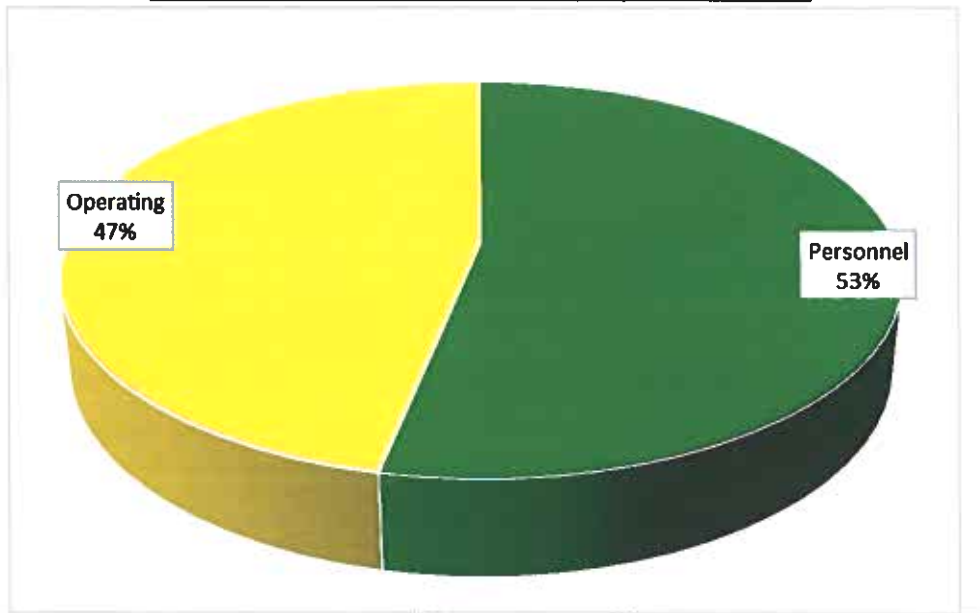
**FY 2023 Forecast Non-Capital Outlay Expenditures Only**



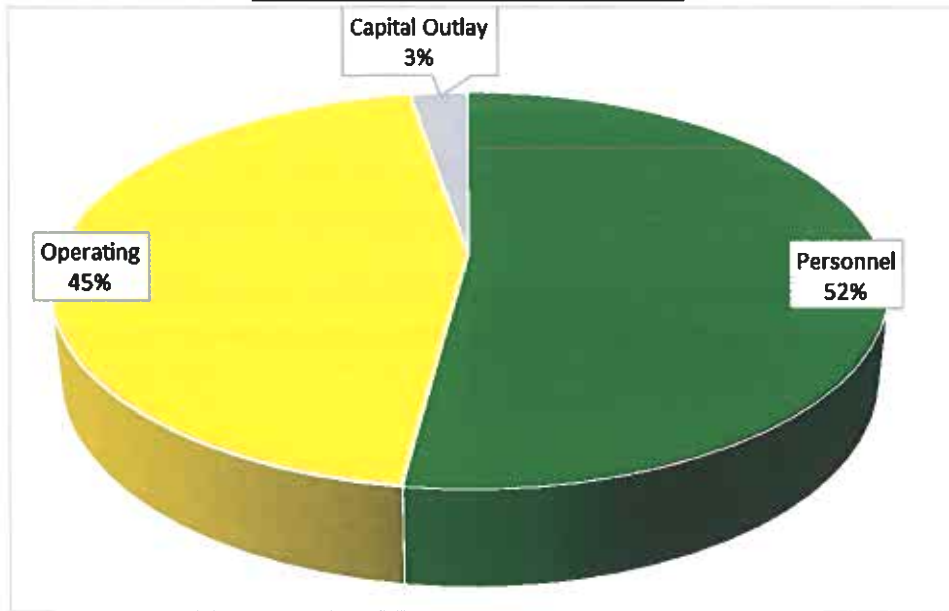
**FY 2024 Forecast Total Expenditures**



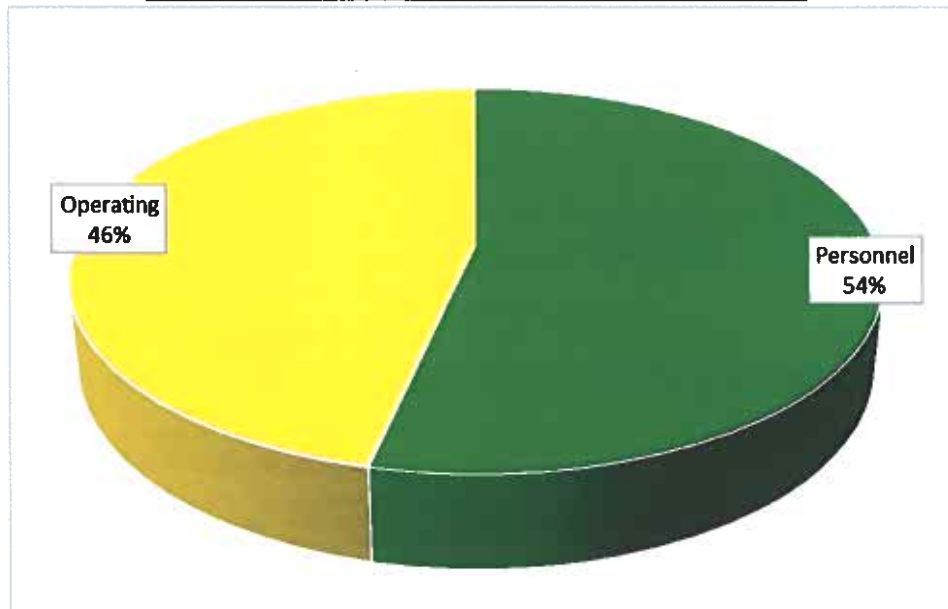
**FY 2024 Forecast Non-Capital Outlay Expenditures Only**



**FY 2025 Forecast Total Expenditures**



**FY 2025 Forecast Non-Capital Outlay Expenditures Only**



## Appendix II

Additional capital improvements to be considered if funding becomes available:

- |  |                |
|--|----------------|
| ➤ New storage shelter area next to pump        | \$ 55 thousand |
| ➤ Closed loop heater system with 2 new heaters | \$150 thousand |
| ➤ LED lighting                                 | \$350 thousand |