

MINUTES

KEY COLONY BEACH CITY COMMISSION FIRST BUDGET WORKSHOP

Monday, June 20, 2016, 9:30 a.m.

City Hall Conference Room

1. **Call to Order and Roll Call:** The First Budget Workshop of the Key Colony Beach City Commission was called to order by Mayor Jerry Ellis at 9:30 a.m.

Present: Mayor Jerry Ellis, Secretary Treasurer Jim Pettorini, Commissioner John DeNeale and Commissioner April Tracy. *Also Present:* City Clerk Kathryn McCullough, Assistant City Clerk Becky Todd, Building Official Ed Borysiewicz, Assistant Building Official Steve Britske, Police Chief Kris DiGiovanni. Excused: Vice Mayor Ron Sutton. Public - 3

2. Janie Byland, Beautification: Mayor Ellis requested and received commission approval to move this item up on the agenda. Beautification Committee Chairperson Janie Byland recapped the committees accomplishments for FY 2015-2016. She highlighted the hot dog event in March celebrating the culmination of the Waterfront Park Development. She also reported on the six beautification awards given this year and the conversion of the waterfall in City Hall Park to an orchid bromeliad garden. The committee has modified the starfish Christmas displays and is looking to public works to address the electrical issues. Looking forward to FY 16-17 Chairperson Byland requested \$4,500 for beautification maintenance, \$2,000 for plantings and \$1,700 for Christmas supplies from the General Fund. She also requested \$8,455 for the replacement of and addition of trees throughout the City from the Infrastructure Fund. Commissioner DeNeale commented the Beautification Committee provides the first impression of the City for visitors. Mayor Ellis feels the budget request of the Beautification Committee is totally justified and requested a consensus for approval from the Commission.

3. John Dalton, Wastewater Budget, Stormwater Budget. Mayor Ellis reported Utility Chairperson John Dalton had an emergency this morning. The Mayor will present the Utility Budget in his absence. A meeting was held with the Utility Board and they approved the budget being presented. There are a couple of gray areas in the budget primarily with the capital expense. A lot of improvements are planned for the wastewater plant, however it is difficult to determine exactly what stage of the improvements will occur when. The bid for the wastewater improvements was advertised on June 16th. A voluntary pre-bid meeting is scheduled for July 6th, the bid opening is scheduled for July 21st and hopefully award of the bid will occur on August 4th. Actual construction should begin by September 1st. The Mayor anticipates the project will go beyond next budget year, probably 18 months. By next budget year, FY 18-19 the City should have a clear picture of the costs and whether the revenues will cover the costs. There have been prudent negotiations with the engineering company that have produced significant cost savings. Commissioner DeNeale asked about the expenses for capital system, specifically with respect to the laterals, especially on 10th and 11th Streets. He also asked what the smoke test showed. The Mayor said we do not have the results from the smoke test yet. Commissioner DeNeale stated he felt the \$60,000 budgeted for Capital System, which is the laterals, is a little light. The Mayor agreed.

Kathryn McCullough, Legislative & Commission Budget, Financial & Administrative Budget, City Hall Budget, Legal/Judicial Budget. City Clerk Kathryn McCullough started by

reporting the preliminary estimate of the taxable value for the City is \$643,190,312. The budget presented is based on that estimate. The Tax Collector is requesting the initial millage rate no later than July 22, 2016. Commissioner Pettorini asked how the evaluation compared to the prior year. The taxable value for FY 15-16 was \$595,814,746. The City Clerk explained the first page of the budget packet is a recap by fund; the General Fund, the Road Fund, the Infrastructure Fund and the Impact Fund. The next page is the revenue estimation based on the taxable value and estimates for the additional sources of revenue for the General Fund. Page 3 recaps General Fund expenses compared to previous fiscal years. Page 4 shows the roll back millage rate of 2.0878 and the proposed millage rate of 2.300 which is required to cover the expenses in the budget presented. If this millage rate is adopted the increase in cost to a property valued at \$600,000 would be \$127.32. Commissioner Pettorini asked what the increase was last year. The Clerk reported the increase last year on a home valued at \$600,000 was \$68.22.

Page 5 details the revenue sources for the General Fund.

The expenses in the Legislative line items include Commissioner stipends, election expenses, travel, dues and subscriptions and miscellaneous expenses. The miscellaneous line item was doubled from last year as this item is already over budget. This includes such things as flowers sent, items needed by specific commissioners, and those expenses that do not fit into other categories. There is a new line item for retro-active stipends to City Commissioners. The City Attorney has determined COLA increases to Commissioner stipends could not be changed in budget workshops. It is a violation of code. The Key Largo Wastewater Treatment District is also being required to pay retroactive stipends. The cost of the retroactive stipends is \$22,554. Mayor Ellis stated the stipends for Commissioners in FY16-17 are increased based on previous COLA's. The Mayor stressed the COLA increases will continue unless the code is changed. The Mayor also explained the Commissioner stipend is for attendance at the meetings.

The City Clerk moved on to the next line items which are for Finance and Administration. This is for the office staff. The City Clerk recommends a 6% salary adjustment for all employees. The insurance line items have all been increased by 10% as the insurance have not responded to inquiries for prices. Retirement contributions for regular class employees increased from 7.26% to 7.52%. The employee still contributes 3% toward retirement. A line item is being added for a grant writer in the amount of \$25,500. \$10,000 has been added to Computer Equipment & Repair for a consultant to analyze the City's current programs and make recommendations for software and hardware systems going forward. \$3,500 has been added to this same line item for a new server as the current server is almost maxed out. \$1,600 has been added to accounting for a single source audit which is required by the Mayfield Grant. The last item in this area is the stipend for the City Administrator, which Mayor Ellis will discuss. Mayor Ellis explained a stipend for the City Administrator is an item that previously did not exist. All the Department Heads report to the City Administrator. It is a job. The Commission can recall the Administrator at any time. This is not a salary, it is a stipend. There are no benefits attached. The amount proposed is \$25,500. The Mayor said in the absence of Vice Mayor Sutton and on his behalf, he was sure the Vice Mayor would be opposed to this. Commissioner Tracy reported the Florida League of Cities class she just attended stressed the importance of a City Administrator. Commissioner Pettorini agreed with the rationale. He questioned the current difference in the stipend for Mayor versus the Commissioners. Mayor Ellis said in addition to attending meetings the Mayor also signs checks and oversees the agenda. City Clerk McCullough explained the City

Charter states the City Commission will appoint a City Administrator. The appointee is not required to live in the City. If there is no one to appoint then the Mayor assumes the responsibilities of City Administrator. Commissioner DeNeale said the City Charter is designed so the Mayor/City Administrator position can be split. There are many areas of increasing responsibility and concern; nitrogen levels, environmental laws, wastewater treatment, building moratoriums, area of critical state concern, sea level rise. Many residents have been approaching him about dividing the job. Mayor Ellis responded the problem is because there is no compensation, nobody wanted the administrator position. If the job is divided the compensation level will need to be revisited. Commissioner DeNeale would like to table this item until Vice Mayor Sutton can be in attendance. Commissioner Tracy does not feel the City needs a full time Administrator, but maybe the responsibilities could be structured so another Commissioner could fill that position. Commissioner Pettorini said that maybe difficult because of different skill sets. It may be possible to be the Mayor, but not the have skill set to be the City Administrator. He likes the idea of recognizing the Administrator function and paying for it. Commissioner DeNeale questioned if it would be possible to hire someone part-time, say for \$50,000 per year, then you would not have to pay any benefits. Commissioner Pettorini suggested maybe it could be a consultant position like the City Attorney. Commissioner DeNeale feels the \$25,500 is a good place holder right now, but he would like time to study this. Commissioner Pettorini agreed.

City Clerk McCullough reported on the Legal Counsel line items. The monthly retainer for the City Attorney is increasing from \$1,050 to \$1,200. There is no change in the \$180 hourly rate for the City Attorney. The total budget for Legal Counsel, which also includes legal advertising is \$39,000.

The budget for Comprehensive Planning has been increased from \$5,000 to \$7,500 for next fiscal year.

Judicial is for the codification of the City Codes. This line item is increased from \$3,000 to \$4,500.

City Clerk McCullough reported the budget for City Hall is self-explanatory; building maintenance, cleaning, utilities and insurance. The total budget for City Hall is \$62,195.

Police Chief DiGiovanni started the presentation of the Law Enforcement Budget by supporting the 6% salary adjustment for all employees. Chief DiGiovanni has made no increases in the Law Enforcement line items. Commissioner DeNeale questioned the line item for Contract Police Services as it appears to be over budget. The Chief explained a night officer was off for two months for shoulder surgery. Commissioner DeNeale expressed concern for the number of hours the Chief puts in. He suggested increasing Contract Police Services to \$20,000 to provide some relief for the Chief. The line item for Contract Police Services was increased to \$20,000 by consensus. Chief DiGiovanni said the lap tops for the vehicles, vehicles and an engine for the patrol boat will need to be replaced within the next 2 to 3 years. These are all infrastructure items. The Chief is planning on trying for a new car next year. The vehicle should be replaced every 3 years for the shift. They will last 6 years within the police department. Commissioner DeNeale and Mayor Ellis felt the infrastructure requests could be handled with reserves and not through the budget.

Building Official Ed Borysiewicz presented the Building Department Budget explaining salaries, payroll taxes and retirement benefits are self-explanatory. Inspection fees are paid

to other certified inspectors in the absence of staff certifications. Conference expenses cover certification tests and membership fees. There are also expenses for telephone, miscellaneous items and disaster preparation supplies. Assistant Building Official Steve Britske explained the new line item is for permitting software. The current program is archaic. The dollar amount of \$15,300 is a rough estimate based on conversations with the City of Marathon. Assistant Building Official Britske feels it would be beneficial to stay current with Marathon and Monroe County as contractors work in all 3 areas. The City Clerk pointed out that 85% of the Protective Services (Building Department) budget is funded by the general fund and 15% is funded by the road fund.

The City Clerk explained the Fire/EMS budget is based on the contract with the City of Marathon. This contract, for \$500,000 was extended through 2017. Additionally, \$25,000 is expensed out of the infrastructure fund toward improvements in Marathon's equipment.

Building Official Borysiewicz presented the Public Works Budget with input from Assistant Building Official Britske. Salaries, overtime, payroll taxes and benefits are all standard expenses. Mr. Britske reported an increase in the amount budgeted for equipment repairs and fuel. Mr. Britske stated the equipment, over the years, has not been maintained as well as it could have been. The golf course uses the lawn equipment 75% of the time. Mr. Borysiewicz said the line item for maintenance supplies includes dollars to outfit the new truck with tools and equipment so the employees don't have to go back and forth to the Public Works building to get a tool that everyone shares. The dumpster cost is for the entire City including the golf course, all City property, garbage and yard waste. Commissioner DeNeale stated that anything that increases productivity is good. Having a tool box in the truck is just common sense as far as increasing productivity is concerned.

Building Official Borysiewicz addressed the line items for maintenance and repairs in the Parks & Recreation Budget. Water and reuse water is the cost for maintaining all the plants and grass in the parks and on the golf course. Mr. Britske reported the tennis courts and pickle ball courts will need resurfacing to maintain them. Tiki huts need to be re-thatched, they are starting to drip underneath. Commissioner Tracy asked about the Contract Maintenance line item. Ms. McCullough explained that is the annual contracts for Gonzalez Landscaping and Alex Landscaping to maintain the grounds and to cut the mangroves. Mr. Britske explained \$17,500 under Parks Improvements is to replace the electric supplies that caused so much trouble during the last Christmas season.

City Clerk McCullough explained the reserves set aside in the General Fund. They are pretty much self-explanatory. The reserves highlighted in red have been moved from the Road Fund to the General Fund as reserves are already being used to balance the Road Fund. And, finally in the General Fund Budget is Contingency in the amount of \$20,000.

Commissioner DeNeale requested a report showing the total amount in cash reserves. The State wants the City to have 4 months of operating funds in cash in the event of a hurricane. It will take the State that long to get things in place to assist. In 2012 the amount required was \$600,000. Mayor Ellis said the City is in pretty healthy shape. The City Clerk will get together with the City Accountant and provide a report on the cash reserves. Commissioner DeNeale feels deciding reserve levels needs to be addressed at a Commission meeting. The Mayor directed the discussion be added to the Commission agenda.

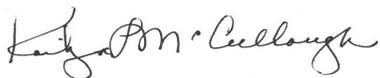
City Clerk McCullough addressed the Infrastructure Budget. The loans are paid from Infrastructure. \$34,000 of reserves are being utilized to balance this fund. Purchase of a Dixie Chopper is listed here, as well as a commercial dump trailer and the trees for beautification. Adding \$8,000 to the Police reserves should cover the laptops the Chief is concerned about. The other addition to reserves is \$1,500 for a tractor/mulcher. The new reserve items are \$10,000 for the Sunset Park pier and the wooden deck at Waterfront Park; \$5,000 for paved recreation structures and \$1,500 for rethatching the tiki huts. The Infrastructure projects to be accomplished this year are; \$5,000 for additional police surveillance cameras, \$25,000 for Marathon's Fire and EMS Capital projects, \$15,000 for the electrical modifications on the Causeway electric poles, \$50,000 to stabilize the conference room floor, and \$50,000 for the pickle ball which is funded by a FRDAP grant. Commissioner DeNeale asked if \$50,000 for the conference room is just for pin piles. Mr. Britske said if the engineering is in place, then \$50,000 would cover the pin piles, leveling the doors, etc. Commissioner DeNeale asked if this could cause a torque on the building which would make things worse. Mr. Britske said that would depend on where the beams are. He went on to state a visual inspection of the complete structure does not reveal any cracking in the walls. A lot of the older buildings have sweet sand in the centers which goes away. Mr. Britske would not do anything without an engineering report first.

The City Clerk explained Impact Fees are generated from new construction. Impact fees have to be used for new items. Commissioner DeNeale asked if the portion of impact fees collected for EMS could be used toward the \$25,000 sent to Marathon each year. The Clerk with ask the accountant.

Commissioner Pettorini asked if the City was going to do anything about a restroom at Sunset Park. Mayor Ellis said the Christine, the grants writer, is applying for a grant for that project.

The Budget Workshop adjourned at 11:45 AM.

Respectfully submitted,



Kathryn McCullough, City Clerk

Note: These minutes are unofficial and have not been formally approved by the Commission. The approval will be at the next scheduled Commission meeting.