

MINUTES

KEY COLONY BEACH CITY COMMISSION FIRST BUDGET WORKSHOP

Thursday, June 29, 2017, 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 DeNeale at 9:30 a.m.

Present: Mayor John DeNeale, Vice Mayor Ron Sutton, Secretary Treasurer Jim Pettorini via telephone, and Commissioner April Tracy. *Also Present:* City Clerk Kathryn McCullough, Assistant Building Official Gerard Roussin, and Police Chief Kris DiGiovanni. Excused: Commissioner Jerry Ellis and Building Official Ed Borysiewicz. Public - 1

Cash/Reserve Position Mayor DeNeale started a discussion of cash reserves focusing on the General Fund first. There is, currently, \$2,500,000 in cash in the General Fund. Of that \$132,000 is set aside for specific reserves; ie \$800,000 for operational reserves (increased from \$600,000.) \$38,000 to purchase a police car and a \$130,000 to transfer to the Road Fund. The remaining \$1,400,000 is not specified for any particular use. The cash balance in the Infrastructure Fund is \$458,000. Of that \$17,000 is set aside for specific reserves; ie \$38,000 for a Police Car, \$200,000 to City Hall reserves and \$200,000 for retained reserves resulting in a non-specified balance of \$3,000. The Road Reserve fund beginning cash balance of \$91,000, less \$50,000 for specific reserves plus \$130,000 transfer from the General Fund will result in an ending balance of \$171,000.

Mayor DeNeale reported the major issues to be discussed in this workshop are: 1) fund a Public Works Officer in the Building Department; 2) make the Police positions more competitive possibility by offering take home cars and salary increases. 3) dental and disability insurance and a 5% salary increase for all employees; 4) City Hall renovations, and 5) repairs.

General Budget City Administrator Moonis began by explaining the millage rate used in this budget is consistent with the rate used in last year's budget. The theory is if the City continually uses a roll back rate reserves will be depleted and it will be difficult for the City to move forward. The actual millage rate of 2.23 is the same millage rate as last year and does not constitute an increase in taxes levied. Mr. Moonis explained any increase to the taxpayer would be based on an increase in a property's evaluation from the previous year. Not every home is revalued, only those with substantial improvements. Vice Mayor Sutton disagreed. He stated property values are not increased based on improvements made to a home but are increased, or decreased, in value based on the economy. The ad valorem revenues in this budget are \$1,507,218 of a total budget of \$2,510,738 with the difference being generated by fees. Vice Mayor Sutton stated there were many times, during the 6 years he was Mayor/Administrator, that reserves were used to balance the budget, but the economy was very bad then. Mr. Moonis projects an increase in building permit fees to an estimated \$300,000 for next fiscal year. Commissioner Pettorini asked about the revenues generated by the golf course lease. He asked if there were any changes there. Mr. Moonis said he was still in discussion with the Manger.

With no more discussion on revenues, the attention was turned, in detail, to the expenses. The total expense for legislative budget is \$81,611. This amount includes an increase in Commissioner stipends of 2.8% based on the Miami/Ft. Lauderdale CPI. Travel expenses increased to \$11,530 for 4 Commissioners to attend the Floirda League of Cities Annual Meeting. Mayor DeNeale requested travel expenses also be increased for 3 people to attend Florida Keys Days.

City Clerk McCullough addressed the budget for finance and administration. She strongly recommended a 5% salary increase for all employees, not just those in her department. Mr. Moonis explained the suggested 5.0% increase is predicated on a 2.8% CPI for Miami/Ft. Lauderdale, an additional 0.7 % to compensate for the difference in the cost of living between Marathon and Ft. Lauderdale and a 1.5% recognition for job performance. Mr. Moonis also provided a salary/classification study created for the City of Marathon to all the Commissioners. Vice Mayor Sutton stated he is not in complete agreement with this. The employees need and deserve a raise but 5% is 'a bit much'. There was a 6% increase last year to compensate for a onetime bonus given a few years back that did not increase the hourly rate. He wants to be fair to the employees but dental and short term disability has also been requested for the employees. Vice Mayor Sutton said considering the 2.8 CPI for Miami/Ft. Lauderdale, he might consider a 3% increase. Vice Mayor Sutton said the City treats the employees fairly well. Mayor DeNeale has tasked the City Administrator to develop a performance based system. He referred to the general classification system used by the Federal government. Vice Mayor Sutton suggested keeping the COLA increase, or a little above, like his recommendation of a 3% increase. Commissioner Pettorini said an employee that performs at expectation should receive at least the 3.5 % COLA adjustment. An employee that performs above expectation should be rewarded with an additional percentage increase, whatever that is. Commissioner Pettorini questioned when the Commission authorized dental and short term disability coverage. Mr. Moonis reported this is a suggestion from staff. Ms. McCullough reported, with respect to the dental insurance, this was a benefit City employees had but was taken away by a previous Commission. Many larger companies and the cities in the area offer, not only dental, but also vision insurance and long and short term disability coverage. Ms. McCullough agreed insurance coverages do have to be acknowledged in the total compensation package, but they do not put food on the table. Vice Mayor Sutton disagreed, stating he is a business person, and years ago did provide dental, but he no longer offers it to his employees. Mr. Moonis suggested the Commission decide on a percentage across the board increase for this year only. Then going forward institute Mayor DeNeale's step and grade concept, or a classification policy similar to Marathon, or a hybrid of the two. Mayor DeNeale agreed with a 3.5% COLA and 1.5% performance increase for this year only, having a performance based system in place for next year. Commissioner Tracy indicated 3.5% would be an absolute minimum, however, to motivate an employee, you have to give them more than that, so maybe 4.5%. She indicated she gave 'ridiculous' increases, across the board, just to retain her employees. Commissioner Pettorini suggested the Commission should be recognized for giving additional benefits to the employees. Taking the adjusted CPI of 3.5% and adding a ½ percent for the benefits, that's 4%. He agreed with a 4.5% increase as Commissioner Tracy suggested. Mayor DeNeale suggested the salary and insurance discussion be tabled until the next budget workshop. The other Commissioners agreed. Vice Mayor Sutton asked Ms. McCullough to reevaluate the amount allocated for meals under travel. It seems high. She will look at that. Mr. Moonis explained the \$15,000 for document imaging will allow the City to digitize its records in a searchable format. Travel was increased to provide for Asst. City Clerk Todd's attendance at the annual Clerks conference.

The budget for legal counsel is \$39,000. City Attorney Wright increased his retainer from \$1,200/month to \$1,400/month but kept the hourly rate at \$180. The amount for legal advertising was left at \$4,000. The budget for Comprehensive Planning is \$7,500, with no increase from the prior year. The judicial budget, for codification of ordinances is \$4,500, also no change from the prior year.

Assistant Building Official Gerard Roussin presented the total budgeted amount of \$83,445 for City Hall. This includes building maintenance, furniture and equipment, cleaning and extermination, utilities and insurance. Vice Mayor Sutton asked what percent increase was attributed to insurance. City Clerk McCullough reported a recap of all the insurances is presented on page 41. Liability insurance increased 4%; worker's compensation 2.5%; health insurance, 10%; and fire insurance, 8%. Commissioner Pettorini stated the total increase in insurance premiums, excluding dental and short term disability, is 7.5%. Not an unreasonable increase. Vice Mayor Sutton reported Cigna had provided the health insurance in years past but dropped the City because the group is so small. City Administrator Moonis asked if it would be possible to self-insure and buy reinsurance at a set level. Commissioner Pettorini agreed FMIT purchases reinsurance policies, however, does not feel it would be less expensive for the City to do.

Chief DiGiovanni addressed the law enforcement budget. The day shift sergeant will be retiring in April. The day shift replacement officer takes the retirement into consideration. \$39,097 is budgeted for the retiring officer, and \$24,242 for his replacement. Chief DiGiovanni agrees with the 5% salary increase presented by the City Clerk. He explained line item 521-550, new hire training, is double last year's figure as he expects to hire 2 new officers in the coming year. City Administrator Moonis stated the police boat is either going to need a major over-haul, or replacement, in the near future. It has been in for maintenance due to gas odor. It came back with the same odor. Chief will run the boat this weekend to determine if it needs to go back for additional maintenance. Vice Mayor Sutton asked the age of the boat. Chief DiGiovanni stated he thought the boat was purchased in 2007 to replace the old Grady White. Mayor DeNeale reported a boat gas tank is estimated to last about 10 years. City Administrator Moonis will research to find a grant for a police boat. He also reported 'Reevis' donates boats to the Sheriff's office with the stipulation their logo is displayed on the vessel. He asked if the commission would have any objection to obtaining a boat from 'Reevis' with their logo on the vessel. The consensus was there would be no objection.

City Clerk McCullough explained, based on a suggestion from Commissioner Pettorini the budget for the building department is presented, in total, with a 15% transfer to the Road Fund at the end. In previous years the budget was split between General Fund and Road Fund. This presentation provides a clearer picture of the department costs. The same process was followed for the Public Works budget with a 25% transfer to Road at the end. Vice Mayor Sutton asked if the Building Official has announced a retirement date. Mr. Moonis answered no, however, he could be retiring as early as this time next year. Vice Mayor Sutton questioned \$33,280 in the budget for a building/fire inspector for an 8 month period. He has approached a public works employee to determine if that person would be interested in working some overtime to help with the inspections. He questioned paying benefits to another person when there is someone on staff willing to do the job. Mr. Roussin reported, even if an employee is willing and capable of performing the function, the Building Official Board requires verifiable work history in all the fields required by the 1 and 2 family

inspector position. The minimum for the license is 5 years in the trade in a supervisory capacity. Mr. Moonis will look at the whole concept of the building department and public works and return with a recommendation of staffing requirements. Vice Mayor Sutton asked, if the City got into a 'jam' with the inspections, why not call Marathon. Mr. Moonis reported Marathon is agreeable to doing the fire inspections for a fee. Marathon also would only perform the fire inspection, none of the safety inspections required for a vacation rental license. Therefore, City staff would still have to go out.

City Administrator Moonis reported the Fire/Services EMS agreement with Marathon is requested at \$550,000 for the year. This does not include the \$25,000 paid to Marathon for their infrastructure costs. Mayor DeNeale reported a discussion he had with Chief Johnson concerning the contract cost for Fire/EMS services in an effort to avoid the issues that arose from the previous agreement. Commissioner Tracy said the current contract requires the actual expenses be reconciled, every year, to determine if we owed them or if they owed us. She reported this has never happened. She also reported contact from a Marathon Commissioner concerned that Key Colony Beach would continue the relationship. Mayor DeNeale explained Marathon takes their expenses, decreased by the revenues received, to determine the cost to ad valorem taxes. Key Colony Beach is 23% of the size of Marathon, so Key Colony Beach would be charged that percentage. Mayor DeNeale is happy with the methodology being used.

City Administrator Moonis addressed the Public Works budget. In salaries, there is a working foreman estimated on payroll for 6 months. Mr. Borysiewicz and Mr. Moonis agree the day to day operations of the department should be the responsibility of the Public Works foreman. The current team lead has indicated he will be leaving the City this coming spring/early summer. Vice Mayor Sutton stated one of the Public Works assistants is an additional employee, added last year. He does not think it is necessary to add another full time employee. Mayor DeNeale stated, years ago, there were only 2 people in public works. He questioned how that increased to four. Mayor DeNeale is counting Assistant Building Official Roussin as part of public works. Mr. Roussin indicated he spends 1 to 1 ½ hours every morning directing public works. Mayor DeNeale said the Public Works employee, added last year, was to assist in the sewage treatment plant, to save the City money. He asked if that has worked out? Have the US Water invoices decreased? Mayor DeNeale also questioned if some Public Works functions could be contracted to Gonzalez Landscaping at a cheaper rate. City Administrator Moonis reported, at the end of this transitional period, there would only be 3 Public Works employees; one working foreman and 2 others. Vice Mayor Sutton again stated he is not in favor of another Public Works employee. The Assistant Building Official should be the Public Works supervisor, just like it has always been. That is a total of 4 people for the Building Department and Public Works. Commissioner Tracy asked how the work at the sewer plant could continue without the 3 people in Public Works. Vice Mayor Sutton indicated the Sewer Plant operator told him that he would always have one full time person. If City employees are performing functions at the plant, he will find other work for the US Water employee to do. Vice Mayor Sutton said former Mayor Ellis, added the additional employee to save money, but that has not worked out. Mayor DeNeale requested, for the next budget workshop, a 'clean sheet of paper'; what should the job description be for a Public Works Supervisor/Assistant Building Official; and 2 people in the field. That is four people total.

City Clerk McCullough presented the Parks and Recreation budget. Mayor DeNeale asked if the Golf Course manager was spending his budget. Ms. McCullough replied he has spent

some on irrigation repairs. Commissioner Tracy noted several of the tee signs are missing, or in places where the bushes are so overgrown they can't be seen. Mayor DeNeale reported the golf course is not being maintained the way it used to be. Mr. Moonis said the Manager has one staff person and he gets help from Public Works on an as needed basis. Mayor DeNeale suggested the Manager could use some of his budget to hire a landscaper to help clean up the course. There were no other comments on the Parks and Recreation budget.

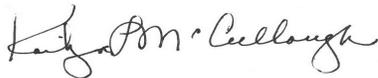
City Clerk McCullough reported a budget request from the Beautification Committee in the total amount of \$13,850. The Commission agreed with the Beautification Committee request.

City Clerk McCullough reported the recap of reserves represents the dollar amounts traditionally set aside for each item listed. City Administrator Moonis recommended moving \$4,000 designated for police vehicles to the police boat. Ms. McCullough recommended moving the longevity pay reserve balance of \$7,664 to the reserve for the police boat. Mayor DeNeale asked if it was a consensus of the Commission to move toward a police vehicle for every officer. The Commission agreed.

The last item in the General Fund budget is Contingency in the amount of \$20,000. No increase in this line item from the previous year.

The Budget Workshop adjourned at 12:36 pm.

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.