

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 August 11, 2016.

ROLL

MAYOR MIKE THOMAS

COUNCILORS:

JOHN REICHARD

PHIL CHESTER

JOSIE STRANGE

HECTOR SOLIS

CITY MANAGER:

MARIO GISBERT

DEPUTY CITY CLERK:

JO SMITH

FINANCE DIRECTOR:

HOLLY WHITE

CITY ATTORNEY:

AMY MEYERS

Mayor Thomas called the Budget Workshop to order at 1:00 P.M., with all the Council, the City Manager, Deputy City Clerk, Finance Director and City Attorney present. The Invocation and Pledge of Allegiance was led by Councilwoman Strange.

Mayor Thomas announced this Public meeting pertained to the General Fund. Mr. Gisbert gave the floor to Ms. White.

Ms. White announced that considerable time had been spent with each Council Member regarding the budgets and said she would provide a brief overview of each Department and have the Department Heads answer any questions.

Ms. White stated the Department Heads had submitted requests which included everything they wanted without restrictions. She gathered revenue information and consulted with Mr. Gisbert for the first pass-through as there were more expenditures than revenue and the intent was to bring a budget that was sustainable not only the year but also going forward. Expenditures were then trimmed from the four largest Departments (Police, Fire, Street and Recreation) in order to set aside One Million Dollars (\$1,000,000) in reserve for projects that might arise. Money was taken equally from the four departments which meant some items were removed to reach the targeted reserve goal. Ms. White felt that everyone still had most everything they wanted.

The Amended Budget for the current year contained about \$23 Million Dollars of income and transfers that came into the General Fund. Projections made for next year came in at around \$21.8 Million Dollars. Councilman Reichard asked if the \$23 Million Dollars included projected revenue for August and September. Ms. White stated she revised the numbers based on where the City was at during the first ten (10) months of the year and what she thought August and September would be based on what had historically been done. She mentioned that at first glance, one might think the revenue was dropping; she reminded that during the current year there was a \$1 Million Dollar transfer into the General Fund from the CRA. This money was from share payments for the Loop Road project. If that figure was removed from the Amended Budget, as well as any grants received, the revenue remained flat from year to year. Ms. White explained that the City had a good year, without the growth as seen in prior years so the projected revenues for the coming year remained flat.

For Expenditures, things remained fairly constant. Legislative had virtually no change. The Administrative Department (City Hall) only had the replacement of audio/visual equipment in the Council meeting room. Bids were currently out and when awarded, the contract would be paid from the new year's budget. The Legal Department was projected a bit higher because it was unknown what may arise based on the problems with Spring Break last year and upcoming items with Code Enforcement and Land Development.

Councilman Reichard asked what figure was used for March to project the income. Ms. White replied that she kept Gross Receipts essentially flat and did not look at the figures on a per month basis. She looked at the annual number as mix changes occurred during the months due to weekends and how holidays fell. She was hopeful that the figures would come in better but did not feel it would come in any worse.

Personnel additions for the new year included seven (7) new people – two (2) Police Officers, two (2) Firefighters/Paramedics, two (2) Street Maintenance Workers and one (1) Administrative position in Building. Ms. White explained the position in Building was really just a half of a person as there was presently a part-time position that he would like to make into a full-time position. The intent of this position would be to allow the Code Enforcement Officers to be out in the field more versus doing paperwork. No legislative, administrative, or recreation personnel were added.

Ms. White was hopeful some decrease would be seen in the cost of Health Insurance premiums. Going to a Self-Insured Health Insurance Plan five years ago had been very positive. She announced the City Manager had plans to introduce some Wellness Programs City-wide to be covered by excess funds in the Health Claims account. She stated decreasing the premiums going forward would be mostly beneficial to the City because one-hundred percent (100%) of the employee's insurance was paid by the City. However, an audit had been conducted on property insurance and it was discovered some of the buildings and items as such may increase. She hoped the two sections would be a wash with the savings in the health insurance reserved for the increase in property insurance. Ms. White explained it was not so much the additional new buildings but buildings under insured, or some insured but insurance not required. A complete review was ongoing of all the City's assets to ensure all was accurately covered.

Operating expenses did not change significantly across the board other than the new Police Department building. With the new Police Department building and the new Public Works building being significantly larger than the originals, increases were seen in the cost of cooling the new Police Department as compared to the old one. Estimates had been made regarding the utility costs of the new buildings. Ms. White hoped the estimates were going to be adequate. Mr. Gisbert added the new janitorial contract had also increased the operating costs.

For the Capital side of the Budget, Ms. White explained the completion of the new buildings helped decrease the Budget by Four to Five Million Dollars. Ms. White continued there were some capital projects planned, such as the Police Department's normal fleet rotation. The big ticket items would be the road projects that were split between current year and new year funds, the Colony Club Road and North Pier Park Drive/Loop Road. The Fire Department requested a few projects. For Recreation, \$200,000 had been set aside to redo Phase 1 of the Under the Palms Playground. The second phase had funds set aside in reserves.

Councilman Chester asked if the project was originally done with a grant or did the City have to match some grants. Ms. White replied that it was a combination of private donations, grant money, and City money that completed the project. Councilman Chester asked if grants were sought for the new project. Councilman Solis replied that he was currently in the process of looking at the St. Joe Fund. He reported submissions could be made every two months under the health and fitness portion of the fund, and he felt the project met the criteria. Ms. White continued that Recreation had a little less than One Hundred Thousand Dollars to re-do the floor at the Lyndell Center and some pieces of new equipment were requested. \$200,000 of Recreation Impact Fees had been allocated for the Sea Horse Lake Trail project.

Mayor Thomas said he wanted to discuss grant funding. He had spoken to Mr. Gisbert and Mr. Shortt about trying to determine a different explanation of the City's population to grant writers. He said the City was stuck with the Thirteen Thousand Five Hundred (13,500) population number which resulted in each Department being unable to get grants. The demographic had shown the City as being a very wealthy community of Thirteen Thousand Five Hundred (13,500) people. For grants, if not low income or a minority based area, the City had been penalized. He said he felt the City's water and sewer usage should be able to equate into a more accurate population showing undocumented residents which could assist future grant requests.

Each Department Head then presented the Council with budget highlights of their respective Departments:

Legislative – Ms. White stated there are no real changes in this Department. The salaries of the Council were set by Ordinance. Year after year this Department had consistently averaged Two Hundred Twenty Thousand Dollars (\$220,000) per year. With three new Councilmembers elected, mention had been made in continuing education; therefore, she adjusted some of the line items. She increased travel and training by shifting funds from other categories that were not being used. The Amended Budget for 2015-2016 was \$215,626 and the Proposed Budget for 2016-2017 was \$214,735. Councilman Reichard compared the previous Council's insurance coverage as three members were not on City insurance. Ms. White stated Councilman Solis elected not to accept City insurance. The City previously provided family coverage for Council, however that was no longer provided. Coverage changed from two (2) individuals and one (1) family to four (4) individuals.

Mayor Thomas asked about the travel per diem. He explained the County changed the per diem to reimbursement based on the particular situation based on receipts provided upon return. Mayor Thomas said he felt it would be different if an individual elected to go somewhere versus mandated to go for continuing education. Ms. White answered it had always been a flat per diem rate. She continued they could do a reimbursement as long as it was reasonable. Ms. White stated the City's per diem was based on the normal rate but the rate could change based on the destination. For mileage, the federal guideline was used. Meals were \$36.00 per day. Councilman Solis expressed his concern when reimbursement was based on a receipt. Some people may decide a \$36.00 steak and lobster meal was reasonable. The Mayor said he would hate to send an employee on business and it end up costing them money. Ms. White commented that many people received the per diem check ahead of time which allowed them to manage the expenses. Mayor Thomas said it was fine to leave it the way it is. Councilman Solis added if there was a circumstance where someone was required to go to an expensive area, such as Miami, that it would be reasonable at that point to adjust rates. Ms. White said the per diem rate could be adjusted for the area of travel versus having a flat rate.

Administration – Ms. White said the Administration Department contained seven (7) people. The Operating Expenses projected for next year were expected to decrease. Repairs and maintenance were increased as there were concerns about the air conditioning in City Hall. As indicated on the “Other Charges” line on the Amended Budget, there were Sixty-Three Thousand Dollars for the plaintiff in the free speech issue. Most of the new increase was attributed to the repairs expected on the air conditioning. On the Capital side, the major change was due to the machinery and equipment line which was slated for the audio/visual equipment needed for the Council room. Ms. White also mentioned under Contractual Services was the cost to update the Livestreaming.

Councilman Reichard asked where the Fifty-Five Thousand Dollar figure came from. Ms. White stated that Staff had some vendors look at the Council room and offer recommendations. Mr. Gisbert added that on Monday, the bid would be received and they would have hard numbers. The same equipment from that bid was used for the specifications to ensure all the bids were apples to apples. Councilman Solis recalled the equipment requested would also transition into the new building. Mr. Gisbert was extremely specific with the vendors when stating the all the equipment must be moved into the new building. Mayor Thomas asked if projection equipment was included. Mr. Gisbert stated that was more complex and decided to pass on it.

Legal – Ms. White stated she had already covered this Department unless there were any specific questions. Mr. Gisbert stated this was not just Harrison Sale. Ms. White further said it also included the State Attorney's office for some representation of indigent cases.

Comp Planning – Mr. Leonard said this Budget had been relatively the same over the past few years. He stated the Amended Budget compared to the new year would look different because Staff did very well controlling spending over the past year; however overall, it was very comparable to the budget that was adopted last year. He said the change in salaries was due to the one position in the Planning Department that would be split with the CRA. This position would assist Ms. Jenkins in the CRA and the salary would be split in half on that one position.

The Operating Expenses and Capital Outlay were very similar. Contractual Services were higher than most everything else due to the Bay County GIS service used. They worked on the Code Enforcement map as well as a Development Order map which was intended to keep the Council up to date. He planned to start scanning plans so they could be easily found and searchable. Most items remained the same except for the finalization of the buildings. Mr. Gisbert asked Mr. Leonard if the City could start requiring plans to be submitted electronically so they would arrive in a format where personnel would not have to scan them. Mr. Leonard replied it would require an Ordinance but there would need to be a threshold. They would not want to prevent smaller agencies from submitting paper plans.

Building/Protective Inspection – Mr. Leonard continued to the Protective Inspection Department and stated the summary was similar to the Comp Plan. The numbers were constant and there were no large increases. Other Contractual Services and Plan Review Costs were the two areas in which a significant difference was seen. Other Contractual Services was used for the vendor who provided Building Inspections for the City, Gordon and Associates. The City previously used the County until they decided to concentrate on their own items and gave notice they would stop performing inspections. Mr. Leonard explained that the revenue that came in was twenty-five percent (25%) higher than what the City expended in inspections costs. Plans sent to Gordon and Associates for review had 100% of the plan review fee sent to them.

Although an increase was shown in the numbers, it was due to the increased activity but the revenue received was also twenty-five percent (25%) greater than the numbers shown.

Mr. Leonard continued to explain the “half” person included in the Budget. The Department had a part-time employee, that if transformed into full-time, half of the salary would be coded to Building and the other half to CRA. Ms. White further explained that half of the half coded to CRA could further be split to Code Enforcement because it was done in both the CRA and the Building Department. Councilman Solis asked how many hours the part-time person was working. Mr. Leonard responded thirty (30) hours a week. Councilman Solis expressed concern that an additional ten (10) hours per week may not be sufficient to really do what was needed for code enforcement. Mr. Leonard agreed that it could require more than ten (10) hours; however, it also depended on the person in the job. He stated if the person he had in mind got the position, they would perform both job functions all day long. Councilman Solis wondered if additional help from the administrative side would be enough to free up the Code Enforcement Officers. He mentioned trying it for a year as well as incorporating help from the front desk. He said during four hours of the day, the front desk had two people and many times there was not enough to keep them both busy. He felt that would be a perfect place for the investigation of Air B&B, VRBO, and other online sites and making data comparisons. He said he felt the establishment of a good system would free up the Code Enforcement Officers to be out on the road more. Councilman Chester added the full time person in the Department would be able to assist people as they came into the office. Councilwoman Strange asked if they wanted another Code Enforcement Officer or if they wanted to wait six months to see how things worked. Mr. Leonard responded he would rather wait to see how the restructuring of personnel worked.

Councilman Reichard inquired who was auditing the businesses that were sending in the one percent (1%) Gross Receipts tax. He and Ms. White had discussed when the City was able to fill the new Accountant position that person may be able to audit some of this. He felt that if the word was to be put out that the City was going to audit a couple of businesses per year (whether randomly or under suspicion), that there may be some opportunities. He felt like it would only be fair to the people that were paying the correct amount. Councilman Solis commented it would not be hard to do by taking similar properties (similar rates) and their tax revenues and comparing them during the same time period.

Councilman Solis asked Mr. Leonard if he expected to see savings from the updated computer system. Mr. Leonard felt there was definitely going to be savings and more time would be available for other duties. By being able to accept online payments, he expected that it would cut down on mail processing time and ultimately free up time for other things. Ms. White stated there was a huge amount of time saved when the Water Department went to automated payments online. The Water Department had an employee resign and they did not replace that person because of the time savings.

Councilman Chester asked if the part-time employee would have to go back through the Civil Service process if they went full-time. Everyone acknowledged they would. Mayor Thomas commented that he knew the Civil Service Board was in the City Charter; however, he felt during the next City election he would like to see the Civil Service Board abolished. He did not feel employees were mistreated anymore without there already being established State and Federal laws that would do the same as the Civil Service Board. He continued that each Department Head understood that they were held accountable for their employees, although they had very little to do with choosing them. Mayor Thomas felt the Civil Service Board should be turned into a grievance board, although he felt even that was not really necessary as there were enough State grievance boards. Councilman Reichard asked what other cities used the Civil Service. Ms. White replied when the last pay study was done (possibly even the one before Evergreen) that they did a lot of pay studies and they were somewhat surprised that our City still had a Civil Service Board doing the hiring. She recalled the consultant used “archaic” to describe the Board. The consultant offered that very few municipalities used Civil Service Boards to do their hiring. Mayor Thomas commented that it created timing problems when someone needed an employee and Mr. Gisbert said it took a minimum of six (6) weeks. Mayor Thomas said it had outlived its usefulness and if the City was cleaning things up, this should be one of the things cleaned up.

Law Enforcement – Chief Whitman said his largest line item was salaries. He had seventy-five (75) full-time employees, fifty-eight (58) of them were sworn law-enforcement officers and the others were admin, communications, and beach and surf staff. \$3.6 Million Dollars was spent in just salaries. Overtime for that many people during Spring Break and Fourth of July as an example, ran about another Half Million dollars. Payroll was a large chunk of the \$7.6 Million Dollar Budget. Additionally, another One Hundred Seventy Thousand Dollars was spent on Mutual Aid during Spring Break when needed. Chief Whitman was hoping if the Ordinance was maintained from last year that he could start to slowly scale that line item back;

Budget Workshop
August 11, 2016

however not knowing, he kept it in place to ensure the City was protected. He further noted the Auxiliary/Reserve Force of about thirty to forty officers. During the course of a year some may be hired, move to other agencies or get released. Some of the items he could not control were Pensions of the sworn and non-sworn personnel.

Chief Whitman stated in the new Budget, he asked for two (2) additional patrol personnel. At present he had thirty-nine (39) officers on the road and this would increase his force to forty-one (41). He said his officers were working more and more as the City had grown. He reminded Council of what the Mayor had said about the City population being just thirteen-thousand (13,000), but when the TDC's number was included, the City dealt with close to fourteen million per year. Spring Break ran between twelve (12) and sixteen (16) hours per day, if not longer. Some were between eight (8) and twelve (12) hour shifts, depending on holidays.

Additionally, Chief Whitman asked for seven (7) vehicles to be replaced in the fleet. He recapped how he managed the fleet rotation: five (5) years for patrol and seven (7) to eight (8) for admin. The rotation of fleet vehicles used to be every four (4) to six (6) years, but in fifth year Chief Whitman saw maintenance costs sky rocket, therefore it was found best to keep the mileage between fifty (50,000) to one-hundred-ten thousand (110,000). Those vehicles were then sold at auction. According to Chief Whitman, maintenance costs had run around Two Hundred Seventy-Five Thousand Dollars, he was hopeful when some of the Dodges were placed, coupled with the brand new building, that the maintenance costs would decrease.

Chief Whitman stated Machinery and Equipment under Capital Outlay was the line for the vehicles. The Capital Outlay Items under \$5,000 dollars were for the bullet proof vests that were rotated every five years. He said he tried to rotate fifteen per year but they do it on a grant. In the last four years they have received close to Three Million Dollars in grants for either salaries or equipment.

Councilman Reichard asked if the Chargers were giving the Department trouble. Chief Whitman replied yes and that the Dodges were good for admin cars, but not patrol. They were good for the first couple of years but after that they started to fall apart. Chief Whitman said wanted three for admin because they were good for admin, but he wanted to get Patrol back into four-wheel drive vehicles where they could get out on the beach, woods and everywhere else, not just the pavement. He explained Ford had come out with an SUV called the Police Interceptor - a four-wheel drive with the appearance of a mini Explorer. There was more room for the officer, could hold prisoners in the back, and trunk area for equipment storage.

Councilwoman Strange commented that money spent on repairs looked to be about the same as what was being spent on new equipment. Chief Whitman explained that within the repairs line were seventy-five (75) vehicles, fifty-seven (57) of those were issued out to sworn officers, but there were others for Auxiliary/Reserve, transport vehicles, motorcycles, as well as the expense of the old building. He continued and gave the example of five air conditioning units that continually went out in the old building. Ms. White added the department had significant computer repair costs due to the volume of equipment. Councilwoman Strange simply wondered if they needed to consider stepping up the vehicles. Chief Whitman said the line is not only for vehicles, it was for the whole scope of the police department. He was in hopes that the new building would decrease those costs as it was under warranty for the next three years.

Councilman Solis stated maintenance on vehicles was a good percentage of the Budget. He understood all Staff in the Police Department were allowed to take patrol vehicles home. He understood the concept and felt it was great to be able to provide the visibility; however, he had concerns. He noted that Chief Whitman alleviated his concerns in conversation yesterday. Councilman Solis said first the Department ensured the employee resided within the County. He understood this to be part of recruitment and retention, and there were other benefits when the officers took the vehicles home. Councilman Solis further offered that fleet life could possibly extend to six years if vehicles were not allowed to be taken home. Chief Whitman answered that first was recruitment and retention as a lot of officers had asked whether or not they were allowed to take a vehicle home. It was a benefit to them and a benefit to the City. The vehicles, if the officer lived on the island, were seen out in the communities, people felt safe, and it provided a good presence traveling back and forth to work.

Mayor Thomas commented that he felt the vehicles should always stay on the island and to call it a benefit was inaccurate as no one else in City employment received that benefit. He felt the wear and tear was more than half of the time occurring outside of the City. Councilman Solis agreed that it was important. He stated the benefit was seen but maybe they should remain on the island.

Councilman Solis asked how the two additional officers were going to aid in providing more enforcement on the beach. Chief Whitman replied it was partially the reason he wanted to get more Ford SUVs so they could get down on the beach to provide that additional enforcement. Two officers would be a great help but the SUV's would help even more. He also stated that 99% of the calls are top side and the officers have had to run back and forth between the beach and the

pavement. Mayor Thomas commented there were not enough beach accesses. Chief Whitman agreed and stated the accesses were disappearing, there were a few left. The private accesses were being locked up, some gave the department combinations for access, but other kept them locked because they were getting abused and the private owners were getting sued.

Chief Whitman said all of the competing departments allowed vehicles be taken home; agencies that had fifty-five and above officers. Mayor Thomas felt that it needed to be included as part of the payroll, a benefit. He equated the value to be about Twelve to Fifteen Thousand Dollars per year. Chief Whitman stated they calculated about Five to Ten Thousand Dollars per year, for the ones that lived off the island. Mayor Thomas felt between not having to buy another vehicle and insurance that would be more than Five to Ten Thousand Dollars per year.

Councilman Chester asked about maintenance and Chief Whitman said a lot of preventative maintenance was done. Councilman Chester inquired if it was something that could be RFQ'd or put out to bid. The Chief responded they have used different companies before, using one individual along with Bay Lincoln, Mercury, Dodge for warranty items. There had been other independent people approach the department in the past and the Chief had given them a price list of what Tuffy provided, some of the pricing was beat but not all of it. The Chief also added with Tuffy being in the middle of the City, the department was able to keep an eye on the equipment. Councilwoman Strange asked if the maintenance was something that could be done in house. Chief Whitman replied it was not feasible. Ms. White interjected that the space was not available and the City did not have the specific equipment required, such as lifts. Mr. Gisbert added the work load would be too much for just one mechanic and mentioned the computers now required for vehicles. Councilman Solis felt the computers would not be needed for oil changes and commented the City was more than likely spending well over One Hundred Thousand Dollars per year on just oil changes.

Mayor Thomas commented that he and Chief Holloway used to argue about all the toys and that he did not understand why the City needed two boats and three or four Hummers. He commented that the Sheriff's Department had all of the items mentioned and with Panama City being in the County we should be able to utilize them. Chief Whitman answered that the Sheriff's Department has helped them before but the Department did use the boats. They pulled drowning people from the water, made arrests out of the boat, helped the Feds and the DEA, and assisted the County and Panama City. He reported that both boats were obtained on a grant, there were maintenance costs, but he viewed it as a necessary tool to protect the City. He stated the Hummers were given to the City by the Government, and the Department has a mechanic that can work on them: Gunny Master Sergeant Bowman. In the fall they were brought out, or used to stage for large crowds. Councilman Solis asked for confirmation that a lot of those items were either given to the City or obtained by grants. Chief Whitman confirmed.

Councilman Solis asked about the four-wheelers on the beach. Chief Whitman responded there were six four-wheelers and corrected the number to five because one was down. Councilman Solis asked if any of them had tops on them and the Chief responded none. He further commented things have been tried above the officer's heads, but they were torn off. He eluded that it is more operator error and personally thought it was a waste of money. Councilman Chester interjected that there was one vehicle that had a top. Chief Whitman said that was correct, it was obtained by a grant through Firehouse subs, but it sat lower and operated more like a car.

Ms. White made the statement that sixty percent of expenditures in the General Fund were personnel and personnel related with the Police Department having the largest number due to the amount of personnel. Thirty percent was operating expense and the remaining was capital which could change due to projects.

Fire Department - Chief Daly said the demand for services continued to rise and personnel made the difference. He pointed out that the Fire Department had two Life-Pack 15s, a medical device that allowed paramedics to read the patient's heart as well as transmit the information to the hospital. Chief Daly stated the Department was in the process of transitioning one Lieutenant into Fire Inspection as he strongly felt the Department needed to be more proactive on daily inspections. The current inspector had been responsible for plan review, new construction, and special events and the intent of the second inspector was to focus on the older businesses to ensure they were up to code. The Department had requested to add two firefighters. Chief Daly spoke briefly on the Reserve program that started in April, which had worked out very well and enabled them to have three people on a truck.

Chief Daly stated his Budget remained fairly static. For the buildings line in Capital Outlay in the amount of \$40,000, he explained the old beach and surf building was going to be torn down and that footprint would be used for a storage building. Mayor Thomas interjected that he felt the City had been spending a lot of money in improving the look of the corner and wanted

Budget Workshop
August 11, 2016

to ensure the storage building was not going to be a “shed”. Chief Daly stated that it would be a very nice metal building, something that could be utilized even after a new fire station was constructed. Councilwoman Strange asked if that cost was covered under repairs and maintenance. Ms. White stated the reason that line appeared to have gone from \$104,000 to \$151,000 was the \$47,000 insurance check received from the wrecked fire truck. The funds were placed in the line for the repair of the truck. However, another avenue was taken with the truck; therefore, Ms. White stated she would move that money to Sale of Proceeds. Realistically there had been no increase in the line item.

Councilman Chester asked when the new truck was expected. Chief Daly responded it should be here in mid-September. Councilman Chester asked about the Department’s relationship with the County. The Chief responded they work great with the County.

Street Department – Paul Casto addressed the Council and concurred with Chief Daly that services have increased over the past few years. The Street Department had remained fairly conservative over the last eight to ten years. One employee may have been added eight years ago, and there are ten total employees in that department. The request was presented to add two additional employees.

Mr. Casto said that Salaries included the addition of two new Street Maintenance Workers and the second large item was Street Lights. He elaborated this was for the Gulf Power bill which increased about \$15,000. The figure included the addition of new subdivisions with additional street lights. Mayor Thomas questioned why Council was not given the option whether to assume responsibility on new lights and why it is not being paid for through a Home Owners Association. Mr. Casto stated the City had always provided the service but agreed with the Mayor that the choice should be up to the City. Mr. Gisbert explained that when the City took over a plat, responsibility was also taken for the roads and the sidewalks. However, landscaping was not taken over by the City. He concurred that the Council should decide what parts they wanted to carve out. Councilwoman Strange commented that \$300,000 was a lot for street lights. Mr. Gisbert explained that those are on Front Beach Road, Thomas Drive, etc. Councilman Solis expressed concern if a change was made, would the City go back to all the other neighborhoods and make them pay for their lights. He felt that it was a public safety concern. Mayor Thomas stated the City could not continue to assume monthly debt without income to support it.

Councilwoman Strange asked if the two additional people were going to be enough to assist in taking over the Front Beach Road section. Mr. Casto replied no, that area would be a different item under the CRA. Councilman Solis asked Mr. Casto to explain the duties of the two additional people and also inquired about Staff taking vehicles home. Mr. Casto answered the additional personnel would be responsible for mowing, weed eating, and edging on Back Beach Road, Middle Beach Road, Front Beach Road, and Highway 79. They would repair shoulders, pot holes and things of that nature. He added the Street Department seemed to be the one called upon for all the odd tasks, such as moving furniture.

Mr. Casto said five out of the ten Street Department employees took vehicles home for on-call purposes, and gave the example of the past week where they had been called out at night for flooding, placing barricades and assisting to keep the drains open. The primary employees that were on-call continually took vehicles home. Councilman Solis asked about the rules for the employees that are allowed to take vehicles home. Mr. Casto replied that he thought there were two or three that left the island but the policy was that the vehicle was to be taken to and from the home only and not drive the vehicle for personal reasons.

Councilwoman Strange asked about the debris truck. Mr. Casto said it was part of the Million Dollar cut that had to be made. He continued that there were two on the road with two CDL drivers with the third truck used as back-up. He was thankful to have the third truck, because the new one had to go to the shop already. He commented that the yard debris may be an issue for another meeting as it had become a big issue. He did not think that it was discussed in the Code Enforcement meeting but it made the City look bad when there was not enough equipment to provide the weekly service. There had been times that debris may have sat on the roadside for two to three weeks. Councilman Solis said he had seen landscape maintenance contractors take advantage of the service, witnessing the same contractor dump twice a week and our truck collected the debris. He suggested that the Council decide if there should be a fee imposed for providing the service and the City should definitely not be supplementing a landscaping service. He felt there should be a fee schedule in place or fines. Mr. Casto stated that last year over 5,000 residents were served but not every resident utilized the service on the weekly route. It had grown into a large operation. Mr. Casto stated a study was done and it was found that no other city in the County provided this type of service for free. They usually charged around \$8.00 per month. At 5,000 houses Mr. Casto estimated a potential revenue of close to half a Million Dollars per year (\$480,000). He expressed concern about the people that did not utilize the service being charged for it. Councilman Solis stated that soon tough decisions would have to

be made but the first priority would be the sites in which illegal dumping occurred. Mr. Casto expressed that it was not just yard debris, there was furniture, white goods, etc. Mayor Thomas offered the solution of franchising the island for garbage service and the contractor would provide that service. Councilman Solis felt that moving towards trash collection in a reasonable way should be a topic of conversation. Mayor Thomas requested a workshop be scheduled in October about trash. Mr. Casto brought forth the tipping fee item that went along with the debris collection. The fees were increased from \$68,000 to \$72,000. Councilman Solis asked what the yearly expenditure was for the debris collection program as a whole (tipping fees, truck, fuel, maintenance, personnel), Mr. Casto said the cost was between \$300,000 to \$400,000.

Mr. Casto continued on to the repairs and maintenance – “other” line item of the Budget. Bay County provided the maintenance of traffic signals throughout the City and a service contract had been established with them. Within that same category, some of the increase was intended to cover professional landscaping fees on main roads such as North Pier Park Drive, Richard Jackson Drive, and Alf Coleman, as well as the Back Beach Road corridor. He stated the same figure of \$500,000 was used for the new Budget as the previous year on road Resurfacing.

Mr. Casto spoke about the two big projects in progress. The Loop Road project was reported to be about fifty percent complete. It was anticipated to be completed around December 9, 2016. The traffic signal should be installed at Highway 79 where the Loop Road exits in the fall and was a DOT project. He reported it should all come together at the same time. The Colony Club Road project plans had been completed, the right-of-way had been acquired, all the permits had been submitted, and the lift station was under construction to be moved. He reported they were hoping to get the permits back in the next few weeks so it could be bid at the end of the month and construction start in the fall. \$200,000 was budgeted on the project for the current year and increased to \$600,000 for the upcoming year. Mr. Casto stated they were optimistic the project would come in under budget. Mr. Gisbert commented that the lift station project had to be completed before the project could really begin. Mr. Casto stated the contractor could start on the work as Mr. Shortt had assured him the lift station would be out of the way before they get the connector in Colony Club.

Councilman Reichard inquired if anyone had been in touch with the apartment complex bordering the new road going towards Nautilus. Councilwoman Strange stated they had contacted her. He wanted to ensure they could share in the benefit of tapping into the road and have another exit from their complex. Mr. Casto felt that Ms. Jenkins had conversations with them about it and he did not think the complex was prepared to have to pay anything. Ms. Jenkins joined the conversation and stated they spoke with her and asked to make the connection. The plans were reviewed and provisions were made to ensure the driveway would connect and it was understood they would have to pay for those improvements. The only cost they would incur would be the driveway connection.

Councilman Solis asked what Mr. Casto thought the proper budget would be for road maintenance with a City of our size versus having to move money from other areas. Mr. Casto felt the budget was good. He recalled a recent conversation with Mr. Shortt, since having gone into the neighborhoods and revamping the sewer system, there were about 20 miles of roads that were redone at the same time. He stated those roads typically last about twenty to thirty years versus the State highways with a lot more traffic that might have to be resurfaced every ten to fifteen years. He felt the budget was good for another ten to twenty years when those subdivision roads would have to be readdressed. Councilman Solis commented that there were no budgeted reserves that planned for future roads in five or ten years. Ms. White interjected that there was One Million Dollars set aside from the last couple of years. Mr. Gisbert added that they were looking at the Capital Improvement Plan and there were a few potential revenue streams for these projects. Councilwoman Strange asked if there were grants. Mr. Gisbert responded outside of grants, the proposed half-cent sales tax and the local option fuel tax. Mayor Thomas commented that both potential options looked very good and should free up a lot of money in the General Fund.

Councilman Reichard commented about the more energy efficient street lights being offered by the power company. Mr. Gisbert stated there were two fee structures, the light was paid for either through lease or ownership. Ms. White said the final line on the Street Department Budget was for the TPO (Transportation Planning Organization), the trolley. This money was what the City paid to the trolley every year. She stated she had not yet received anything, that normally a letter was sent, so she used the same figure for the new budget. Councilman Reichard stated he and Councilman Solis would be more insistent on discovering why Lynn Haven only pays \$6,000. Panama City and Bay County paid more than the City but some smaller cities did not pay anything. Mayor Thomas commented that our route was the only one that made money. Councilman Reichard felt that some of the smaller towns with the same population as the City should receive no service if they were not paying anything.

Parks & Recreation – Mr. Ponek presented the Council with a list of completed projects. He stated more cameras had been added to the facility but would need more cameras throughout the Park. He felt they were necessary for the ultimate protection of children and users of the facilities. The new cameras at the pool were a great assistance to the Police Department for some problems that had occurred there.

Mr. Ponek's top recommendations for the new Budget year included repair of the playground, planned in two phases and estimated about \$400,000. \$200,000 was planned for this year and \$200,000 for the next. The repairs would include fencing, concrete work, sand, and playground surfacing (planned for phase two). He stated he did not want to tear down the playground until another structure could be built as there were a lot of school groups that utilized the area.

The second priority project were improvements to the Community Center. He stated they intended to paint the facility, complete the roof repairs, and clean the front entrance. He intended on complete improvements in the class room, such as replacement of ceiling tiles, flooring, and windows. He continued that there was also money in the Budget for the replacement of the Lyndell Center dance floor and the Community Center gym floor. He recommended that the Cypress House be demolished due to black mold. Mr. Ponek reported the users of the facility had been met and they made plans to vacate by September 1st. Mr. Gisbert reported the building was not occupied, however there were still items inside to be removed.

Mr. Ponek mentioned repairs to the main pavilion and concession stand. He stated the concession stand lease for the ballfields would expire this year with the new stand opened soon which would enable the old one cleaned.

Councilwoman Strange inquired about the concession stand at the pool. Mr. Gisbert explained that was a separate budget and had been previously approved. Mr. Ponek stated his crew was ready to take over that stand.

Councilman Solis asked if any vehicles were taken home by Staff and Mr. Ponek stated no vehicles were taken home. Councilman Solis pointed out that 17% of the City Budget was for Parks and Recreation, close to Four Million Dollars. He reported calculations he ran comparing tourism numbers and the ball fields revenue, and that the Department fell short One to Three Million Dollars than what it was paid by the City to supplement the games. He asked Mr. Ponek if he had studies on what the average field fees were at ball parks as he felt that \$10.00 per hour was ridiculously low. He felt that \$15.00 per hour would be a more reasonable rate while still competitive. He asked the Council to consider raising the rates.

Councilman Solis continued to Special Event permitting and the fee structure. He asked about the fees paid by the Gulf Coast Jam. Mr. Gisbert answered the facility was rented for \$2,500 per day, the Building Department permit was \$350, and there were additional tent permits, licenses and other things. Councilman Solis continued that his point was that Gulf Coast Jam paid the \$350 fee and then two hundred vendors operated under their permit. Any other city had a permit fee per vendor. He felt the \$2,500 per day did not offset the costs, such as the electricity of the two hundred vendors. Overall, he felt he City gave a lot away and had potentially missed revenue sources. Councilman Solis questioned if consideration needed to be given to charging for parking during ball tournaments. He commented that those were all things not given away anywhere else in the country. Thunder Beach was also a concern for him. He was concerned the City was being cheated out of some of the 1% Gross Receipts as was proven with the Jazz Festival. He explained his logic by recounting revenues increased 1000% when the Jazz Festival went to an accountable ticket system.

Councilwoman Strange asked for clarification on the vendor fee of \$350; she wanted to know if under that fee there could be additional vendors paying the prime vendor. Councilman Solis agreed that was happening. Mr. Leonard stated the City was collecting the 1% from all the vendors. Councilman Solis stated it was on the honor system and reminded of the Jazz Festival with the accountable system. He indicated when vendors were dealing with a lot of cash, the City was potentially being cheated out of revenue because not all of it was reported. He felt this area was another one that should be audited. Mayor Thomas cautioned labeling people. He felt that credit cards are 70 – 75% of business now and most of the cash registers were hooked with credit cards being processed on them. He stated in the old days, it might have been easy not to report income but did not feel that was the case in business now. Councilman Solis said most of the business at Gulf Coast Jam was cash. Mayor Thomas said it may be cash and expressed caution on the subject. Councilman Solis wanted consideration given to the registration fees and how much the City went through to host the festivals, from the police force to the tax on the infrastructure. He reiterated a lot of stuff was given away for outside people to come into our area and utilize the City's facilities.

Discussion returned to the ballfields where Councilman Solis reiterated looking at the lost revenue. Mayor Thomas cautioned again to consider the larger picture. He was not convinced the Park was operating at a deficit and continued that Parks and Recreation may not be an obligation of the City. Councilman Solis stated they were but not to the extreme in which was provided. Councilwoman Strange stated she agreed the rates for the ballfields needed to be increased. Councilman Reichard stated that Richard Sanders of the TDC had investigated this in the past and he said the prices must remain competitive and reminded that Fort Walton was also getting ready to build a sports complex. Councilman Solis asked Mr. Ponek if he had done a rate study. Mr. Ponek stated he had and reported some facilities were a lot higher and some were very similar. He reported that he was prepared to look at the User Fees. He reported down attendance this year but the facilities still had to be maintained either way. Mr. Ponek reported that the TDC had funded the Park yearly by contributing \$100,000. He reminded that when he arrived he reduced overtime by \$85,000 and started using seasonal employees. He calculated the Park spent about \$70,000 per year for seasonal employees during tournament time. He acknowledged at the end of the day there were more expenses than just labor. Mr. Ponek met with the TDC yesterday and he reported that he would recommend increasing the tournaments fees. In previous years, they received back about \$50,000 to \$60,000 but this year expected about \$40,000 because of lower numbers. He reported the TDC was okay with the concept of increasing rates.

Mr. Ponek explained other methods in which the Park had increased revenue. The youth sports programs continued to grow with 400 participants enrolled in baseball, 800 in soccer, and almost 300 in basketball. He reported over \$35,000 in revenue from summer camps that was never there before. Councilman Solis stated he was not trying to stop the ball tournaments, he simply wanted to get to the point where fair market value was being charged. Mayor Thomas commented about being a for-profit-park. Councilman Solis countered that he did not feel it should be for profit for the residents either. He reminded what had been built was not built just for our residents; rather, it was built for the whole country. Councilman Reichard agreed that once the new facility was built and their fees were known that would be the time to assess our fee structure. Councilman Solis felt it would not hurt to inch them up now. Mayor Thomas reminded everyone that Frank Brown Park was built with the intent of changing Spring Break. The Park was built to bring families in to spend money while providing our residents a nice place to play. He also reminded that in order to make good decisions about the pool he wanted to see the numbers of residents that were using it.

Mr. Leonard was asked to speak again in order to clarify the Special Event permit fees. He stated it could be done one of two ways. The main promoter could get the permit and collect the 1% fees for sales from each vendor or each vendor could get their own permit. Councilwoman Strange agreed with Councilman Solis this was potentially an untapped market for revenue. Mr. Gisbert reminded that a lot of these businesses come year after year and there were complexities to it.

Councilman Solis asked about the Sick Leave payout. He was concerned about the amount of money budgeted and potentially having to pay out over a Million Dollars in Sick Leave. He felt that was a lot of money for a City with a total budget of \$21 Million Dollars. He said he would never support something retroactive but he felt that the 500 hours at the current pay rate would potentially be a large payout. There were not a lot of employers that do that. Other bigger cities he had contacted bought the leave out at a 34% multiple. Councilman Solis proposed that the Council start looking at options of personal time off that was not at a paid out structure or reducing the hours paid out to 250. He reiterated that employers paid out Annual Leave and capped Sick Leave hours at 200 to 300 hours. Councilwoman Strange asked Mr. Gisbert if this had already been discussed. Mr. Gisbert replied yes but direction was never given from the Council to implement something. Mayor Thomas agreed. Councilman Solis asked if there was a consensus. Councilman Reichard suggested Staff bring forth recommendations. Mr. Gisbert mentioned the City of Orlando did the transition and he felt it looked good and would bring the information forward.

Councilman Solis brought one final item forward pertaining to technical support. He said the City used a contractor to supply services for around \$100,000 and wondered if it was time to consider hiring a full time person (an IT person) at a mid-level salary of around \$60,000. He suggested bring in someone with a good base of knowledge and starting as a hybrid where that person would work with the contractor to get the training until reaching the required level.

Mayor Thomas asked for any public comments or questions. Ms. White stated she would have a few changes to bring back to the Council, one of which was the utility rate study which was voted on earlier for the alternative rate structure. She would also revise the Budget to include that transfer and a few other things, to include the fire truck. She stated the numbers would change some. Mayor Thomas asked when the final numbers would be ready and Ms. White replied they should be available by the first meeting in September.

With nothing further, the meeting was adjourned at 3:34 P.M.

READ AND APPROVED this 8th of September, 2016.

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

Mayor

ATTEST:

City Clerk