

MINUTES OF A SPECIAL BUDGET WORKSHOP OF THE CITY COMMISSION OF THE CITY OF FORT PIERCE, FLORIDA, HELD IN THE CITY HALL COMMISSION CHAMBERS, 100 NORTH U.S. #1, FORT PIERCE, FLORIDA, AT 9:00 A.M. ON THURSDAY, **AUGUST 6, 2015.**

1. **CALL TO ORDER** - Mayor Hudson called the meeting to order at 9:01 a.m.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

Present: Mayor Linda Hudson; Commissioner Edward Becht (arrived at 9:05); Commissioner Thomas Perona; Commissioner Reginald Sessions (arrived at 9:03)

Absent: Commissioner Rufus Alexander

Staff Present: City Clerk Linda Cox
City Manager Robert Bradshaw
City Attorney Robert Schwerer
Deputy City Manager Nicholas Mimms

4. **PROPOSED FY 2015-2016 OPERATING BUDGET**

City Manager Robert Bradshaw indicated they were presenting a balanced budget for FY 2015-16 at about \$35.8 million based on a proposed millage rate of 6.90. He thanked Gloria Johnson and Johnna Morris for identifying an innovative source of funding for our capital budget.

Ms. Johnna Morris provided an overview of the general fund budget, focusing on the changes from the last budget workshop. The increase in millage provided an additional \$1,196,630 and the ad valorem adjustment for Walmart was included as well. The contributions from enterprise funds was adjusted to increase the marina transfer. The funds for the capital improvement program have been included. She pointed out that the \$400,000 from the millage increase has been restricted for capital and there is an unrestricted fund balance of \$272,833 which is now being restricted. The total general fund revenue is at \$35,806,924.

Ms. Morris reported that in the expenditure category, all things remain the same as before with the exception of the contingency. The funds previously allocated to capital budget in the amount of \$125,000 is being moved to contingency. Commissioner Becht indicated that he had a problem with the transfer. Ms. Johnson clarified that the \$125,000 is really for the future land purchase with the county. Commissioner Becht suggested rather than moving the \$125,000 into contingency, to keep it in the capital fund and designated as funds for port development. Grants and Aids was increased to reflect the increase in funding for the EDC and the transfer to the FPRA was decreased.

Ms. Johnson reported on the two-year projections for the general fund. The projections are based on a 2% increase in property taxes. Rocla is not included in the projections but the annexations are included; Walmart is included as well. More projects will certainly come online and will increase the estimates. Other significant changes include an increase of 10% in administrative charges for the enterprise funds. The solid waste transfer is being reduced because the unrestricted retained earnings which have been funding the general budget each year is depleting. The marina transfer will increase which the marina manager confirmed is reasonable. She also included a transfer from the Sunrise Theatre.

As for expenditures in the two year projections, four police officers are moving from grant funded into the general fund. Tax increment financing transfer will increase. Office equipment capital outlay will decrease. The capital reserve fund repayment will begin in 2016-17 and the FPRA transfer will decrease. Ms. Johnson is including a 5% increase in health and dental insurance and no pay increases. In 2016/17 the budget will be short \$262,000 and in 2017/18 the budget is short \$67,000. The reason for the difficulty is the repayment to FPUA. Ms. Johnson is recommending that the loan be restructured.

Commissioner Becht wanted to make sure that the \$125,000 for capital improvements remains in the 16/17 and 17/18 budgets in addition to the additional funds being received as a result of the tax increase. He also expressed concerns that the proposed future budgets do not include funding the step plan at the police department. Mr. Mimms indicated that they will begin contract negotiations soon because the current contract is expiring.

In reference to a potential loan restructure with the FPUA either delaying repayment or lengthening the term, Ms. Johnson has not had that conversation yet. Mayor Hudson indicated that she did have that conversation and does not believe that it is able to be restructured. It was done with the approval of bond counsel with the idea that we would not go back and redo the loan because it creates another set of costs.

Commissioner Sessions asked Mr. Schwerer to weigh-in on our ability to restructure the FPUA loan. Mr. Schwerer indicated that the loan can be renegotiated with the Utilities Authority and approved by both boards. He does not believe the bond counsel would be involved in the restructure. He will go back and check. Mr. Bradshaw and Mayor Hudson will meet with the Utilities Director to discuss the restructure of the loan.

Mayor Hudson indicated that she is having trouble with increasing staffing levels in the general budget because the City has established its priority as crime reduction and we are reducing code enforcement, not really increasing police because it's just five grant positions moving to general fund; proposed staff additions do not seem to be about reducing crime. Two departments that are increasing staff are getting new department heads and do not appear to be about reducing crime. Based on discussion about our future budget situation, the Mayor feels we shouldn't increase staff now but give the police department an opportunity to evaluate their needs. When we add staff, it increases pension and health insurance.

Commissioner Sessions feels that we need to address Ms. Johnson's concerns and needs for an administrative person.

Commissioner Becht would like to study the issue and consult with the City Manager and Deputy City Manager to insure that no other department feels slighted. Commissioner Becht feels that the City Manager needs to address this issue as well as staffing levels in code enforcement.

City Manager Robert Bradshaw supports the new position in the finance department, in part because it is partially funded by the Retirement Board. Commissioner Becht inquired as to how the City Manager plans to address the reduction in code enforcement. Mr. Bradshaw indicated that he will readdress the issue of code enforcement officers. Commissioner Becht indicated he will not support a millage increase unless code enforcement staffing levels are addressed. Commissioner Perona confirmed that as a member of the Retirement Board, he sees the increased needs of this board and an increase in demand this board has placed on staff.

Mayor Hudson reminded everyone about the new process for special funds that was initiated last year outside of those specific allocations contained in the budget. Those special funds, like the youth programs, were to go through the Community Wide Council. This new process helped decrease the number of individuals coming directly to the Commission seeking funds. She requested that each group that came directly to the commission this year be contacted and

alerted to the new process. The Community Wide Council makes recommendations to the City Commission. The Mayor and City Commission have final say.

Ms. Morris presented the FPRA budget which is balanced at \$6,357,470. There is an increase in taxes as a result of the millage rate increase of \$375,925. Expenses remain basically the same.

The budget for grants, CDBG and SHIP, was put together based on the action plan which the Commission approved at the last meeting with a total revenue of \$1,360,105.

The Marina Fund was presented by Ms. Morris with a balanced budget of \$4,321,053. There have been increases included in dockage and transient dockage.

The Solid Waste Fund budget is balanced at \$6,652,280 which has basically remained status quo.

The Golf Course Fund has been adjusted to reflect more realistic projections but it is balanced at \$1.5 million.

The Sunrise Theatre is presenting an operating budget of \$4.4 million. He is increasing ticket sales and decreasing rental sales. There is a \$450,000 transfer from the FPRA included in this budget. It was agreed that any unused transfer in the current year be allocated to capital. Finally, the Building fund is budgeted at \$1.2. The increase in salary is for the inspector that he recently brought over.

Commissioner Becht inquired of Marc Meyers, Building Official, if he has sufficient staffing to respond to community demand. Mr. Meyers didn't start off the year as anticipated, but things are now increasing. He relies on temporary staffing to fill the voids. They are doing well on inspections but are beginning to see some small problems on the processing side. They see the need to increase some staffing based on the size of the jobs coming in to handle the amount of paperwork generated. Commissioner Becht indicated he is sensitive to the timing of issuance of permits, because when a permit is not issued, that means someone, like a carpenter or plumber is not working.

Mayor Hudson inquired about the new employee. Mr. Meyers confirmed that the employee was added in the current year. He is an investigator responsible for policing the licensing of contractors. The position is paying for itself because of the number of contractors he is catching performing unlicensed or unpermitted work.

Commissioner Sessions inquired about how the city is doing and/or improving with regard to new construction and real estate. Mr. Meyers indicated that the larger projects are where the building department makes its money. Small projects like small kitchens, windows, doors or water heater replacement are really losses to the building department. Commissioner Sessions indicated that maybe we need to revisit those projects if it is not feasible for us; maybe not require permits for those types of activities. Mr. Meyers clarified that he is required by state law to issue those permits. Fort Pierce needs housing construction to come back in order to improve our situation.

Mr. Meyers indicated they are in the process of increasing their building fees. He has reached out to the Chamber, Realtor Association and Treasure Coast Builders to make them aware of what is happening. Online scheduling of inspections does help reduce costs. There is still a contingent of contractors and homeowners that need the phone system.

Commissioner Becht stressed that we need to continue to monitor what happens in the building department as well as the planning department in order to keep up with demand; adding

additional staff mid-year if necessary.

5. Announcement: Special Closed Meeting (Attorney-Client Session) pursuant to F.S. 286.011(8) at the request of the City Attorney to discuss settlement negotiations or strategy session related to litigation expenditures in connection with K & K, Inc. vs. City of Fort Pierce 56-2013-CA-002183(BC) and Foudy vs. City of Fort Pierce 2:14-CV-14324 US District Court.

Robert Schwerer, City Attorney, made the announcement, pursuant to F.S. 286.011(8), that a special, out of the sunshine meeting will be scheduled as soon as possible to discuss litigation expenditures and strategy in connection with K & K, Inc. vs. City of Fort Pierce 56-2013-CA-002183(BC) and Foudy vs. City of Fort Pierce 2:14-CV-14324 US District Court. It is intended that the meeting be scheduled on August 17 before the next commission meeting.

6. **ADJOURNMENT** - The meeting adjourned at 10:52 a.m.

ATTEST:

CITY CLERK

MAYOR COMMISSIONER