

**CITY OF ANNA MARIA
CITY COMMISSION PRELIMINARY BUDGET WORK SESSION
MEETING HELD AT ANNA MARIA COUNCIL CHAMBERS
10005 GULF DRIVE – ANNA MARIA, FL
THURSDAY, JULY 7, 2011
6:00 P.M.**

CALL TO ORDER

Chair Webb called the Budget Work Session to order at 6:00 pm.

PLEDGE TO THE FLAG

ROLL CALL: Mayor Michael Selby, Vice-Chair Jo Ann Mattick, Commissioner Dale Woodland, Chair Chuck Webb, and Commissioner John Quam.

Absent: Commissioner Eugene Aubry.

Staff Present: City Clerk Alice Baird, Finance Director/Deputy City Clerk Diane Percycoe, City Attorney Jim Dye, Public Works Director George McKay, Building Official Bob Welch, Administrative Assistant Maggie Martinez, and Minutes Clerk Stacey Johnston.

Press: Sun and Islander.

1. Preliminary Budget Discussion for 2011-2012.

Finance Director Percycoe noted the budget had not yet been prepared but that she wanted to review the millage rate options for FY 2011-2012. She informed that staying at the current millage rate of 1.7882 mills for FY 2011-2012 would result in an Ad Valorem of \$1,037,650 – Difference of -\$59,011.00 from the current budget. To adopt the Rolled-Back Rate of 1.881 mills = \$1,091,500 in Ad Valorem – difference of -\$5,161.00 from the current budget. Increasing the millage to 2.0 mills would allow for Ad Valorem of \$1,160,553.00 for an increase of +\$63,892.00 from the current budget.

Commissioner Woodland reminded that for the 2010-2011 budget, the Commission adopted the Rolled Back Rate as the tentative millage rate and then adopted the current rate as the final adopted rate.

Finance Director Percycoe explained that the Rolled Back Rate would bring in the same amount of Ad Valorem as the current. She pointed out that the reason a portion of the reserves were utilized for 2010-2011 was to keep the millage at the current rate of 1.7882 mills.

Finance Director Percycoe then referred to the spreadsheet requested by Commissioner Woodland regarding the total salaries and benefits for all City employees based on the current budget. She pointed out that the employees will begin contributing 3% of their salaries toward their pensions - FRS; therefore, the Pension budget will decrease some in the 2010-2011 budget.

Commissioner Woodland said he had asked for the spreadsheet feeling the City needed to start looking at making some changes. He questioned the total percentage paid by the employee for their pension, health, dental, and life.

Finance Director Percycoe informed that many cities are giving their employees raises to make up for the 3% amount the State has now mandated to be paid to FRS. Discussion followed relating to the FRS pension plan and its effect. It was noted that the employees of Anna Maria purchase their own accidental death coverage and short-term disability insurance. *Commissioner Woodland* asked

that the spreadsheet be reworked to include the City Commission and Mayor. He gave the example of other municipalities where the employee's pay a portion of their retirement and all new employees for the organization will be going to a 401K plan.

Chair Webb responded that the pension, health insurance, etc. is all part of a compensation package provided for the City employees. He noted that often the same type positions in the private sector would pay a higher base salary but to compensate, the municipal employees are provided with a good benefit package.

2. Update Regarding Purchase of Six Vacant Lots located at Pine Ave. and North Bay Blvd.

Mayor Selby said he spoke again with Blackhawk Bank & Trust. After discussions, a General Terms of Agreement dated July 7, 2011 was forwarded to Mayor Selby with financing options presented for the Commission's consideration.

Explanation followed by *City Attorney Dye* relating to a Capitalized Interest option and that it would not be a fit with this project - and could not be used as an option.

A review followed by Mayor Selby relating to the proposed quote provided by BB&T.

Mayor Selby explained that Blackhawk's 20-year option would allow the City to have payments comparable to the \$225,000 payment the City had been making on one of their other loans. He pointed out that General Obligation Bonds could not be pursued without a referendum. As a result, revenues would be pledged from the Electric Franchise fee, Communications Service Tax, and the Half Cent Sales Tax.

Lengthy discussion and debate continued that included:

- How the payment could affect the length of time the City's reserves amount would be brought back up to the 35% level. *Finance Director Percycoe* estimated getting up to 35% in approximately 3-years. *Commissioner Woodland* asked Finance Director Percycoe to prepare a calculation that would indicate when the reserves would be back up to the 35% amount.
- *Mayor Selby* felt Blackhawk would be willing to work with the City. He had asked Finance Director Percycoe to provide a 17-year amortization on a 17-year payback period with interest-only payments for the first three years.
- *Chair Webb* expressed his concern about the urgency. He felt the property should definitely be appraised in order to determine the Fair Market Value, reminded that the property is currently in foreclosure, suggested the City could wait and purchase the property at the foreclosure sale, and reminded that the City has the power of Eminent Domain. *Chair Webb* felt it was irresponsible for the City to pay more than the Fair Market Value – consequently an appraisal is needed.

- Discussed that the hourly rate for the Financial Advisor is \$150 per hour and Bond Counsel was \$300 per hour and that it's hoped the fees can be rolled into the loan. *Commissioner Woodland* suggested a "not to exceed" clause be made part of the agreements between the City and the Financial Advisor and Bond Counsel. A contract has been signed with Financial Advisor Jim Gollahon, Gollahon Financial Services, Inc. A contract has not yet been signed with Bond Counsel.
- *Commissioner Woodland* felt the City would be paying a premium for the lots. Discussion was held relating to the reasonable economic use of the lots. He voiced concern about obligating the property owners and future Commission's for a 20-year period without first holding a referendum. He further felt the private public contributions were detrimental to the successful purchase of the lots. He asked that he be authorized to contact fundraising expert Bob Carter and ask that he attend the next meeting to provide a presentation.
- The Code prohibits drives at the back of the lots; however, the City cannot deny access to the roads.
- *City Attorney Dye* discussed an old lawsuit (1950's) located at the County Courthouse that was filed at the time the Humpback Bridge was built. The lot owners at that time sued the development company. There may be questions today on how that lawsuit may affect the property now. *City Attorney Dye* noted the City was not part of the lawsuit at that time.
- Discussion held relating to Eminent Domain based on the Fair Market Value being utilized for public purpose. The condemnation process was explained.
- *Commissioner Quam* did not feel an appraisal was needed and said he was in favor of the 20-year option that would allow future property owners to help pay for and enjoy the property.
- The Commission's timetable based on the deadlines presented by Blackhawk was discussed.
- The offer has no pre-payment provisions.

Public Comment

Public Works Director George McKay reminded that something will need to be done to the Humpback Bridge within the next 25 years. He reminded that in order for FDOT to contribute toward the cost to widen the bridge, the two lots on both sides of the bridge will be needed for right-of-way purposes.

Micheal Coleman, Pine Ave. spoke relating to whether or not an appraisal should be pursued. He reminded that whatever happens to the lots will effect generations to come. He did not feel the City should consider paying the cost out over a 20-year period.

Mr. Coleman informed that Blackhawk had already turned down PAR's offer of \$2.5 million cash to purchase the lots. Mr. Coleman addressed the question of why there was a rush to purchase the lots and his answer was that the offer is being presented now. He reminded that the three lots on the other side of the bridge was residential use only.

Mr. Coleman informed the Commission of what PAR paid per lot for those they purchased on Pine Ave. He felt the offer to the City for the 6 lots was a viable deal especially having no down payment. He did not want the City to lose the opportunity to purchase the property. He agreed that a deadline should have been established by Blackhawk.

Larry Albert said he was agreement with purchasing the property but opposed to taking more dollars from the taxpayers. He felt taxes would need to be raised in order for the City to purchase the lots.

Commissioner Quam suggested a fee be implemented (possibly next year) similar to the stormwater utility fee.

Commission Discussion – Continued

Discussion followed relating to the next step to be taken.

City Attorney Dye informed that the City would not be committed until a contract was in place for purchase of the property and financing in place as part of the package. The City's Charter requires financing details to be adopted by Ordinance. He noted that the Real Estate Contract would need to be signed 30 to 45 days prior to the closing date (mid-August 2011) and reminded that all negotiations would need to be in the Sunshine.

ACTION: By straw vote, it was the majority consensus of the Commission that Mayor Selby be directed to proceed with the purchase of the six lots as far as the price, terms of the contract, etc. and pursuant to financing options as proposed by Blackhawk Bank of either:

- a. \$2,800,000 for 20 years at 4.00% - monthly, quarterly, semi-annually or annually (except that interest must be paid at least semi-annually), or
- b. \$2,800,000 for 20 years at 4.00% - first two years may be interest only at \$112,000 per year to allow the City to build reserves – next eighteen years with regular payments monthly, quarterly, semi-annually or annually (except that interest must be paid at least semi-annually)

and recognizing that a final contract would be forthcoming for final action by the Commission. No appraisal or Eminent Domain would be pursued.

The vote was 3 to 1 with Chair Webb opposed. Chair Webb felt the path being taken was irresponsible to the citizens and he was uncertain on how the City would pay for the property. He noted that the City has hired a fundraising expert, Bond Counsel, and a Financing Consultant but could not believe the Commission would be opposed to having an appraisal requested on the property.

Public and Press Comment on Agenda Items – No further comments.

Adjournment

Chair Webb adjourned the meeting at 7:57 p.m.



Alice Baird, CMC, City Clerk