

**CITY OF ANNA MARIA
CITY COMMISSION BUDGET WORK SESSION
MEETING HELD AT ANNA MARIA COUNCIL CHAMBERS
10005 GULF DRIVE – ANNA MARIA, FL
THURSDAY, JULY 16, 2009
5:30 P.M.**

CALL TO ORDER

Chair Quam called the Budget Work Session to order at 5:30 p.m.

PLEDGE TO THE FLAG

ROLL CALL: Mayor Fran Barford, Commissioner Jo Ann Mattick, Commissioner Dale Woodland, Chair John Quam, Deputy Chair Christine Tollette, and Commissioner Chuck Webb.

Staff present: City Clerk Alice Baird, Finance Director/Deputy City Clerk Diane Percycoe, Public Works Director George McKay, Building Official Bob Welch, and Minutes Clerk Stacey Johnston.

Press present: Sun and Islander.

1. Opening Remarks – Proposed 2009-2010 Budget.

Mayor Barford read a prepared statement for the record. She reported that the Ad Valorem numbers were down for the third year in a row. The decrease totals \$117,000 and the State revenue amounts are down 10%. The following goals had been accomplished during the 2008-2009 budget year:

- Conclusion of Phase I stormwater project and start of Phase II.
- Equivalent stormwater unit (ESU) fund to protect stormwater investment initiated.
- Five-year CIP for equipment and infrastructure needs developed.
- Achieved and maintained a Community Rating System (CRS) of number 5 which reduces an individual's insurance costs by 25%.
- Staff and consultants have worked to reconcile many of the Land Development Regulations (LDR) to conform to the intent of the Comprehensive Plan.
- Transportation Enhancement Grant (TEG) is ready to begin design and construction by 2010 with the Interlocal LAP agreement with Manatee County.
- Secured the City's risk management issues with an ITSA email system that captures and protects city's official documents.
- Building Dept has implemented an access database on the website for permit and fee information and other related needs.
- Received approval for over \$1.3 million for stimulus dollars for road resurfacing and bridge maintenance.
- Staff has no expectation of a raise in salary this year. Incentives including education opportunities are provided to staff. Hourly temps to provide fill-in coverage for vacations have been trained. Staff and temps are cross-trained and a Public Works permanent part-time person and temps have been hired.
- Staff teams regularly work together for planning and oversight of tasks and projects.
- Re-negotiating of the City Pier contract has begun for implementation in 2010. The city regularly accesses the underwater structure of the City Pier and has initiated a structural inspection of the buildings and pier from the water up to be completed by September 2009.

2. Budget Challenges – Current and Proposed.

Diane Percycoe, Director of Finance/Deputy City Clerk, explained that the current challenges with the current proposed budget include:

- 1) Departmental budgeting format – has resulted in a lot of work due to the accounting software. An upgrade to the software was implemented approximately one month ago, which works much better.
- 2) Determination of projection and reserve calculations.
- 3) Dealing with decreased revenues throughout the year. State revenues have decreased.
- 4) Very little interest has been earned on accounts.
- 5) Trying to maintain the same millage rate as last year. She pointed out that the City has had to reduce revenues over the last two years in the amount of \$300,000. The City has also been faced with Amendment # 1, the Super Homestead, and the property values being decreased by 10%. As a result of previous trimming, there is very little room left in the budget to cut.
- 6) No salary increase for staff.

3. Budget Public Hearing Dates.

Ms. Percycoe informed that the Budget Public Hearing dates have been set to avoid conflicting with the following dates set by Manatee County and the School Board of Manatee County.

School Board hearings – July 29 and September 10.

Manatee County Board hearings – September 8 and September 15.

It was agreed that the budget hearing dates would be set by the Commission at the Thursday, July 23, 2009 Commission meeting when setting the tentative millage.

Discussion followed relating to dates the Commissioners would be out-of-town and unable to attend budget work sessions. After discussion, it was agreed that the next budget work session would be held on Thursday, August 6, 2009, 5:30 p.m. It was noted that Commissioner Mattick would be out-of-town on that date.

4. Budget Format.

Ms. Percycoe recognized Sergeant Turner who was in attendance to answer any questions relating to the Sheriff's contract. She informed that due to the retirement of Sergeant Kinney and miscellaneous adjustments in insurance, etc., there is only a \$4,403 increase for the 2009-2010 budget. The Commission had no further questions.

Ms. Percycoe announced that the budget format was similar to the previous year. She did, however, add a comments and explanation section. A review of the comments followed. She explained that the budget has been departmentalized and include direct allocations of a percentage to each department such as telephone, utilities, etc., in order to project a true picture of each department.

Ms. Percycoc informed that she had increased the Ad Valorem amount. It is still below the rollback rate. She said the millage rate of 1.9450 was utilized compared to the millage rate used for the 2008-2009 budget of 1.7882. The 1.9450 millage rate would result in an increase of \$0.15 per \$1,000 assessed value.

The Commission will set the tentative millage rate at their July 23, 2009 meeting. Once set it cannot be increased. Finance Director Percycoc suggested the Commission set it at the 1.9450 amount and if agreed could reduce it later.

5. Budget Review Process.

Chair Quam asked that the revenue section be reviewed first, followed by a page-by-page review of the summary expenses.

6. Budget Review.

Items reviewed by Commissioners were as follows:

Revenues

Commissioner Tollette

- Line # 29 – Code Enforcement Fines – Ms. Percycoc explained there was only one fine received over the past year. Very few cases need to be taken before the Code Enforcement Board. However, a small projection has been added to the 2009-2010 budget.
- Line # 33 – Interest Earned – Interest rate is very low. Ms. Percycoc will be contacting an investment firm currently utilized by many other cities to make a presentation to Anna Maria.

Director of Finance Percycoc

- Line # 5 – Taxes – Electric Franchise – Ms. Percycoc foresees revenues coming in high this year.
- Line # 8 – Building permits – Revenues have increased and may exceed the 2008-2009 budget amount. However, there may be a slow-down coming so the revenue amount has been decreased for 2009-2010. The building permit fees are only for permits and inspections.
- Line # 13 – Local telecommunication Service Tax – Revenues are high this year.
- Line # 37 – Pier Rent – The base rent will increase by \$500 beginning December 2009. No COLA adjustment has been included in the proposed budget. The Commission discussed negotiating a percentage of the City Pier proceeds. The City will begin negotiations in October 2009 relating to the current contract expiring December 2010.

Commissioner Webb said in his experience, a common area maintenance expense is included. The landlord controls all the maintenance expenses and the tenants are charged accordingly.

- Ms. Percycoc noted that the Manatee County court system is now taking more court costs out of the City's collections of fines and assessments (traffic violations, etc. – excluding parking violations).

Commissioner Woodland

- *Ad Valorem* – Asked for clarification relating to the \$66,723 reduction in revenues received from the State and County. Explanation followed.
- Stated he preferred maintaining the existing 1.7882 millage rate rather than increasing it.
- Questioned if the increase in the cigar and cigarette tax would affect Anna Maria. *Ms. Percycoc* informed that only the County received the cigar and cigarette tax.
- Commissioner Woodland suggested the City increase the fines and assessments. *Ms. Percycoc* explained that State Statute set the fines.
- Lake LaVista Dredge Grant – Suggested the City hold off proceeding with the project as long as possible. *Mayor Barford* informed that the City would not be dredging this year.

Ms. Percycoc reminded that the City had to renew the 5-year permit this year and will incur the permit expense every five years. The next renewal will begin in 2013. *Public Works Director McKay* stated that he annually applies for a \$50,000 grant. He also always asks for a 6-month to one-year extension. Dredging occurs approximately every 12 to 18 months. Discussion followed relating to the CID grant received.

- Line # 53 - Stormwater Utility Revenue – Reflects revenue received from the ESU. Any excess revenue received this year will rollover. It was noted that the ESU fee would be reviewed annually.

Commissioner Webb

- Commissioner Webb pointed out that as the property values are going down, the citizen's taxes are also going down. If the millage rate is increased, the citizen's still may not be paying as much on their taxes as they did in previous years. He asked that the City determine and provide to the Commission a listing of all the expenses that had increased over the past years such as maintenance, employee health insurance, consultant costs, office supplies, etc. Finance Director *Percycoc* said she would provide the detail. She stated that there was very little expense increase over the last year - that instead the revenues had decreased. Also, the outside consultants and the sheriff's contract impacted the expenses greatly. She said once Phase II is completed, it would hopefully reduce the amount for the City Engineer.
- Suggested that parking meters be utilized as an additional revenue source. The residents would be provided an exemption from having to pay. Commissioner Webb informed that many beach communities require fees to park. He stated that it is the visitors that cause additional City expenses.

Commissioner Mattick felt it was a good idea – especially at the City Pier. The additional revenues could help pay for the City's infrastructure. She suggested rather than parking meters, that a parking ticket collection box system be implemented. The Sheriff's office could collect the tickets. She said she was

also not opposed to allowing private property owners to charge for parking on their lots. She felt additional revenue for parking would allow the City to pay off the \$1 million road improvements loan and would also allow the City to reduce the taxes even more in the future.

Mayor Barford suggested the law enforcement department provide pros and cons relating to the parking collection box suggestion.

Total Operating Expenses – Commissioner Woodland made reference to the 10-yr. spreadsheet he drafted in 2004 broken down to revenues, expenses, operating expenses/occurring expenses, and non-occurring expenses for: Anna Maria, Holmes Beach, Bradenton Beach, Bradenton, Longboat Key, Palmetto, Manatee County, and the State of Florida. As a result, it was his opinion that the City of Anna Maria's spending was out of control – as was all other municipalities in the State. He said he was opposed to looking for additional revenue sources and felt if the City were to live within its means there would be no need to look for additional revenue sources. He voiced concern that if the non-operating expenses (capital outlay and infrastructure improvements) were increasing more than the overall increase of the budget, it would always take away from the infrastructure improvement. He suggested that was happening with the current proposed budget and he felt the City was spending too much.

Commissioner Webb felt that the taxes should not be increased. He agreed with Commissioner Woodland's comments, but reiterated the need for details to determine if in fact the City is spending too much or if necessary expenses were driving it.

Expenditures

Director of Finance Percycoe

- Line # 24 – Advertising – Has been increased due to the amendment of Ordinances.
- Line # 25 – Election Services – The City will be holding an election this year. In the future, the elections will be held in conjunction with Manatee County.

Commissioner Tollette

- Line # 8 – Employee Insurance – The amount does not include the renewal rate. *Ms. Percycoe* explained that one employee would be entering into the social security program - causing a reduction in the rate. Two employees will enter into a new bracket, which will cause a rate increase. However, a 10% increase has been included. The City currently has a HSA with a \$1,500 deductible. The budgeted amount includes health insurance, dental, and life insurance. Staff has an opportunity to voluntarily purchase short-term and long-term disability. The City has asked for quotes from BC/BS and from Aetna. *Chair Quam* stated that though staff may not get a salary increase, the City does pay for the health insurance.
- Line # 33 – Donations – Pointed out that of the \$20,400 budgeted, \$19,008 of that amount goes to the Community Center - which she felt was too high. She informed that the City of Holmes Beach has greatly reduced their donations to

the Community Center and Bradenton Beach does not donate. She stated that the Community Center has the ability to fundraise and to rent out their facilities for revenue. She suggested the City's donated amount be reduced by \$5,000. Discussion followed. It was agreed this item would be discussed at the July 23, 2009 meeting.

- Line # 56 – City Beautification (EEEC) - The EEEEC has recommended the adoption of a Beach Access Program. Discussion followed. *Mayor Barford* said very few donations had been received. In addition, the recycling project has been very hard to manage.
- Line # 59 – Trees/Plantings/Maintenance – Suggested the City asked for donations for planting trees as memorials. A plaque would be placed on the tree.

Chair Quam

- Line # 14 – Professional Services – Noted the amount had doubled. *Director of Finance Percycoe* referred to the Engineering Fees 2008-2009 – Adjustments to Professional Services for Lake LaVista and the stormwater utility. She explained that the Professional Services includes services for engineering, planning, wireless plan consultants, and Minutes Clerk. Planning, engineering, architectural, surveying, appraisal, and other services procured for independent professional assistance excluding accounting and/or auditing and legal services, are also included. Ms. Percycoe said she hoped that the Engineering fees would go down and reminded that there was a cost to the City anytime the City Engineer is contacted.

Building Official Welch informed that the City Planner will be finishing up the LDR's and in an attempt to avoid future legal actions, will be reviewing the numerous Ordinances that need updated. Also, the City has contracted with the City Planner for the water facilities plan for the Comprehensive Plan and the CIP section of the Comp Plan. Other issues include reviewing the LDR's line-by-line to insure they are correct. He stated that he, the Code Enforcement Officer, and City Planner had been meeting every other Thursday to review the City's code.

Commissioner Mattick

- Pier Centennial Committee – Commissioner Mattick asked that the Commission consider budgeting an amount of \$5,000 to pre-fund the Pier Centennial Committee for basic costs. The amount would be reimbursed to the City once merchandise is sold. Commissioner Mattick also asked that the Pier Centennial be announced on the City's website. *Mayor Barford* pointed out that the Pier Centennial Committee has the ability to fundraise.

Commissioner Woodland

- Line # 51 – Trolley – City Share – Commissioner Woodland reminded that originally the County had indicated the City's \$8,000 share would be reimbursed, however, it was never paid back. He voiced opposition to contributing again this year. He suggested that since the Trolley benefits the restaurants, beaches, merchants, etc. that they should have to pay their share. He stated that the Anna Maria homeowners pay resort tax to the County, the County is responsible for the Trolley; however, they ask the Island Cities to contribute.

Commissioner Tollette agreed. She discussed the advertising proposal created by David Teitelbaum. Mr. Teitelbaum feels confident he has sufficient advertisers. A donation box to be located on each Trolley has also been proposed.

Mayor Barford has met with the County Administrator and articulated the Commission's concerns. Bradenton Beach and Holmes Beach will be contributing again this year. She was concerned if Anna Maria did not contribute, it would jeopardize receipt of the tourist development dollars for renourishment of the beaches.

Chair Quam informed that the Island Cities generated \$100,822,000 in tourist tax dollars. In addition, the Island has contributed \$8.8 million in taxes over the past five years. However, no County funding is coming back to the Cities. In reference to the Trolley contribution, he felt it was the principal of the situation that needed to be considered.

Commissioner Webb said he was torn about the issue. He reminded that the Trolley would traditionally be a municipal function for public transportation. The majority of riders include the children on the Island and the Island visitors. He stated that the tourists are responsible for renting the homes that allow for the tourist tax to be paid. He suggested that a percentage of the three cities tourist tax revenues be determined and the City's each contribute to the Trolley based on that figure. *Finance Director Percycoe* will research and will also provide the Commission the amount of Anna Maria Ad Valorem tax that's sent to the County (requested by Commissioner Woodland).

The Trolley contribution will be discussed at the next meeting.

- Line # 58 – 5cnt Gas Tax Improvements – *Ms. Percycoe* explained. The revenue is limited to what it can be used for. The City is currently only using it for signs.

City Clerk Baird explained that if the City plans to use any of the 5cent tax money received from the County for road improvements, then it must be placed in the 5-yr. Capital Improvement Plan element. She said it was her understanding it would not be utilized for roads over the next five years.

7. Reserve Calculation.

An estimated Reserve Calculation was established based on the true budget. However, the City's Accountant Ed Leonard has not yet reviewed it for accuracy. Estimated is a 39.48% reserve at the end of this fiscal year and 39.5% at the beginning of the new fiscal year (Sept 30, 2010).

The calculation was based on the proposed millage rate of 1.9450. *Chair Quam* asked that a calculation be provided based on the current millage rate of 1.7882.

Commissioner Woodland pointed out that using the millage rate of 1.7882 would cause the total revenues to decrease, thus causing the calculation to exceed 39.48%.

Commissioner Woodland said by utilizing the 35% calculation, based on the 1.9450 millage rate, would allow for an amount of \$90,000 that could be transferred from the reserves.

Stormwater Utility Budget

Director of Finance Percycoe

Ms. Percycoe reviewed the 2008-2009 year-to-date expenses based on labor costs (except for the equipment and capital improvement projects).

Capital Improvement Projects

Finance Director Percycoe announced that the CIAC approved the recommendation of a 5-yr plan.

Mayor Barford introduced Bob Barlow, CIAC Chair.

Bob Barlow, CIAC Chair, informed that the 5-yr capital improvement plan had been discussed by the CIAC for the past few months. Mr. Barlow referenced the proposed 5-yr Capital Improvement plan that includes stormwater drainage, stimulus/transportation enhancement, equipment, buildings to include closing-in the existing front porch at City Hall for a work area and additional space for official City records, and roads/rejuvenator GSB-88 projects. He explained that the focus of the CIAC was towards preventive maintenance of the existing infrastructure as opposed to additional capital improvements.

He informed that the CIAC had discussed the work that was needed on the first 20-feet of the City Pier. It was the consensus of the committee that the inspection be completed first to determine what needs to be corrected. They felt a preventative maintenance program should also be established for the City Pier.

Finance Director Percycoe informed that the City had always performed inspections of the City Pier – pier deck, underwater inspections, pilings, etc. The issue with the tenant is whose responsibility it was for the maintenance, replacing the boards on pier, etc. The City Attorney's opinion is the lease requires the responsibility to be with the tenant. The tenant, however, disagrees.

Commissioner Webb advised that if the City feels it is the tenants' responsibility then it is important the City not do any of the work. Also, the City establishing a budget for the maintenance will be cause for the City admitting it's the City's responsibility. Either could be used as evidence in the event of litigation. If the City feels certain maintenance corrections should be made by the tenant, a letter should be sent to the tenant indicting the City will complete the repairs and the tenant will be billed for the amount due.

Commissioner Mattick asked if any of the 5-yr capital improvement projects had been incorporated into the budget. *Finance Director Percycoe* asked that the Commission review the plan to make that determination.

7. Line of Credit Update.

No discussion.

8. General Public Comment.

Micheal Coleman, Pine Ave., said he was encouraged how much care the Commission was taking with the budget process.

Mr. Coleman referred to the earlier Trolley comments. He said there were many full-time residents and children, who use the Trolley, which he feels is a huge piece of community life. He stated that the Island has become world famous and thrives based on the tourist economy.

Mr. Coleman reminded that his organization wrote a check in the amount of \$4,000 to offset the City's Trolley donation. He suggested the Commission allow one more year to see if Mr. Teitelbaum's plan would work. It was noted that PAR was investing \$15 million on Pine Ave. alone.

Mayor Barford informed that the \$4,000 match was received two years ago and the City contributed the entire \$8,000 last year. The upcoming budget year will serve as the third year the City has been asked to contribute.

Chair Quam stated that no Commissioner was opposed to the free Trolley. It was only the concept.

Press Comment

Tom Vaught, Island Sun, said he normally covered the news for Bradenton Beach. He suggested in regard to the negotiation of the City Pier contract, that Anna Maria contact the City of Bradenton Beach and request a copy of their Pier contract with Manatee County.

Commissioner Tollette commended Director of Finance Percycocoe on her work involved with preparing the proposed budget.

ADJOURNMENT

On motion made by Chair Quam and seconded by Commissioner Woodland, the meeting was adjourned at 7:54 p.m. The next Budget Work Session will be held August 6, 2009 and the tentative millage rate will be set by the Commission at their regular meeting to be held Thursday, July 23, 2009.

Alice Baird, CMC, City Clerk