

The Special Meeting and Public Hearing 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, regarding the Budgets for the CRA Fund, Pier Fund, Aquatic Center Fund and General Fund Revenue, held on July 27, 2017.

ROLL

MAYOR MIKE THOMAS

COUNCILORS:
JOHN REICHARD
JOSIE STRANGE
PHIL CHESTER
HECTOR SOLIS

CITY MANAGER:
MARIO GISBERT
DEPUTY CITY CLERK:
JO SMITH
CITY ATTORNEY:
AMY MYERS

Mayor Thomas called the Special Meeting to order at 10:25 A.M. with all Council members, City Manager, Deputy City Clerk and City Attorney present.

Councilman Chester gave the invocation and led the Pledge of Allegiance.

Prior to the budget discussion, Mr. Gisbert announced that Chief Whitman had been elected as the 17th District Director of the FPCA, the third largest State Police Chief's Association in the nation, composed of more than 1000 of the State's top law enforcement executives.

Ms. White said she would give a broad overview of the Funds and if the Council had any specific questions about the operations of a particular Fund, the Department Head could answer those questions.

CRA FUND

She gave a brief refresher about the CRA Agency, a separate entity from the City. Ms. White said there was a nice valuation increase on the Front Beach Road portion, this year receiving \$9.4 Million Dollars, and the projected 2017-2018 almost \$10 Million Dollars. Other revenue was public parking money from the lots and revenue was down this year because one lot was being used as a laydown lot for the road construction. Typically, the Transportation Proportionate Share Revenue was also reported although it was not technically CRA-restricted funds. She said most of those funds were collected from CRA roads, not enough of itself to do a road, so it was leveraged with the CRA funds.

Regarding Expenditures, there were no significant changes this year for personnel or operating. She continued with Capital Outlay and next year's budget was \$17 Million with \$6 Million Dollars for land to begin the next phase of right-of-way acquisition, and the balance of the Segment 2 construction project for \$10 Million Dollars. Ms. White said it was unlikely all would be spent during 2018 and probably the Segment 2 would continue into 2019 with some monies rolling forward. She said there was also three fourths of a Million Dollars for Segment 4 design work in the 2018 budget. Debt services were the same from year to year based upon the bond refinancing done in 2015, saving about \$400,000 per year.

Councilman Reichard thanked Councilman Solis for his efforts with the Bay County TPO to move Back Beach Road higher on the priority list and it was now a Priority 6 instead of an 8. He reported Priority 1 was building a sidewalk on Front Beach Road from SR 79 to Pinnacle Port using State and County funding. Councilman Reichard suggested a sidewalk going east from SR 79 down the length of Front Beach Road.

Ms. Jenkins said it was a great idea but many issues would accompany that project such as the impact to business parking lots. She said the plans had not yet been designed so she did not know the right-of-way needs for the area. Councilman Solis said more than likely the sidewalks would be removed when the new roadway was built due to the new bicycle lanes, trolley lanes and two new lanes. Councilman Reichard said that might be four to five years away but the sidewalks would provide relief now. Ms. Jenkins said FDOT was doing the sidewalks in four phases, with SR 79 to Pinnacle Port this fiscal year. Councilman Solis said it would start in December.

Councilman Solis said with the potential increase in TIF funds, the City could start a segment every two years. He said as soon as FDEP advised about the Segment 3 ponds, the City should move forward on land acquisitions. He said potentially in six to eight years, the City could complete projects to Bid-A-Wee and allow for improvements to Middle Beach Road. Ms. Jenkins said more funds could be moved to engineering for design. Ms. White reminded that a lot of the funds were restricted, approximately \$3.5 Million Dollars for the Bond covenants and almost \$3 Million Dollars for the next Bond payment. Councilman Reichard asked if this was the point to add more monies into engineering for Segment 3. Ms. White said she could easily move the funds into improvements, upon Council approval of the work itself or the Council could direct Ms. Jenkins to issue RFPs for the work and once received, amend the Budget at that time.

Mr. Gisbert said Ms. Jenkins would present the Near Term Work Plan and the Council could direct her to prepare an inhouse feasibility study for the sidewalks. Councilman Chester asked if the ½ Cent Sales Tax could be used for this project. Mr. Gisbert said with the Capital Improvement Plan, the focus was on the City's "F" roads.

Mayor Thomas said he did not want to use that money for sidewalks which would ultimately be torn up during construction. He reminded that Front Beach Road was a state road and the State had spent almost a year surveying the road, trying to satisfy every business and condo with the entrances and exits. He said with it being a state road, he would prefer Ms. Jenkins to bring something back to the Council. The State would tell the City what could and could not be done with their road.

Councilman Reichard mentioned the arrangement with the State that as a segment was completed, the City would assume its maintenance. Mr. Gisbert said the City had done so for the past Segments. Mayor Thomas said he had told the State that he did not agree with that assumption and that he would oppose future turnovers. He said the City could not afford to take over the road without some compensation and there should be some form of sharing. Ms. Jenkins said she had spoken with the FDOT engineer and there were many problems with redesigning such locations such as Sandpiper. She confirmed the plan was for sidewalks on Front Beach Road but not on both sides all the way. Mayor Thomas said the State was trying to cause the least impact possible. Mr. Gisbert added that the State was not meeting the City's sidewalk standards, not having a curb and gutter.

Mayor Thomas said he wondered why the CRA did not do longer sections of undeveloped property to show the public as opposed to Segment 1 along South Thomas Drive that no one would see. He said visitors riding through the City did not see South Thomas Drive. He said there could have been four Segments done for the cost of Segments 1 and 2.

Councilman Solis said that might mean there would be improvements at the beginning, the end, and then the middle with nothing connected. He urged the City to stick to the plan. Ms. White said the TIF funds were tracking upwards and she thought it would continue based upon the development. In that case, she said there would be \$10 to \$11 Million Dollars annually for the next several years, of which \$3.5 Million Dollars went towards debt service and another \$5 Million for operating expenses. Ms. Jenkins added that Segment 2 was approximately one mile, about \$14 Million Dollars without utilities, right-of-way or engineering. Mr. Gisbert said it would be approximately \$20 Million Dollars per mile. He said by about 2020, the next Segment could begin with possibly a year between projects. Ms. White said there were adequate reserves in both the General Fund and the Utility Fund from which the City could short-term borrow, knowing that the TIF funds would be received within the next twelve months, and give the City a funding source to let a contract and keep the projects rolling without harming the reserves.

Ms. Jenkins said in the Work Plan, they planned to continue and finish Segment 2 and hoped to hear from FDEP soon on the right-of-way plans for Segment 3 purchasing. For Segment 4.1 design, the City had a State grant for TRIP funds. She said she would add the feasibility study and that the finalization of the financial modeling was included in the Plan. Mr. Gisbert said this Plan would also continue with the maintenance of the completed Segments. He said at the last Council meeting, the City agreed to Majestic taking over the care of the landscape in that section. He asked if the Council members could speak with owners in other Segments and have similar conversations about being partners in the maintenance.

PIER FUND

Ms. White presented some demographic information about the number of users who either walked on the Pier or fished, and said that the numbers were probably higher. Staff was trying to count everyone to determine the needs from an operational standpoint. Regarding revenue, funds were from admissions and the rent from Coastal Parasail for Hook'd, Half-Hitch Tackle and the different kiosks on the boardwalk in excess of \$1 Million Dollars. She said the City had been setting aside \$750,000 for renewal and replacement to have funds on hand in the event of a major storm. Ms. White reported the railing system was expensive to maintain on a regular basis. Mr. Shortt had suggested increasing the R&R set aside to \$1 Million Dollars and thus she increased FY17-18 to \$800,000 and would continue as funds were available to eventually reach the \$1 Million Dollar set aside.

Mayor Thomas asked about the maintenance and upkeep on the buildings and said they needed painting and the garbage cans on the streetside of the building smelled. He mentioned the homeless people asking for money and that they should be removed. It looked bad. He said the City must do better.

Councilman Reichard asked about the handrails as they were supposed to last about twenty years. Ms. White said that was the top railing but underneath was wood. She said when a panel blew out, it also damaged the wooden railing.

Ms. White reported on the benefits, operating expenses and capital improvements. The overwhelming cost was personnel and plans were to add another Full-Time Admin Support Specialist whose salary would be split among Pier, Parks and Pool. For the Full-Time IT Specialist position, seasonal employee Jason Pickle had been a huge help, taking over a lot of the day-to-day IT work. She said she had taken that IT salary and spread its cost all over the City after reviewing the past work by the outside consultant. The Pier also proposed to add another Part-Time Maintenance position.

Ms. White said the City proposed that all Full-Time personnel would receive a 1.75% Cost of Living adjustment on October 1, 2017, based upon the change in the CPI index. Then in January or February, there would be a merit component for another 1.75%. The cost City-wide would be approximately \$600,000. The City's contribution to the Pension Funds dropped this year due to the improvements in the investment performance and the over-contributions in past years. She said the health insurance premiums were unchanged at \$540 per employee per month, paid 100% by the City, level since the City went self-insured. She said when the City started the self-insured program, the premium was \$560 compared to the 46% increase in the private sector. She said there was substantial reserves set aside even though there were some upwards trends in the claims history. Ms. White said the insurance would be revisited next year.

For operations, the primary reasons for an increase were the increased rent to the State for the Submerged Lands Lease and the increased repairs for Beach Accesses. She mentioned the new camera system and flagpole but no large Capital Outlays.

Mayor Thomas asked about the COLA. Ms. White said the idea had been to keep up with inflation to try to level out the wages in tomorrow's dollars. Mayor Thomas said in the private market, some positions did not get raises. Ms. White said possibly in the future, the pay grades would need to be revisited but they were not adjusted based on the COLA. Mayor Thomas said he was not a big fan of COLAs and that raises should be based on merit. Ms. White said the City historically checked with surrounding municipalities and the COLAs were fairly typical.

AQUATIC CENTER

Ms. White said overall the Budget had not changed much from the Amended to the Proposed Budget but the mix changed with a decrease in the daily entry fees, primarily because of June weather conditions. The facility was closed for fifteen days, losing on average \$1200 to \$1500 per day due to rain. The revenue now was \$33,000 and although costs were associated with the program such as instructors, the thought was to introduce new people to the pool. Overall the revenue remained constant and the interfund transfer decreased \$50,000. Ms. White reminded about the heater replacements at the end of last year, and now back to the normal \$500,000 transfer all from the Pier Fund. She said going forward, there would not be that much extra to take from the Pier Fund because of changes such as adding the carpenter program. Another funding source would need to be determined for the future. She said \$200,000 to \$250,000 would be possible from the Pier Fund and then take the remainder from the General Fund.

For Expenditures, there was no significant change from the Amended Budget, \$880,000, basically flat. There were no capital projects but a few big projects were on the horizon due to the age of the facility. There were items reaching the end of their useful life, such as the liner in the kiddie pool whose replacement would cost about \$120,000. She mentioned the kiddie pool slide and sheds. These items were not in the Proposed Budget because there was no funding. Ms. White said the liner issue could only be delayed until FY19.

Mayor Thomas asked Mr. Ponek about the snack bar and Mr. Ponek reported the gross revenue was \$32,000 as of July 26th even with the rain. He said he was pleased with taking over the concession stand and predicted a good year this year and a great one next year if no rain. Mayor Thomas asked how much money was spent on supplies and Mr. Ponek responded minimal, approximately \$10,000. The concession stand was manned by Part-Time employees for about \$10,000. Ms. White said the concession stand was performing better with City Staff running it as opposed to the outside vendor and overall labor costs were down this year compared to last year. Mr. Ponek said many changes were made this year by decreasing the pool hours, changing Staff hours, and using Part-Time employees during day and night hours. He distributed a report to the Council members.

Mayor Thomas asked how many City residents used the pool. He said the school groups and private swimmers should have their own lifeguards. He questioned why the City would furnish a lifeguard and gate person, sometimes two, but the public was not allowed into the pool at those times. Councilwoman Strange asked if it was a State requirement or liability issue why the City was furnishing the lifeguards.

The Mayor said when he was previously on the Council, 72% of the children using the ballfields lived outside of the City limits. He said he did not believe it was that high now but the actual percentage was not known. He questioned who was using the pool and said the City was paying for everybody. The Mayor suggested charging extra for non-residents, and possibly the County and schools helping subsidize the pool. He said he thought it was wrong for the City to continue to pay for everyone.

Mr. Ponek said the report estimated that 60% were City residents from January to May. For June through September, the pool was only about 25% City residents. For October through December, that number rose to about 40% for City residents. Regarding revenue, Mr. Ponek said the pool was struggling but he believed there had been a dent made in the losses. He said open swim was \$5 across-the-board this time of year, and people from Freeport, South Walton, and Panama City were using the pool and buying concessions. Swim lessons increased from \$7,000 in 2013 to now \$33,000. He asked not to change any fees at this time. However, if the Council directed changes, a \$6 non-resident fee would be charged. Mr. Ponek said the hours of the pool had been reduced from 1700 hours to 1436 hours, with winter significantly reduced. Mayor Thomas said he thought the pool should be closed from November to February, and if the schools wanted to rent the pool then they should furnish lifeguards.

Councilman Reichard asked why the City had to furnish lifeguards even for swim teams. Mr. Gisbert said if the City completely closed the pool and leased it to a swim team, he thought it could be required for them to use their own lifeguards. Mr. Ponek said the Panama City Swim Team (PCST) had a six year contract and now year four, increasing the fees by baby steps and next year will be \$4.25 per hour per lane as opposed to \$3.50 per hour per lane now. Mr. Ponek said it should be \$8.00 per hour, but the baby step approach was used at Council's direction. Mayor Thomas questioned the amount of general public in the pool at that time, only usually ten people at the most. He said the City should not have to pay for them to use the pool. Mayor Thomas said it was the citizen's money and the baby steps were wrong. He said he wanted to know who was in the pool and said he had not seen any Staff member ask about residency.

Councilman Solis said the pool was going in a positive direction even with the baby steps. He said he would like to see another year of increased revenue from the teams and concession stand. He acknowledged that Mr. Ponek was working extremely hard to make improvements and it was a quality of life amenity. Councilman Solis said he disagreed with picking up yard debris with the three trash trucks, spending almost \$600,000, at no cost to the residents. Regarding the ball fields, it was also a loss but some of the families spent their 1% and used the pool as entertainment. He said one of the biggest future problems would be the age of the pool, the lifetime maintenance. He said he would like to see another year of results. Councilwoman Strange agreed.

Councilman Reichard said he had met with Ms. White to discuss what would occur with closing the pool from December through February. He said after review, it would save about \$50,000 but no mention of the impact to annual passes. Mayor Thomas said eliminating annual passes would increase revenue.

GENERAL FUND REVENUE

Ms. White reported an excellent year from a revenue standpoint, up significantly for a few reasons such as the ½ Cent Surtax, (projected as \$575,000). She stated she believed it would be more but reminded it was restricted and reports would be made available for the Citizen's Oversight Committee.

The largest line item was the Gross Receipts Tax, originally budgeted at \$10.3 Million Dollars this year, and it was being amended to \$10.8 Million Dollars. She said she budgeted a conservative 3% increase for next year. Regarding grants, Ms. White said she did not predict grant revenue until the grants were actually awarded. She said once the Police Department received another Traffic Enforcement grant, the Budget would be amended and the revenue and expenses added.

Councilman Solis asked her prediction for the total revenue increase for this year. Ms. White replied approximately 5% to 7% and reminded that the ½ Cent Surtax and Building Permits skewed the numbers. She said revenue was up about \$1.5 Million Dollars so far. She added that Impact Fees were up significantly because of the new development on the beach but reminded they were restricted as well. Ms. White said she would prepare a report of only the unrestricted funds to see the increase for the next Workshop.

Councilman Solis suggested a discussion item of doing a PD&E for the Bay Parkway using the ½ Cent Surtax. He said with State funds, any funds not spent at the end of the year would be available for "shovel-ready" projects. He suggested that preparing a PD&E report for the Parkway would allow the project to be closer to being "shovel-ready" in case funds became available. He mentioned having a partnership with the County in this endeavor.

Councilman Reichard mentioned Impact Fees for sidewalks and Ms. White responded that the City did not have a Transportation Impact Fee. Mr. Gisbert said Gayle's Trails had been done as Recreation. Ms. White suggested funds could be taken from Transportation Proportionate Share funds. She added that Impact Fees must be tied to growth and the City had a deficiency which did not serve the existing population. Councilman Chester mentioned grants available for school sidewalks but they were not available now.

Mayor Thomas said for the cost sharing for the next section of the Loop Road, there was an offer from the County to help with about \$2-\$2.5 Million Dollars. The beach received an opinion that the City should be able to count CRA improvements to increase our share, about a \$700,000 increase per year. He said the City threatened a lawsuit and he was asked to visit with the City due to concerns that the referendum would not be passed by the voters. Once elected as Mayor, he and Mr. Gisbert went to the County for further discussion and was told that the remaining County Commissioners would not agree to the increase. Mr. Gisbert sought advice from an attorney who handled that type of litigation and whose opinion was that the City could win. He continued that the City must decide whether to take the \$2.5 Million Dollars one time or sue for the \$700,000 per year for the next ten years. The Mayor said it was a lot of money and he thought the City deserved the funds.

Ms. White said for the revenue side, she reminded about the \$4 Million Dollar transfer this year from the Utility Fund. She said she thought the City was in good shape from a revenue standpoint.

Ms. White said the Departments would be brought to another Workshop at the end of August, and then the Utility Fund would remain. For the Utility Fund, the Council had already looked at the rate study and approved those rate increases, already looked at the Stormwater rate study and there was sufficient revenue to cover expenses.

Mayor Thomas said he would like answers from some of the issues discussed today and to look at the pool statistics closer and not have estimates. Ms. White mentioned even if the pool was closed, not all costs would be eliminated because of costs for chemicals and electricity. She added that since the pool had not been closed in the past, it was an unknown. She added that the Full-Time people then could be reallocated to the Pier. Mayor Thomas said he would like to look at the numbers. The Mayor asked if there were any questions for Ms. White and there were none.

Mayor Thomas said Ms. Floyd had resigned as City Clerk and Civil Service was not involved in hiring a replacement. Mr. Gisbert said he would proceed in hiring a new Clerk. The Mayor added that he felt another employee should be hired through Civil Service for Human Resources and enumerated how duties should be divided. Councilman Solis suggested Mr. Gisbert evaluate the combination. The Mayor said to move forward as the tasks were now divided amongst the existing employees.

Councilman Solis mentioned good temporary help which could assist in the meantime. Mr. Gisbert said he needed a Full-Time City Clerk and a Full-Time Human Resource, not a hybrid. There were no objections. Councilman Reichard explained how the position was originally created with the previous Council not agreeing that two people were needed.

With nothing further, the meeting was adjourned at 12:40 P.M.

READ AND APPROVED this 26th of October, 2017.

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