

CITY OF LARGO CITY COMMISSION WORK SESSION

**March 13, 2012
Notes**

COMMISSION PRESENT: Commissioners Smith, Murray, Holmes, Arntzen, Crozier, Brown, Mayor Gerard

COMMISSION ABSENT: None

PARTICIPATING STAFF PRESENT: City Mgr. Craig, Asst. City Mgr. Schubert, Asst. City Mgr. Staffopoulos, City Clerk Bruner, HR Dir. Sinz, Risk Mgr. Bossone, Finance Dir. Adams, OMB Mgr. Davis, Mgmt. Analyst II Jordan, City Engineer Dicus, Comm. Dev. Dir. Stricklin, Asst. Comm. Dev. Dir. Klute, Mgmt. Analyst Broihier, Mgmt. Analyst II Semones, Env. Services Dir. Kety, Asst. Env. Services Dir. Jones-Glascock, IT Dir. Schomaker, Mgmt. Analyst II Kehoe, Police Capt. Smith, PW Dir. Usher, Rec., Parks & Arts Dir. Byrne, Fleet Mgr. Moore

The Work Session began at 6:00 pm.

DISCUSSION OF ANNUAL PROPERTY INSURANCE PURCHASE

The City's current property insurance policy with Axis Specialty Insurance Company includes a \$25,000,000 limit for all other perils coverage, a \$5,000,000 limit for flood, and a \$15,000,000 limit for wind (named storm). A deductible of \$25,000 per occurrence would apply for all perils coverage, with a 5% deductible for wind damage from a named storm, and variable deductibles for flood occurrences based on criteria such as flood zone. All perils coverage includes, but is not limited to, damage to property and contents caused by fire, lightning, explosion, and vandalism. For the current policy year, the City paid a premium of \$582,317.

Wallace, Welch and Willingham Insurance Agency solicited bids for the City's property insurance program for the policy period from April 1, 2012 through March 31, 2013. In the current insurance market, companies are limiting their risk exposure. The current carrier, Axis, will not accept a policy limit of more than 50% (\$12,500,000) of the current coverage (\$25,000,000). Landmark American will accept the other 50% (\$12,500,000). Each company would pay 50% of each loss. Wind coverage in excess of \$10,000,000 is offered through Alterra Excess. All three companies have Best ratings of A. The claim process will be facilitated by Wallace, Welch and Willingham and operate seamlessly for City claims. The City has three alternatives for property coverage beginning April 1, 2012:

PREMIUM COMPARISON	LIMIT - ALL OTHER PERILS	FLOOD	WINDSTORM
Current Program-\$582,317.00	\$25,000,000.00	\$5,000,000.00	\$15,000,000.00
\$639,387.00	\$25,000,000.00	\$5,000,000.00	\$15,000,000.00
\$613,898.00	\$25,000,000.00	\$5,000,000.00	\$12,500,000.00
\$562,658.00	\$25,000,000.00	\$5,000,000.00	\$10,000,000.00

Mr. Darren Scott represented Wallace, Welch and Willingham.

Discussion:

Commissioner Brown questioned the deductible amounts between the two policies, which Ms. Bossone stated would be \$12,500 on each policy. Commissioner Holmes also questioned the impact of a storm that was not named. Mr. Scott stated that it had to be a named storm. Commissioner Holmes questioned whether there is a rider on the errors and omissions policy for the excess surplus lines companies, to which Mr. Scott stated that there is and that he would check the limits on the errors and omissions coverage. Commissioner Holmes stated his concern that errors and omissions limits were generally the same as the largest policy. Ms. Sinz stated that,

for a wind event, there will be FEMA recovery as well, depending on the magnitude of the event. Mr. Scott stated that there is not a standard market available in Florida at this time. Mayor Gerard questioned staff's recommendation, which Ms. Sinz stated was to purchase coverage within the amount budgeted. Vice Mayor Crozier stated that she would support purchasing \$12.5 million in wind coverage. Commissioner Brown stated that he would be comfortable with \$10 million in coverage, to which Commissioner Smith stated his agreement. Commissioner Holmes questioned the City's total exposure. Mr. Schubert stated that the total insured value was \$185 million. Ms. Bossone stated that the insurance is per schedule, with each building being scheduled a certain amount. Commissioner Brown questioned what was in the Risk Fund. Mr. Adams stated that there was approximately \$1.4 million in reserves for catastrophes. Commissioner Arntzen stated that she also supported the \$12.5 million in coverage.

City Commission Direction:

It was the consensus of the City Commission to support \$12.5 million in coverage.

PROPOSED FY 2013 - FY 2017 CAPITAL IMPROVEMENTS PROGRAM (CIP)

The proposed 5-Year CIP for FY 2013 - FY 2017 includes projects totaling \$140,827,800. The CIP neither appropriates funds nor authorizes projects; it is a five-year planning document for significant capital projects, defined as those costing \$100,000 or more. The CIP also includes maintenance projects and computer software purchases costing \$100,000 or more. These and other projects are included in recognition of their operational and financial significance, even though from an accounting perspective they are not capital expenditures.

Strategic Plan Implementation Tab:

There have been no additions or reformatting of information provided in the CIP from the previous year. The Strategic Plan Implementation Tab provides a comprehensive list of capital projects completed, initiated, or planned since FY 2012 that relate to the implementation of the Strategic Plan initiatives. The project list is presented in two formats, a list of completed projects and projects sorted by initiative. Several of the projects fall under multiple initiatives, so a project may be listed under each applicable initiative. The project list by initiative provides an overview of the investments planned or made for each initiative.

Long-Range Financial Projections Highlights:

The long-range financial projections reflect a budget reduction for the sixth consecutive year as well as utilizing a rolled-back millage rate in the General Fund to maintain a minimum 10% Budgetary Fund Balance. The Golf Course Fund expenditures are currently set at status quo until a new staffing plan with reduced expenditures is proposed along with the results of the RFP process to contract or lease the operation of the course, which will be presented to the City Commission in April 2012. The course is generating higher revenues than the previous year; however, with only a few months of data, it is hard to project the revenues until at least after March.

A Stormwater fee increase is the only utility rate increase projected for FY 2013. The most recent rate increase was in 2008, when the multi-family credit of 20% was also implemented. The goal was a total of a 40% multi-family credit per equivalent residential unit (ERU) to be implemented. As a result the remaining 20% credit is proposed to be implemented with this rate increase. The rate increase necessary would provide for a 15% (\$600,000) increase in Stormwater Fee revenue. Staff will be presenting the impact of this proposed Stormwater Fee increase in more detail to the City Commission at a work session in April or May.

Planned Borrowing:

- \$62 million in Wastewater Fund over next 3 years for consent order related and larger wastewater projects. (\$45 million in FY 2013 and \$17 million in FY 2015).

Major projects in the CIP include:

- Community Streets - Trotter Road - \$2,720,000
- Highland Ave. Transportation Improvements - \$4,200,000 (\$702,507 spent YTD FY 2008 – 2011)
- City-wide Road and Sidewalk Rehabilitation - \$3,710,000
- Fire Station 43 Replacement - \$3,000,000 (\$400,000 in this year's budget)
- Police Building Hardening \$2,000,000
- Stormwater Retrofit - McCay Creek Tributary (Suncoast Hospital) - \$1,610,000
- Stormwater Retrofit - McCay Creek Tributary (Alcove Creek) - \$1,230,000
- Downtown Community Streets - 4th Street NW - \$1,150,000
- Downtown Transportation Safety Improvements – East/West Bay Drive - \$1,560,000 (\$600,000 beyond 5th year)
- Wastewater Collection Line Relocations - \$6,200,000
- Biosolids Facility Improvements - \$3,141,000
- Various Consent Order and Major Sewer Reconstruction Projects - \$67,780,000

Major Changes in Existing Projects:

- Reduction in Highland Avenue Project Budget of \$832,000
- Increase in Head-Works Reconstruction at the Wastewater Reclamation Facility of \$10,000,000, resulting in a different rate increase schedule. Rather than one 15% rate increase in FY 2015, now there are two planned rate increases of 15% in FY 2014 and FY 2016.
- Replacement of Fire Station 39 is no longer a consolidation of two Fire Stations. It is now the replacement of Fire Station 43 Belleair Bluffs.

Discussion:

Commissioner Holmes questioned the borrowing. Mr. Adams stated that a 20 year borrowing would be the minimum. Ms. Davis stated that Page LR-26 depicted the debt principal payments. Mayor Gerard questioned whether the City will complete \$43 million in projects next year. Mr. Dicus stated that the two big projects, Wet Weather Monitoring and Pumping System and Disinfection System Improvements, are scheduled to be awarded by the end of FY 2013. Commissioner Murray pointed out an error on Page CI-1 in that there was an asterisk next to the LOST Fund, with no footnote.

Strategic Plan Implementation

NOTE: Commissioner Holmes left the meeting at 6:38 pm and returned at 6:42 pm.

No questions.

Community Development

Commissioner Murray stated that there was a new section on construction administration and questioned how administrative costs were covered previously. Mr. Dicus stated that staff was trying to do a better job of breaking out design and construction administration costs and that previously they had been pulled out of construction costs. He stated that the construction administration costs were added on top of the budget for construction. Commissioner Holmes questioned how a shared bike lane will be created along 4th Street NW (CD-8), as there was very little room. Mr. Dicus stated that the design guidelines from the multi-modal plan called for a bike lane, which was not feasible on many roads, therefore a shared use bike lane would be recommended. He stated that a feasibility analysis would be done. Commissioner Holmes questioned whether

the intent of the Transit Station Master Plan project was to coordinate with PSTA and a light rail system (CD-28). Ms. Stricklin stated that the station locations were approximate and that the evaluation will coincide with preliminary design and environmental impact statements for the transit stations. She stated that it will be incumbent on local communities to begin determining specific redevelopment plans within the station areas. Commissioner Holmes next questioned the Urban Trails project (CD-30). Mr. Dicus stated that a number of alternatives will be looked at, although a full trail head with parking and restroom facilities was initially envisioned. He stated that the primary objective was to improve connections between the Pinellas Trail and the Community Redevelopment District. Commissioner Holmes stated his concern that the Pinellas Trail did not go through downtown. Mayor Gerard asked whether staff knew for sure that FDOT would provide funding. Mr. Dicus stated that the City applied for transportation enhancement funds and that the City was on the list to receive funds when they become available. Commissioner Arntzen pointed out an error on Page CD-15 in that "future" should be removed. She questioned whether there is still a right-of-way issue on Highland Avenue. Mr. Dicus stated that staff has been unable to work with the property owner and County to have the property dedicated to the County for transfer to the City, therefore the project is proposed to end south of Belleair Road. Commissioner Brown questioned the removal of the permitting system, which Ms. Stricklin stated was a budgetary decision and that the project was never in the CIP. She stated that the financial analysis determined that it was not feasible to fund the project next year, however staff was moving forward with a needs assessment. Commissioner Brown that he hoped that as construction fund revenue increases, funding will be found to implement the system. Mayor Gerard stated her agreement. She questioned whether any new sidewalks would be done before 2017. Mr. Dicus stated that it was based on the availability of funds. Ms. Stricklin stated that there were named sidewalk projects included in the CIP. Mayor Gerard also questioned the Trotter Road project. Mr. Dicus stated that staff proposed to expand the resurfacing portion of the project down to the City limits. Mayor Gerard questioned the stormwater retrofit project funding. Mr. Dicus stated that stormwater fund money can be used. Ms. Broihier stated that LOST funds were proposed because the balance in the Stormwater Fund could not support the projects. Mr. Dicus stated that stormwater retrofit projects were reconstruction rather than maintenance and therefore eligible for LOST funding. Commissioner Murray questioned the funding for the Trotter and Rosery Roads projects (Pages CD-6 and CD-10). Ms. Broihier stated that these funds were part of the transfer that established the Highland Avenue Fund. Mr. Dicus stated that staff can look at replacing LOST funds with TIF funds.

Environmental Services

Commissioner Murray questioned the increase in cost for the Headworks Project (ES-17). Mr. Kety stated that staff included \$10 million for an equalization tank, which was not included previously. He stated that the plant ran more effectively if the flow rate is the same all of the time and that there will be a stable population of biology. Mr. Jones-Glascock stated that the wet weather project will bring flows directly into the plant, with the peak flows reaching the plant much quicker. He stated that two of the digester tanks were currently being used as equalization tanks, however they are not big enough. Mayor Gerard requested that the City Commission be provided with a graphic of the projects on a City map, preferably at the time of contract award. Commissioner Brown questioned when the disinfection process recommendation was expected. Mr. Kety stated that the alternatives will be presented to the Department of Environmental Protection the following day to ensure that the method will be acceptable to them. He stated that more pilot testing may be needed on one of the options, which would take place during the wet season. He stated that the deadline for all of the projects was April 2016.

Fire Rescue

Commissioner Brown questioned the status of the agreement with Belleair Bluffs for the fire station. Mr. Jordan

stated that the agreement will include an amortization clause which will require Belleair Bluffs to pay the remainder of the building cost if the fire services agreement is terminated. Mr. Staffopoulos stated that Mr. Zimmet was currently working on an interlocal agreement that will include 30 year depreciation. Commissioner Holmes asked whether Pinellas County will pay 80% of the cost of the building. Mr. Staffopoulos stated that there is no current agreement with Pinellas County, however the City's cost will be the amount depreciated over the 30 year period.

Information Technology

Commissioner Murray asked whether the Microsoft licensing (IT-4) was for the servers, to which Mr. Schomaker stated that it was for the user licenses and did not involve any applications. Commissioner Smith questioned the increase in speed. Mr. Schomaker explained that speed will increase and will allow for more features and functions and the ability to move forward as technology changes.

Police

Commissioner Murray questioned whether the cost was shown as a pass through. Ms. Kehoe stated that the amount depicted was the City's cost and that Pinellas County will provide the funding for a portion of the consoles.

Public Works

Commissioner Brown questioned the impact of annexation and potential changes in Solid Waste collection on vehicle needs going forward. Mr. Jordan stated that staff was looking at a variety of ways of collecting recyclables, yard waste and solid waste, as well as a number of different styles of trucks. He stated that one of the reasons staff is continuing with current methods is due to the substantially higher cost of some of the vehicles. Vice Mayor Crozier asked whether increased disposal fees were anticipated. Mr. Usher stated that there have been a number of rate discussions, however no decisions have been made. Mr. Jordan stated that the current incinerator plant was nearly 30-40 years old, which will be the biggest factor in any rate increase.

Recreation, Parks & Arts

Mayor Gerard asked whether the roof to be replaced was the one where the concert was held, to which Ms. Byrne stated that it was and that plywood was placed on the roof under the band. Commissioner Arntzen questioned the status of the Parks Division building and the Data Center. Ms. Byrne stated that staff was working with an architect on a master site plan, as one of the sites being considered for the Data Center was the area adjacent to the Parks Division building. Vice Mayor Crozier questioned the Bonner Park boardwalk repair, which Ms. Byrne stated was deferred.

Vehicles

Mr. Usher introduced Donald Moore, Fleet Manager. Vice Mayor Crozier asked whether 20 Police vehicles have been added back in, to which Mr. Jordan answered in the affirmative. Vice Mayor Crozier questioned whether any of the vehicles that are replaced are being kept in the fleet. Mr. Usher explained that the intent of the replacement cycle was to get the sales price back to replenish the funding source, however select vehicles that are in very good condition are kept for pool vehicles. Mr. Jordan stated that if another department needs a specific type of vehicle but does not have sufficient funds available, it can be traded out for a fee to the originating department. Commissioner Holmes questioned the sewer truck, which Mr. Jordan stated was for a jet vac truck to replace an existing vehicle.

Unfunded Projects

Commissioner Arntzen stated that she supported funding unfunded Police positions and consideration of adding new positions as properties are annexed. Mayor Gerard stated that she agreed and that she would also like to see the Library open on Sundays again. Ms. Davis stated that the CIP would be brought to the City Commission for adoption as presented.

ITEMS FROM CITY ATTORNEY, COMMISSION, MAYOR, CITY MANAGER

Commissioner Brown stated that he attended the rooftop concert and stated that it was a nice event.

Commissioner Arntzen stated that she also went to the concert and that it was a great event.

Commissioner Holmes stated that he had occasion to deal with another Police agency and that he appreciated Largo's department.

Vice Mayor Crozier stated that the concert in the park was a great event.

Commissioner Murray also stated that the concert in the park was a great event.

Mayor Gerard encouraged everyone to take the on line values statement. She stated that David Puckett was interested in serving on the MPO Citizens Advisory Committee, to no objection. She wished everyone a Happy St. Patrick's Day.

ACTION ITEMS

1. Request by Mayor Gerard that staff prepare a graphic depiction of Wastewater Reclamation Facility improvements and a map with major Consent Order projects throughout the City.

ADJOURNMENT

The meeting adjourned at 7:37 pm.