



City of Largo
Agenda Item 3

Meeting Date
08/14/18

Presenter: Meridy Semones, OMB Manager

Department: AD – Administration

TITLE:

FY 2019 BUDGET DIRECTION

Background and Overview

On July 1, 2018 the City Manager's FY 2019 Proposed Annual Budget was submitted to the City Commission. The City Commission reviewed the Proposed Budget on Friday, July 13, 2018 at a joint work session with the Finance Advisory Board (FAB). At that meeting, the City Commission asked the FAB to provide feedback on several specific items, in addition to the assignments outlined in the resolution establishing the board. Collectively, the Board provided formal recommendations on the following items:

1. The percentage increase in solid waste user fees, and how the increase should be applied among customer types (residential, commercial, roll-off): Recommendation to apply the proposed 20% increase evenly over all three customer types.
2. The proposed establishment of a storm debris removal reserve in the Solid Waste Fund in the amount of \$2M over five-years: Recommendation to support the creation of the reserve as recommended.
3. The City's recycling program and proposed continuation of existing service-levels: Recommendation to support continuing the City's recycling program until the recycling market stabilizes.
4. The FY 2019 Proposed Property Tax Rate of 5.7413: Recommendation to support the property tax rate as proposed.
5. The quality of the City's budget document as a communication tool: Recommendation to support the document as a communication tool.

Continued on Page 2

Budgeted Amount:	<input type="text" value="\$0.00"/>	Budget Page No(s):	<input type="text" value="N/A"/>	Available Amount:	<input type="text" value="\$0.00"/>	Expenditure Amount:	<input type="text" value="\$0.00"/>
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Additional Budgetary Information:

Funding Source(s):	<input type="text" value="N/A"/>	Sufficient Funds Available:	<input checked="" type="radio"/> Yes <input type="radio"/> No	Budget Amendment Required:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Source:	<input type="text" value="N/A"/>
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City Attorney Reviewed:	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> N/A	Advisory Board Recommendation:	<input type="radio"/> For <input type="radio"/> Against <input checked="" type="radio"/> N/A	Consistent With:	<input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A	<input type="text" value="Strategic Plan"/>
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Potential Motion/ Direction Requested:

Staff Contact:

Attachments:

Page 2 – FY 2019 Budget Direction

Each year there are several changes made to the Proposed Budget prior to the Tentative Budget adoption. Those changes include re-budgeted items, corrections, and the addition/deletion of revenues and expenditures due to new information. The total amount of FY 2019 expenditure reconciliation items are \$2,325,200 of which \$578,200 are included in the General Fund. A complete list of changes is attached, and a summary of the major changes is provided below:

General Fund

1. Charter School Resource Officer Program (+1.50 FTE): \$132,800 (Revenue & Expenditure)
2. Contractual Assistant City Attorney (-1.00 FTE): \$120,000 Moved from Personnel to Operating
3. Re-Budget Enterprise Telephone System Replacement: \$300,000
4. Ulmerton Road Contractual Median Maintenance: \$60,000
5. Pedestrian Safety Police Enforcement Grant: \$20,000 (Revenue & Expenditure)

Wastewater Fund:

1. Re-Budget of Collection System Software Replacement: \$300,000
2. Re-Budget Biosolids Facility Mechanical Improvements: \$680,000
3. Re-Budget WWRF Operations Center Reconstruction: \$1,250,000
4. Re-Program the WWRF Biological Treatment Plant Project: \$20,000,000 / Year for 3 years

Other Funds:

1. Re-Budget Downtown Multimodal Improvements (Trailhead): \$1,065,000
2. Increase Downtown Multimodal Improvements (West Bay Drive construction costs): \$500,000

FY 2019 Tentative Budget Reconciliation List

Summary by Fund		
	<i>Estimated FY 2018</i>	<i>Budget FY 2019</i>
Expenditures		
General Fund	-\$221,400	\$578,200
Construction Services	-\$23,700	\$0
County Gas Tax	\$140,000	\$200,000
HOME Fund	\$282,700	\$0
LOST Fund	-\$300,000	\$300,000
SHIP Fund	\$350,100	\$0
Stormwater Fund	-\$63,000	\$118,000
TIF-8 Fund	-\$89,000	\$89,000
Tree Fund	\$0	\$270,000
West Bay Drive CRD Fund	-\$362,000	\$732,000
Risk Fund	\$300,000	\$0
Solid Waste Fund	-\$3,700	\$0
Wastewater Fund	\$0	\$23,000
Police Trust Fund	\$0	\$15,000
Total	\$10,000	\$2,325,200

Revenues		
General Fund	\$51,200	\$176,200
Total	\$51,200	\$176,200

Summary by Department		
	<i>Estimated FY 2018</i>	<i>Budget FY 2019</i>
Expenditures		
Administration	\$0	\$700
Community Development	\$270,800	\$732,000
Engineering Services	-\$312,000	\$922,000
Environmental Services	\$0	\$23,000
Finance	\$0	\$0
Fire Rescue	\$0	\$0
General Operating	\$0	\$0
Human Resources	\$300,000	\$10,400
Information Technology	-\$300,000	\$300,000
Legislative	\$0	\$5,000
Library	\$0	-\$8,000
Police	\$51,200	\$167,800
Public Works	\$0	\$55,000
Recreation, Parks & Arts	\$0	\$117,300
Total	\$10,000	\$2,325,200

**Note: Summaries do not include Enterprise fund capital*

Operating Changes

Revenues

Object Code Type	Change Request *	Costing Center *	Description	Est. 2018	2019
Revenues	2019 - 301	001-338-0000	Add 1.5 FTE Reserve School Resource Officers	\$51,200	\$132,800
Revenues	2019 - 338	001-342-0000	High Visibility Pedestrian Enforcement Grant	\$0	\$20,000
Revenues	2019 - 343	001-347-4595	North Pole Express Revenues	\$0	\$8,400
Revenues	2019 - 345	001-311-0000	July 1 Property Value Adjustment	\$0	\$15,000
General Fund Total				\$51,200	\$176,200

Expenses

Object Code Type	Change Request *	Costing Center *	Description	Est. 2018	2019
Expenses	2019 - 344	001-511-0610	Youth Leadership Council Travel	\$0	\$5,000
Expenses	2019 - 342	001-513-1920	IT Year End Projection Update	\$27,400	\$0
Expenses	2019 - 329	001-513-2310	HR Reorganization Technology Upgrades	\$0	\$10,400
Expenses	2019 - 302	001-514-0540	Delete 1 FTE Asst. City Attorney	\$0	-\$119,300
Expenses	2019 - 302	001-514-0540	Asst. City Attorney Contractual Fees	\$0	\$120,000
Expenses	2019 - 301	001-521-3912	Add 1.5 FTE Reserve School Resource Officers	\$51,200	\$132,800
Expenses	2019 - 338	001-521-3932	High Visibility Pedestrian Enforcement Grant	\$0	\$20,000
Expenses	2019 - 331	001-571-2520	Re-classification of existing position	\$0	-\$8,000
Expenses	2019 - 337	001-572-4530	Signage License	\$0	\$3,900
Expenses	2019 - 318	001-572-4552	Ulmerton Median maintenance, new project	\$0	\$60,000
Expenses	2019 - 314	001-572-4570	Painting Interior of building	\$0	\$25,000
Expenses	2019 - 332	001-572-4590	Purchase 15-passenger Van for RPA	\$0	\$8,000
Expenses	2019 - 343	001-572-4595	North Pole Express	\$0	\$8,400
Expenses	2019 - 335	001-573-4560	Family Shelter Equipment/Supplies	\$0	\$12,000
General Fund Total				\$78,600	\$278,200

Expenses	2019 - 328	203-541-5762	Re-budget TIF 8 sidewalk improvements.	-\$89,000	\$89,000
TIF-8 Fund Total				-\$89,000	\$89,000

Expenses	2019 - 342	209-513-1920	IT Year End Projection Update	-\$23,700	\$0
Construction Svcs Fund Total				-\$23,700	\$0

Expenses	2019 - 317	210-538-6066	Alum Systems Re-Budget	\$0	\$55,000
Stormwater Fund Total				\$0	\$55,000

Expenses	2019 - 305	212-522-3560	35-177 Cost Center Change	\$0	\$0
LOST Fund Total				\$0	\$0

Expenses	2019 - 316	213-554-5685	Budget Amendment - Projected Expenditure	\$350,100	\$0
SHIP Fund				\$350,100	\$0

Expenses	2019 - 316	214-554-5685	Budget Amendment - Projected Expenditure	\$282,700	\$0
HOME Fund				\$282,700	\$0

Expenses

Object Code Type	Change Request *	Costing Center *	Description	Est. 2018	\$	2,019
Expenses	2019 - 307	401-535-6222	Court Street Hot Spot Repair		\$0	\$53,000
Expenses	2019 - 321	401-535-6223	Remove funding Repair Concrete Landing and Handrail		\$0	-\$30,000
Wastewater Fund Total					\$0	\$23,000
Expenses	2019 - 342	500-513-1920	IT Year End Projection Update		-\$3,700	\$0
Solid Waste Fund Total					-\$3,700	\$0
Expenses	2019 - 308	601-513-2341	Updated Year Projection Health Insurance		\$300,000	\$0
Risk Fund Total					\$300,000	\$0
Expenses	2019 - 326	813-521-3911	TAC Team Weapons		\$0	\$15,000
Police Trust Fund Total					\$0	\$15,000

Capital Changes

Expenses

Object Code Type	Project *	Fund	Description	Est. 2018	2019
Expenses	Enterprise Telephone System Replacement	General Fund	Re-Budget Phone System Replacement to FY19	-\$300,000	\$300,000
Expenses	Downtown Multimodal Improvements	Stormwater Fund	Rebudget Downtown Multimodal (Trailhead)	-\$63,000	\$63,000
Expenses	Downtown Multimodal Improvements	West Bay Drive CRD Fund	Rebudget Downtown Multimodal (Trailhead)	-\$432,000	\$432,000
Expenses	Downtown Multimodal Improvements	LOST Fund	Rebudget Downtown Multimodal (Trailhead)	-\$300,000	\$300,000
Expenses	Downtown Multimodal Improvements	Tree Fund	Rebudget Downtown Multimodal (Trailhead)	\$0	\$270,000
Expenses	Downtown Multimodal Improvements	CGT Fund	Increase Segment 1 Construction Funding	\$0	\$200,000
Expenses	Downtown Multimodal Improvements	West Bay Drive CRD Fund	Increase Segment 1 Construction Funding	\$0	\$300,000
Expenses	Downtown Multimodal Improvements	CGT Fund	Increase Segment 1 Design Year-end Estimate	\$140,000	\$0
Expenses	Downtown Multimodal Improvements	West Bay Drive CRD Fund	Increase Segment 1 Design Year-end Expenditure	\$70,000	\$0
Capital Total				-\$885,000	\$1,865,000

Enterprise Fund Capital (*Note: Enterprise Fund Capital is not appropriated and will not be reflected in totals/summaries)

Object Code Type	Project *	Fund	Description	Est. 2018	2019
Expenses	New Sideloader WWRF - Biosolids Facility	Solid Waste Fund	Sideloader - Rebudgeted	-\$318,000	\$318,000
Expenses	Improvements (Mechanical)	Wastewater Fund	Biosolids Mechanical Improvements	-\$680,000	\$680,000
Expenses	WWRF - Biological Treatment Systems	Wastewater Fund	Update WWRF Mid-plant Biological Treatment Systems Project Costs	\$0	\$20,000,000
Expenses	Collection System SCADA Replacement	Wastewater Fund	Upgrading the lift station SCADA system	-\$300,000	\$300,000
Expenses	Center Reconstruction	Wastewater Fund	Re-Budget Construction Dollars	-\$1,250,000	\$1,250,000

FY 2019 TENTATIVE BUDGET GENERAL FUND	ACTUAL FY 2017	BUDGET FY 2018	ESTIMATED FY 2018	BUDGET FY 2019	BUDGET FY 2020	BUDGET FY 2021	BUDGET FY 2022	BUDGET FY 2023
BEGINNING BALANCE	9,141,800	9,794,800	11,496,900	13,569,900	16,537,500	16,131,000	16,491,100	17,624,000
<u>Revenue</u>								
Property Tax	20,705,141	24,199,000	24,199,000	25,979,000	25,789,000	27,336,000	28,976,000	30,715,000
Other Taxes	11,937,225	12,139,600	12,357,000	12,619,000	12,821,400	13,027,500	13,237,100	13,450,300
Licenses & Permits	5,723,838	5,860,100	6,167,000	6,315,000	6,437,000	6,561,400	6,688,300	6,817,800
Intergovernmental	18,399,019	19,832,400	19,592,300	21,776,000	20,647,000	21,309,500	21,996,500	22,709,000
User Charges	5,162,010	4,915,200	5,237,000	5,252,500	5,154,800	5,200,200	5,245,400	5,288,600
Fines	403,111	370,000	376,500	385,000	385,000	385,000	385,000	385,000
Miscellaneous	3,046,509	3,059,100	2,439,900	2,069,000	2,077,900	2,086,900	2,095,900	2,105,000
Interfund Charges / Transfers	3,297,864	3,687,000	3,684,000	3,893,000	3,938,000	4,465,000	4,622,100	4,678,200
Debt Proceeds	0	0	0	0	0	0	0	0
Total Revenue	68,674,717	74,062,400	74,052,700	78,288,500	77,250,100	80,371,500	83,246,300	86,148,900
Fund Balance Added (-) / Used (+)	-2,819,859	-1,743,000	-2,073,000	-2,967,600	406,500	-360,100	-1,132,900	-1,555,600
TOTAL RESOURCES	65,854,858	72,319,400	71,979,700	75,320,900	77,656,600	80,011,400	82,113,400	84,593,300
<u>Expenditures</u>								
Personnel	51,774,324	57,009,900	54,875,000	60,209,600	62,684,200	65,119,000	67,960,400	70,371,300
Operating	12,871,804	16,622,900	15,939,800	16,833,300	16,558,100	16,823,200	16,432,400	17,343,000
Other	-340,082	-166,200	-166,200	-250,100	-297,600	-387,800	-388,100	-388,300
Capital	1,548,812	2,260,500	1,331,100	2,077,300	2,371,100	2,227,200	1,977,900	1,253,400
Budget Reductions	0	0	0	0	0	0	0	0
Recurring Impact of Reductions	0	0	0	0	0	0	0	0
Total Expenditures	65,854,858	75,727,100	71,979,700	78,870,100	81,315,800	83,781,600	85,982,600	88,579,400
Change In Reserves	-464,757	0	0	0	0	0	0	0
Estimated Unexpended (4.5%)	0	-3,407,700	0	-3,549,200	-3,659,200	-3,770,200	-3,869,200	-3,986,100
ENDING BUDGETARY FUND BALANCE	11,496,902	11,537,800	13,569,900	16,537,500	16,131,000	16,491,100	17,624,000	19,179,600
Committed for Next Year's Budget Deficit	-1,700,700	-2,676,100	-581,600	-4,065,700	-3,410,100	-2,736,300	-2,430,500	-2,430,500
UNASSIGNED FUND BALANCE	9,796,202	8,861,700	12,988,300	12,471,800	12,720,900	13,754,800	15,193,500	16,749,100
Assigned for Vacation Liability	2,348,937	2,256,500	2,348,900	2,348,900	2,348,900	2,348,900	2,348,900	2,348,900
UNRESTRICTED FUND BALANCE	12,145,139	11,118,200	15,337,200	14,820,700	15,069,800	16,103,700	17,542,400	19,098,000
Property Tax Rate	5.3705	5.7413	5.7413	5.7413	TBD	TBD	TBD	TBD
Tax Increase % / Future Revenue % Change	6.06% Incr.	13.42% Incr.	13.42% Incr.	6.28% Incr.	-0.74% Rev.	6% Revenue	6% Revenue	6% Revenue
UNRESTRICTED FUND BALANCE	18.4%	14.7%	21.3%	18.8%	18.5%	19.2%	20.4%	21.6%



201 Highland Ave NE
PO Box 296
Largo, FL 33779
LARGO.COM

FINANCE DEPARTMENT

Kimball R. Adams, CPA, Director
E-mail: kadams@largo.com
Phone: (727) 587-6747
Fax: (727) 586-7421

Rebecca Spuhler, Assist. Director
E-mail: rspuhler@largo.com
Phone: (727) 586-7443
Fax: (727) 586-7421

**Finance Advisory Board
July 23, 2018, City Hall, Community Room
Meeting Minutes - DRAFT -**

Members Present: Gay Gentry, Christopher Johnson, Kathleen Mortinson, Robert Murray (Acting Chairperson), City Commission Liaison James Robinson

Members Absent: Bronson Oudshoff, Chairperson; Fred Green, Vice Chair Person, Katherine McGuire

Commission Liaison Present: Commissioner Jamie Robinson

Staff Present: Will Payne, Meridy Semones

1. **Meeting Called to Order:** 6:03 pm

2. **Approve / Amend Proposed Agenda**

Motion was made and seconded to approve agenda (Mortenson/Gentry). Approved 5-0.

3. **Public Comment**

Mr. Geoff Mokley stated the following:

1. Largo should not be paying \$750 more per police car to have black and white police cars. City should have white cars only.
2. City spent \$100,000 on "Whit Blanton Raymond James Project" only because the fund balance is at 20%. The more money the City has the more it spends. Fund balance should be down around 10%-12%.
3. Spending staff time on branding and logos is unnecessary.
4. The Triangle project is not needed, simply do safety improvements. Stop the project.
5. The neighborhood improvement project is unnecessary. Let neighborhoods do their own improvements.
6. Interns are not needed.

4. **Approve Prior Meeting Minutes**

Minutes were not sent out. Board will approve at next meeting.

5. FY 2019 Solid Waste Fund Rate / Revenue Increase Staff Presentation

Ms. Semones handed out a worksheet (attached) that breaks down the various options to generate a 20% increase in solid waste fund user fee revenues. She stated that the goal of user fees in utility funds are to cover the costs to provide the service. At the last solid waste user fee increase in 2007, an evaluation of the costs and revenues of the three services (residential, commercial, roll-off), the calculations showed that commercial revenues were subsidizing residential costs. In 2012 the city decreased the commercial rate to narrow the amount of the subsidy, and at that time, the City Commission requested that the gap be further narrowed or eliminated upon the next rate adjustment. Understanding that the fund requires an additional 20% in revenue in FY 2019 to cover increased cost of doing business (personnel and operating), as well as for the increased costs for recycling expected in FY 2019, a new analysis was completed on the solid waste costs and revenues by service area (residential, commercial, roll-off). This analysis revealed that commercial revenues continue to subsidize the cost of residential collection by \$400,000/year.

The specific rate increase options that will be proposed the City Commission are as follows:

	Rate Increase Options (Residential/Commercial/Roll-off)		
	20%/20%/20%	25%/17%/17% (Recommended)	31%/13%/13%
Net Revenue (Subsidy)*			
Residential	(\$400,000)	(\$220,000)	\$0
Commercial**	\$2.8 million	\$2.7 million	\$2.5 million
Roll-off**	\$720,000	\$675,000	\$630,000
Monthly Residential Rate (Currently \$17.65)	\$21.18	\$22.06	\$23.06
* Net Revenue (Subsidy) is total revenue minus direct expenses, by each customer category.			
** All Solid Waste overhead is paid by Commercial and Roll-off customers' net revenue.			

The City Commission requested the FAB to review and provide recommendations on the following items regarding the solid waste fund:

1. The amount and application of the rate increase across service area (residential, commercial, roll-off)
2. The proposed new storm debris removal fund and the amount (proposed \$2M over 5 years).

Board Questions and Discussion:

Mr. Murray: In order to start the reserve fund, will the reserves come from part of the rate increase? The fund balance is dropping to 7%; is the reserve counted in the available fund balance?

Staff Answer: Yes, the revenue from the rate increase will partially fund the new storm debris removal reserve. The new reserve is not showing as part of the available fund balance calculation because once it is formally reserved it will not be available for operations.

Ms. Mortensen: Prior to hurricane Irma, when was the last big storm that required debris removal of this magnitude?

Staff answer: Not sure when, not in the past 10 years.

Board discussion recalling the amount of debris that was in our community during the storms that impacted our area (Charlie) between 2004 and 2007.

Mr. Johnson: Is there another vehicle the city uses for savings for emergencies that is not the solid waste fund?

Staff answer: The City has a property and liability reserve in the Risk Fund that will cover deductibles and self insurance claims and is estimated at \$3M (after research, it's \$1.377 million). Other than that, the City has the General Fund reserves. The City's fund balance policy for the General Fund requires a minimum of 10% and a target of 20% unrestricted fund balance.

Mr. Johnson: How much did the City spend on overtime expenses for hurricane Irma.

Staff answer: The estimate provided to OMB as of 7/23/18, which is part 1 of the FEMA reimbursement application indicates approximately \$790,000 in overtime for hurricane Irma.

Ms. Mortenson: Are there any state or federal funds that we would get reimbursement for these costs.

Staff answer: Yes, however, all costs are paid upfront by the City, and the amount and timing of reimbursement is not reliable. The timing of reimbursement depends on how many claims are being processed by FEMA at one time, and the amount is dependent on the quality of documentation provided to FEMA – not all costs incurred during an event will be reimbursable.

Ms. Mortensen: Do you know the percentage of total costs that will be reimbursed.

Staff answer: No.

Mr. Johnson: Is debris removal reimbursement?

Staff answer: Yes.

Mr. Murray: I think it is a good idea to have a debris removal reserve; however, if we left the rate increase alone, the \$400,000 extra being generated by commercial users could be used to generate the initial start of the reserve.

Staff answer: The rate increase takes into account the total revenue that is needed to cover the costs in the fund, plus starting the reserve. The \$400,000 represents the amount of revenue generated by commercial users that is in excess of the cost to provide the service. The revenue is required to cover residential costs, but is not being generated by residential user fees.

Staff further clarified Mr. Murray's remarks: suggesting to pause addressing the \$400,000 inequity in cost/revenue generation between commercial and residential and instead focus on the storm debris reserve. Mr. Murray confirmed and then stated that addressing the inequity may not be necessary at all because commercial users generate different types of waste and greater quantities. Also, the City provides tax incentives to businesses, which comes out of the General Fund (tax dollars). As a resident, he does not see a problem with commercial subsidizing residential.

Ms. Mortenson: Agreed with Mr. Murray's comments. The difference between the recommended increase of \$22.06 and \$21.18 doesn't seem like a lot of money, but if you are a poor family, that

is a lot of money. It will be an easier sell to the public to do a 20% increase across the board.

Mr. Johnson: I am a commercial customer and I pay more for my waste container and disposal, is that true for the City of Largo? If so, is that factored in?

Staff answer: Yes. Roll-off customers pay a flat rate for the dumpster rental and a per-ton rate for disposal (\$37.50/ton). Part of the cost then is variable based on the number of tons generated. Staff uses a model that tries to estimate all of these variables when determining how much revenue a rate increase will generate when applied to the various service types.

Mr. Johnson to Mr. Murray: The businesses pay for their share by weight, but your point is that they don't pay for the other things disposed of. Mr. Murray confirmed.

Ms. Gentry: If the rate goes up for residential customers it's harder to cut costs than for a commercial customer.

Mr. Johnson: Are we getting any complaints from commercial customers that they are being treated unfairly?

Staff answer: No.

Mr. Johnson: Is it best practice to charge appropriately based on cost? Is that what is driving this.

Staff answer: Yes, cost recovery for service provided is a goal. Also, this was a city commission directive back in 2007/2012.

Mr. Murray: If there is no public outcry we should not make a drastic change.

Mr. Johnson: Do businesses get a homestead exemption? Will the new tax exemption help them?

Staff answer: Businesses do not have exemptions, they are only subject to a 10% cap in annual value increases. The new homestead exemption will not apply to businesses.

Mr. Johnson: Are debris removal costs reimbursable? Will this reserve be in addition to the fund balance goals already established?

Staff answer: Yes, costs are reimbursable. The cost calculations for debris removal and related staff time for debris removal is not finalized yet for the FEMA application. The storm debris removal reserve is in addition to but separate from the general fund. The policy for the general fund is a 20% target of unrestricted fund balance. The solid waste fund does not have a policy for target fund balance. Based on the costs in this fund, 10% is the minimum we are comfortable with. It's currently projected at 7% in the out years. We know that those numbers will change so we are not recommending a rate increase above 20% at this time.

Mr. Johnson: The other option that is not on the table is to do something different with recycling.

Staff answer: Doing something different with recycling will not solve the problem. We currently receive \$300,000 for our recyclable materials. That will be going away and we will have to pay to recycle (\$250K for FY 2019 and \$500K for future years). If we chose to stop recycling, we will still have to dispose of the materials at the landfill at \$37.50/ton, which is still a cost increase of approximate \$250,000/year.

Ms. McGuire to Commissioner Robinson: Do you think that you will receive a lot of feedback from residents with a 20% rate increase?

Commissioner Robinson: No. We may get some after the fact. Generally we do not get a lot of

feedback about anything.

Motion:

Move to recommend a 20% rate increase in the solid waste fund for FY 2019 (McGuire/Gentry)

Mr. Murray: Question – that is to be applied equally across all customer types

Board answer: Yes.

Approved 5-0.

Discussion of Storm Debris Removal Reserve:

Mr. Murray: How much is required to set aside for a reserve in this fund?

Mr. Johnson: There may not be a set amount, but this is one of the areas where we can use to fund these types of costs without having to use taxes. This is to build a safety net for the next storm.

Staff answer: Yes.

Mr. Murray: It's one year later and how much money have we been reimbursed for Irma?

Staff answer: No reimbursements yet.

Mr. Johnson: I am all for having an emergency reserve, but I don't know, practically, what is the appropriate number.

Ms. Gentry: The recommended total was \$2 million total to be built over five years. Are you asking for a specific amount to put in reserves each year?

Staff answer: No – the Commission was asking for your opinion on the total dollar amount and whether the board felt that it was too much / too little.

Ms. Mortensen: It's better to have it than to not have it. It can always be decreased.

Mr. Murray: What was the total amount spent on debris removal for Irma?

Staff answer: Do not have the total amount available tonight, but the estimated amount spent with the contracted vendors for debris removal is approximately \$1 million, plus the supplemental time city staff spent removing debris. An additional experience we saw as a result of Irma, we experienced additional tipping fees because residents were putting a lot of times at the curb for disposal that are not reimbursable debris removal.

Motion:

Move to support the creation of a \$2 million total storm debris removal reserve in the solid waste fund over five years. (Gentry/McGuire) Approved 5-0.

Mr. Johnson: This is not part of the request, but I would like to make a motion regarding the City continuing to supplement the recycling program while the recycling markets adjust and settle to new market conditions. I know it costs more money, but I think it is important to keep recycling.

Mr. Murray: I agree, and I understand that changing the mindset of the community is difficult; however, we are continuing to send two trucks down the road to take the materials to the same place (landfill).

Staff answer: The recyclables will still be taken to a recycling provider, not to the landfill. It is a concern that we will be evaluating as we embark on a new recycling contract, we want to ensure that they are not

charging us \$90/ton to take it to the landfill in the end. If we were to stop recycling, we would still have increased costs because we would have to dispose of the materials at the landfill at the cost of \$37.50/ton.

Motion:

Move to support the continuation of the recycling program as is until the recycling markets settle. (Johnson/Mortenson) Approved 5-0.

Mr. Johnson: How aggressively do we talk to customers about recycling.

Staff answer: We have a dedicated Sustainability Coordinator that spends a great deal of her time year-round providing public education and outreach regarding recycling best practices and encouraging more recycling.

Mr. Murray: What do we do about customers using the recycling container for garbage or putting non-recyclable materials in the can?

Staff answer: Cannot state the specific enforcement actions takes, but the City has a Solid Waste Code Enforcement Officer that works to ensure compliance with the City's Solid Waste Ordinance. Part of the work includes door hangers and other outreach to help insure people are doing the right thing.

Ms. Gentry: When the recycling bins first came out, the bins had a sticker that listed allowable materials. Now that is worn off.

Staff answer: Visit largo.com/recycling to see a list!

6. FY 2019 Budget Discussion Among FAB Members

Ms. Semones: There is no additional presentation today regarding the FY 2019 Proposed Budget. The City Commission did not ask for any additional input on specific budget changes. The resolution that governs the FAB's review of the budget calls for the board to opine on the following items:

- a. New revenue sources or changes to existing revenues
- b. Service level changes and whether changes are aligned with strategic priorities
- c. Effectiveness of the budget document as a communication tool

As a reminder, the list of the changes to the budget can be found on page 7 of the budget document.

Board Discussion:

Mr. Johnson: I read in the newspaper that the City was proposing keeping the millage rate flat for 2019. I think that is a great idea. I know it has to be reported as a tax increase, . Any additional revenue we can put away now, the better off we will be. I do not mind paying additional taxes when my values increase.

Motion:

Move to support the proposed property tax rate. (Johnson/Mortenson)

Mr. Murray: The only issue I have is the millage rate chart on page 47. We are grouped with east cost cities, which are entirely different than our area. It's not a fair comparison.

Ms. Mortenson: I agree. We should be showing tax rates of cities in our area.

Staff response: This is the same chart the mayor Brown highlighted during the meeting and asked that we provide additional information regarding taxable value, per capita values, etc to give it some context.

Ms. Gentry: Is it true that some of the cities on this list still provide solid waste services with their property taxes so it can be used as a federal tax deduction.

Staff response: Not aware of the specific situation in each city; however, the list is based on population sizes of 75,000 – 125,000, and when you reach a population of that size it would be unlikely that the service would be financially capable of being provided with tax dollars.

Mr. Johnson: Many areas on the east coast have a fire fee.

Mr. Murray: Are we second or third on the list for millage rates in Pinellas County.

Staff answer: Between 3 and 5 based on tentative rates last year.

Approved (5-0)

Mr. Murray: Regarding service level changes, the changes seem aggressive. The City Manager's budget message talks about trade wars and uncertain financial times ahead, but then we are adding things to the budget without expanding service levels. We came out of the recession with major budget cuts. We still provided quality services with less revenues. Now we are getting aggressive when the outlook is not rosy.

Ms. Mortenson: Can you please expand on this?

Mr. Murray: Since the recession, we have added employees but we are still providing the same services we are now. Strategic initiatives are expanding the budget.

Ms. Mortensen: Correct me if I am wrong, hasn't our population service area expanded significantly over the past several years? (Staff confirmed.) In my dealings with the City over the past 70+ years, my experience has been absolutely fantastic, and it has improved immensely over the past year or two. I have not gone out of here upset without everything being taken care of. I think in order to retain the quality of employees the City needs, this plan is great and I am all for what you have proposed in this budget. If you treat your employees well they will be happy, and then they will make the customers happy.

Staff response: To address Mr. Murray – we have expanded services, which is why we have added staff. Depending on the area you are referring to, there likely has been a service expansion.

Mr. Murray: I am referring to the Engineering Department creation last year. I didn't see the \$700K come out of the Community Development department budget that went into creating the engineering department.

Staff response: It is important to keep in mind that budgets fluctuate each year based on capital that is programmed. The budget summary is showing totals by department, so they may be a factor. Additionally, there has been natural growth in personnel costs. Finally, if you are looking only at the General Fund, much of the Engineering personnel costs are in the Stormwater and Wastewater Funds, not the General Fund so there is not much fluctuation in that part of the CD budget.

Mr. Johnson: It seems like in a few areas in the budget we are deleting positions and adding higher-

level positions. Is that because we are trying to keep our talent here and provide promotional opportunities?

Staff answer: Keeping talent here is always our goal. The purpose of the reorganizations are to achieve multiple goals: recognizing that certain functions were not being provided (e.g. organizational development), and also working hard to eliminate manual tasks that can be done with automation, which frees up time to do more value added work. Regarding OMB, the organizational development and strategic alignment functions require a lot of work with the City's executive team, which is best done by staff at the level. The City eliminated an Assistant City Manager position several years ago, so the capacity to do organizational change, development, and focus on strategy is not available now. As we move forward with process improvements and performance measures and changing the way we deliver services, the City needs someone dedicated to ensuring that the organization is going in one direction.

Ms. Gentry: So if I understand, you are trying to change the focus from the little things to the big picture. Looking broader and bigger is important. I am impressed with that.

Staff: Part of the focus is also looking at our internal services and ensuring that they are strategically aligned in order to support broader service delivery. We learned from the recession that our focus on preserving services and jobs at the expense of moving the organization forward into more modern and dynamic processes and software has left us a decade behind where we need to be. So, the internal service changes in the Proposed Budget are aligned with many of the large scale software purchases you see programmed in the CIP and collectively address a lost of 50 process improvements employee have deemed necessary in order to improve service delivery to the community.

Mr. Murray: This is a great segway into the next area, the effectiveness of the budget document.

Ms. Gentry: This was the easiest budget to follow. I read the narrative and look to the charts and graphs to see if there is supporting information. It does. The new demographics section is so much better. I also discovered the online budget app – I think we should share this with our youth group and our high school and middle school students. It is so much fun and gets the point across that when you need more money for something you have to take it from somewhere else. It is clever and I like it a lot.

Mr. Murray: Do you see the submittals?

Staff response: Yes, we can see the comments and the submission, we just can't respond back in real time.

Motion:

Move to support the budget document format as a communications tool. (Johnson / Gentry)

Mr. Murray: We didn't talk about new revenue sources.

Staff response: There are no new revenues, other than estimated FEMA reimbursements. The Board discussed additional revenues from property taxes and the solid waste rate increase. This item was discussed thoroughly.

Ms. Gentry: We didn't discuss the legislative program. At the Work Session the City Commission asked that we provide an opinion on the value of the City's new Legislative Advocacy Program, mostly provided by the Intergovernmental Relations Coordinator. The City Manager's weekly newsletter had an article about home rule and the importance of why it should continue. I think this is important. It is

also important to get the youth involved with local government at an early age so they learn the important of Home Rule.

Mr. Johnson: The City's Intergovernmental Relations Coordinator has attend several Chamber of Commerce events and in knowledgeable and well spoken.

8. Review Proposed FY 2019 FAB Meeting Schedule

Ms. Semones discussed the attached work program schedule. The board had no objections to the proposed schedule.

Ms. Gentry: Recommendation to bring in the FLC Advisory Board Training for all City Boards. Possibly partner with other communities.

9. Other Business (if any) - None

10. Adjourn – Meeting adjourned at 7:20 pm.

Respectfully submitted,

Meridy Semones

Meridy Semones, OMB Manager

Attachments:

1. Solid Waste Rate Increase Scenarios Handout
2. FAB FY 2019 Proposed Work Program