

**MINUTES FOR THE COMMITTEE OF THE WHOLE
OF THE CAPE CORAL CITY COUNCIL**

Monday, January 30, 2017

Meeting called to order by Mayor Sawicki at 4:30 p.m.

Pledge of Allegiance was led by Mayor Sawicki.

Roll Call: Mayor Sawicki, Council Members Burch, Carioscia, Cosden, Erbrick, Stout, and Williams were present. Councilmember Leon arrived at 4:42 p.m.

BUSINESS

CITIZENS INPUT TIME

No speakers.

DISCUSSION

Charter School Update

City Manager Szerlag reviewed the purpose of the Charter School Update. Three steps being employed:

1. What are the personnel costs, capital costs, O and M (operation and maintenance) costs, debt service costs, and transfers.
2. Extrapolate those costs to determine how the future is going to look if no changes are made to the organization in terms of revenues and expenditures. Also, identify areas of challenge as well as problem areas and determine a way to fix those challenge areas.
3. Select a preferred future and decide which way to go, and look at the structure of the Charter School and how to handle the structure.

Councilmember Leon arrived at 4:42 p.m.

City Manager Szerlag stated that recommendations will be coming from City Management relevant to the economic stability and best practices. Council is responsible for the vision and mission of the Cape Coral Charter School System and he is targeting the end of February for the necessary decisions to be made.

City Auditor Krym added that she has participated with the City Manager and staff, including Charter School staff, in an effort to arrive at the outcome of the model being presented. She discussed knowing where you are going and where you are and presented a boating analogy. City Auditor Krym stated efforts have been made to involve

all parties. She stated assumptions had been made, but were sound based on budgetary assumptions that the City has used and the Charter Schools have used in the past to calculate and forecast spending revenues. City Auditor Krym stated everyone wants the same thing, a thriving sustainable Charter School System. She stated that currently, the City is not in compliance with Chapter 26 of the Code of Ordinances and this will need to be addressed and possible relief needs to be given to the City.

Finance Director Bateman presented a power point with the following slides to summarize the material:

- Charter School; CS Budget Book; Scenario 1, Scenario 2 and Scenario 3 spreadsheet
- Scenario 1: Based upon FY2017 Budget w/4 year projections with City costs reimbursed based on existing rate of \$55 per student and Actual Fund Balance vs. Minimum Fund Balance per Policy
- Charter School Revenue/Expenditure per Student
- Scenario 2: Based upon FY2017 Budget w/4 year projections with City costs reflected as actual City costs and Actual Fund Balance vs. Minimum Fund Balance per Policy
- Scenario 3: Based upon FY2017 Budget w/4 year projections, City costs reflected as actual City costs and budgeted depreciation on capital assets and Actual Fund Balance vs. Minimum Fund Balance per Policy
- Questions and Discussion

Director Bateman stated that either the City or the Charter School budget needs to put money aside for the capital.

Discussion held in reference to the fluctuations of the use of the fund balance.

Councilmember Stout discussed her history as Chair of the Charter School Governing Board. She stated support for the positions held by the Finance Department, City Manager and City Auditor. She reviewed documentation that showed in one Fiscal Year, the Superintendent approved expenditures of \$42,000 for breakfast, lunches, flowers and gifts, and mentioned this was overuse of government funds.

City Auditor Krym responded that there is money that is spent on lunches, gifts, etc., and it was not budgeted school money but, rather, money raised through various fundraising and other activities. City Auditor Krym stated it goes, by policy, into internal funds that are not included in any of the numbers currently being presented. She stated they are collected with a fiduciary responsibility to only be spent on the purpose they were collected for. City Auditor Krym stated some funds come in without a specific designation and go into the Staff fund, and that the use of these funds follows guidelines and is not a violation of policy. She stated this issue is being addressed in the internal fund, for awareness, and they will suggest that the School Board create a policy as to how those Staff funds can be used. City Auditor Krym stated every public school has a Staff fund and it is not an uncommon practice.

Councilmember Stout confirmed that this money is from fundraising. City Auditor Krym stated they looked at a 21 month period and approximately \$50,000 was spent in this fashion; however, it is not a violation of policy and is not uncommon.

Councilmember Stout questioned the \$1.3 million budgeted without a line item.

Director Bateman responded that the \$1.3 million was what came into the internal funds that does not get budgeted. She stated the Charter Schools funds used to never be recorded, so the internal funds had the \$1.3 million come in and approximately \$1.2 million went out the door. Director Bateman stated the recommendation to the Board would be to budget those internal funds with a control process put in as to how who uses it and how much.

City Auditor Krym reviewed the \$1.3 million received over a 21 month period in fundraising and other activities related to the Charter Schools, including athletic uniforms, field trips, and other things that the kids pay for. She stated that of that \$1.3 million in that 21 month period, \$1.2 million was spent. City Auditor Krym stated that the internal funds were trust funds, raised for a specific purpose, and that the 90 percent that was spent was used for that specific purpose. She stated the discretionary amount that was spent out of the Staff funds was \$122,000, and these numbers have nothing to do with what is being discussing today.

Councilmember Stout would like an understanding of the funding within the operating account which is funds that come from Tallahassee and Washington. City Auditor Krym responded that it is in this presentation

City Auditor Krym continued by discussing the growing student body, and stated that without an additional capital investment the ability to continue to grow student population is limited.

Discussion held in reference to the responsibility and authority the Council has relative to the Charter School budget and finances.

Councilmember Stout discussed the negative media coverage and the topic of renewal of the Superintendent's contract. She stated she would like an RFP sent out, and the Council will need to make that decision at a voting meeting. Councilmember Stout stated she has observed derogatory comments at Charter School Governing Board meetings about the Council, and the disrespect is unacceptable. She stated she would like the Governing Board to come to Council, and complete an RFP for the superintendent's contract.

Councilmember Burch mentioned concern about the spread of misinformation. He stated a budget of the Charter School System should be shown with what they did year to year to year, and show what they need. He inquired 1) why is this school system different from

every other school system; 2) why is it in trouble financially and administratively; and 3) what are they experiencing and why? He stated to know that he would need the following:

- A history of what is Council's responsibility and what is the Governing Board's responsibility;
- How they are elected and appointed, and the weaknesses of that process.

Councilmember Burch wanted to hear from both sides of the School district including the Administrative side. He stated the way to fix the system in order to maintain the Charter School System is to have input from everyone involved, and that his goal is to accomplish the success of the program and keep it sustainable.

City Manager Szerlag stated the governing body of the City is responsible for the operation of the Charter Schools. He stated the City of Cape Coral is the parent organization and is responsible for determining the future vision of the Charter Schools. City Manager Szerlag stated Staff's responsibility was with the what, not the who. He discussed the City Budget in comparison, with less staff, fleet breaking down, and staff with no increases. City Manager Szerlag stated when looking at sustainability, Council decides what does it take to move forward to make the administration more functional.

City Manager Szerlag discussed the structure side and questions for Council to consider, stating that there is more than one side to it as it is a structural element and you can decide more than one future on that area. He stated that to look at the numbers, the numbers are what they are and they are adopted by two bodies, recommended by the Board to be adopted by the Governing body which is the City of Cape Coral.

City Manager Szerlag discussed how the City is already subsidizing the Charter Schools.

City Manager Szerlag proposed making a list of all of Council's questions and run certain models in real time, with the assistance of Mike Burton, what the scenarios would be and how the cost expenditure revenue analysis would look over the next 10 years. He stated the same thing was done for the City, a \$700 million organization that became sustainable.

Councilmember Burch discussed the lack of raises for the teachers, and no mechanism for the Charter Schools to make the revenue needed year in and year out to be sustainable and pay the teachers and the administrators.

City Manager Szerlag discussed working on the sustainability model as the easy part, and gave options on the structure of the Charter schools.

Mayor Sawicki discussed the concern of the teachers, and the teachers who left the Charter School system.

Councilmember Burch stated exit interviews should be conducted. He stated there should be a joint meeting with the Charter School system after Council has an understanding of the problems.

Councilmember Williams emphasized the item today is finance not administration. He stated if administration needs to be discussed, set up a meeting with the Charter School Governing Board. Councilmember Williams requested suggestions as to what is needed from Council, and the next steps.

City Manager Szerlag listed the next steps to include:

- looking at what the model articulated;
- finding concrete ways to fix it on both the revenue and expenditure sides;
- if a subsidy is required by the City of Cape Coral for sustainability, what form does it take? Direction is needed on whether it would be a check format, in kind service format, or purchasing all capital requirements for the school.

He stated that 5 out of 9 municipal charter schools have a superintendent who reports directly to the City Council, and that 4 out of the 9 are similar to the City's Charter structure. City Manager Szerlag discussed having to address the sustainability, the revenue source, and any best practices, not the quality of the education but in the support area of what he has mentioned. The budget of the Charter School has a July 1 date, and he would like to meet before City Auditor Krym leaves, 2/27 is his target. It would be helpful to include Burton and Associates.

City Auditor Krym discussed the need for Council, the Charter School superintendent and budget people, and the School Board to work together to achieve maximum success. She stated the assignment given cannot be done successfully if they have to be a referee, and requested space, cooperation, and input.

Councilmember Erbrick inquired about the Cities that have municipal charter school systems where the superintendent reports to Council. Business Manager Fernandez stated that the Cities that have these municipal charter school systems are Pembroke Pines, Coral Springs, Aventura, Hialeah, and Oakland.

Discussion held regarding whether there was any plan to take this presentation to the Governing school board for their input.

Councilmember Erbrick stated she does not want to rush the process, and she would like this presentation brought to the Charter School Governing Board for questions.

City Manager Szerlag stated he would present this to the Governing Body. He discussed an option of Council converting the COW scheduled for 2/27 to a Joint Meeting with the Charter School Governing Board.

Councilmember Stout mentioned the increases received by the teachers in 2015 and a raise being considered for this year.

City Manager Szerlag suggested presenting the sustainability model at the 2/27 COW meeting, invite the School Board, answer any questions from Council, and include discussion on best practices. Councilmember Burch expressed his amenability to that.

Discussion held on the fund balance increases and decreases, back up models, the timeline urgency, and the capital needs to be addressed that are not contained in the budget.

Councilmember Cosden explained that there is no fast tracking of the contract for Superintendent Stephenson, but there is a notice date in the contract of 4/1/2017 to advise if there is a desire to retain him, which is subject to a penalty.

City Attorney Menendez explained the Charter School Governing Board's desire to renew the contract and the status of discussions. She discussed the timelines and penalties, and stated if there is not a contract renewal, the process for selecting a new superintendent needs to be started.

Councilmember Cosden discussed teacher raises, and was in support of working with Burton and Associates to establish a baseline.

Councilmember Williams stated he was in support of a discussion of the finance issues with the Charter School Governing Board at the Committee of the Whole on 2/27. He requested that the issues of finance and administration stay separate. Councilmember Williams stated he was in support of working with Burton and Associates.

Consensus received to move forward.

Economic Development Master Plan (EDMP) – Elements 1 & 2

City Manager Szerlag discussed separating the elements in future COW meetings.

Principle Planner Boyko presented a portion of the power point developed titled Economic Development Master Plan with the following slides:

- Framework
- Initiatives – Objectives – Strategies – Actions
- Six Initiatives
- Initiative 1 – Focus on Key Economic Areas w/objectives 1, 2, 3, 4 and their strategies

Councilmember Williams left the dais at 6:29 p.m. and returned at 6:32 p.m.

- Initiative 2 – Business Retention and Expansion w/objectives 1 and 2 and their strategies.
- Questions and Discussion

Mayor Sawicki discussed the maker movement and efforts to bring in manufacturing, and encouraged involvement with the movement, and involve small business groups. She stated she would like a survey from EDO to anyone who has gone through the permitting process seeking feedback on their experience with the process.

Councilmember Leon discussed the Small Business development meetings in the Green Room. He inquired how can we improve and bring in businesses, and what can we do as a government with regulations and fees to reduce the red tape and make a clear path for businesses. Councilmember Leon discussed parking lot requirements and possible parking garage concepts. He expressed his appreciation to Councilmember Burch for rallying for this plan.

Councilmember Burch discussed the parking lot requirement negotiations in the past, and supported the idea of building them up. He discussed the need to be consistent with the land uses and zoning. Councilmember Burch agreed with the idea of expanding the scope and economic opportunity on the map and incentivizing, but incentives should be reserved for those who were not already planning on bringing their businesses in. He expressed his appreciation for Staff for putting this plan together.

Round Table Discussion

None.

TIME AND PLACE OF FUTURE MEETINGS

A regular meeting of the Cape Coral City Council was scheduled for Monday, February 6, 2017 at 4:30 p.m. in Council Chambers.

MOTION TO ADJOURN

There being no further business, the meeting adjourned at 6:52 p.m.

Submitted by,



Kimberly Bruns
Assistant City Clerk