



1015 Cultural Park Blvd.
Cape Coral, FL

BUDGET REVIEW COMMITTEE

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| March 11, 2019 | 9:00 AM | Conference Room 220A |
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1. Call to Order

A. Chair Starnier

2. Roll Call:

A. Botkin, Eidson, Gruber, Jacquet-Castor, Osborn, Smith, Starnier,
and Alternate Boller

3. Public Input

4. Business

- A. Approval of Meeting Minutes - January 14, 2019
- B. Approval of Meeting Minutes - February 11, 2019
- C. Election of Chair and Vice Chair
- D. Review of the City's Financial Activity - FY2019 First Quarter
- E. Obtain Guidance from Council on Committee Priorities/Focus

5. Public Input

6. Member Comment

7. Date and Time of Next Meeting:

A. The next meeting will be held on Monday, April 8, 2019, at 9:00 a.m.
in Conference Room 220A.

8. Adjournment

In accordance with the Americans with Disabilities Act and Section of 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this meeting should contact the Office of the City Clerk at least forty-eight (48) hours prior to the meeting. If hearing

impaired, telephone the Florida Relay Service Numbers, 1-800-955-8771 (TDD) or 1-800-955-8770 (v) for assistance.

If a person decides to appeal any decision made by the Board/Commission/Committee with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings, and for such purpose, he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based.

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| Item Number: | 4.A. |
| Meeting Date: | 3/11/2019 |
| Item Type: | Business |

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

Approval of Meeting Minutes - January 14, 2019

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

| Description | Type |
|---|-----------------|
| ▣ Meeting Minutes - January 14, 2019 | Backup Material |
| ▣ City Auditor's Memo to BRC January 14, 2019 Minutes | Backup Material |
| ▣ Memo To BRC from VCEdison 03-08-2019 RE CAO Letter 02-08-2019 | Backup Material |

**MINUTES OF THE REGULAR MEETING OF
THE CAPE CORAL BUDGET REVIEW COMMITTEE**

Monday, January 14, 2019

CONFERENCE ROOM 220A

9:00 a.m.

Chair Starner called the meeting to order at 9:00 a.m.

ROLL CALL: Botkin, Eidson, Gruber, Osborn, Smith, and Starner were present. Jacquet-Castor was excused. Alternate Boller was not present.

ALSO PRESENT: Marilyn Stout, Council Liaison, arrived at 9:32 a.m.
Joe Mazurkiewicz

Public Input

No speakers.

BUSINESS

**Approval of meeting minutes
November 5, 2018 meeting**

Chair Starner stated the minutes from the November 5, 2018 meeting were presented for approval.

Vice Chair Eidson moved, seconded by Committee Member Smith, to approve the minutes from the November 5, 2018 meeting as presented. Voice Poll: All "ayes." Motion carried.

Discussion regarding Economic Development in the City

Chair Starner turned the meeting over to Vice Chair Eidson.

Vice Chair Eidson introduced the speaker, Joe Mazurkiewicz. He noted that he invited Joe to discuss the future of the City from an economic standpoint, especially development in the Northeast and Northwest sections of the City.

Joe Mazurkiewicz thanked Vice Chair Eidson for the invitation to come and speak to the BRC. He reviewed the following:

- How a City develops tax base: 1) residential and 2) non-residential. Residential is a greater consumer of services. Non-residential is a greater producer of revenue. Both of these need balance.

- How the City was originally set up with developed and undeveloped properties.
- No homestead exemption for taxes on unimproved property, they are a positive cash flow for the City.
- As we reach 50% of developed properties, the problem of balancing that non-residential versus residential tax base is becoming more and more significant.
- During the discussion of the golf course development, Councilmember Stout asked him to do some research and determine what the value of a homesteaded house has to be before it pays its way in the City; that figure is approximately \$276,000.
- The City has a plethora of vacant properties which are the cash cow.
- When you put a house valued at less than \$276,000 on that piece of a cash cow, it becomes a cash hawk, a non-sustainable future.
- Economic development is probably 10 times more important now than it was 25 years ago.
- The City was aggressive with economic development while he was Mayor from 1983 to 1993: Hancock Creek Commerce Park, Veterans Investment Zone (VIZ), Liberty Village, Hospice, all were unincorporated Lee County.
- City of Cape Coral bought that property which was outside of the City and annexed it, changed the land use and zoning to make it industrial and have it developed.

Mr. Mazurkiewicz continued:

- Every national client and developer he has worked with while in office and since leaving it needs to understand the City.
- Almost every national retailer and wholesaler coming to Cape Coral has been extremely successful: Target, Lowes, Home Depot, and franchised restaurants. Per square foot they are the best of the producers within the company.
- Target at Veterans and Santa Barbara is the top per square foot producer in Target.
- Lowes on Pine Island Road and Del Prado is the top per square foot producer in Lowes.
- Home Depot on Skyline is the top producer in the State per square foot.
- Steak and Shake, Outback, Carrabba's, all along State Road 78, are either the top or second producers in the State. Outback is the second top producer in the State because the Outback in Ft. Myers is the top producer in the country per square foot.
- Great success story in Cape Coral for national retail. We need to continue this story sale.

Mr. Mazurkiewicz discussed the **importance of jobs** and explained the following:

- Another more important part is jobs and industrial, manufacturing type.
- Cape Coral - extremely well suited for healthcare, major population growing older

- Vicinities around Cape Coral Hospital and North Cape Industrial Park, there are a couple of other developers, manufacturers in Pondella Commerce Park, Healthcare manufacturing related distributors – major focus where we need to spend time, effort, and money; we have the places for them; utilities are on those sites.

Mr. Mazurkiewicz discussed another important item:

- **Water;** the City of Cape Coral is the only city in the State of Florida that has a permit to meet the needs of their City to build out; it is a 30-year permit. Most people's water withdrawal permits are for 5 years.
- In recognition of our advanced 3-pipe system, the State of Florida has given us those extended permits. We have a permit to withdraw to meet a population of over 100,000 people.
- Have capacity for water and to treat sewer that no one else has in the State.
- Dual water – **we should be looking for manufacturers that use water of a non-potable nature in their manufacturing process and bring them here, provide them water for free or at a greatly discounted rate.**
- Irrigation water shortfall – being rectified by City Council
- City Council re-established a connection to south Charlotte County, re-establishing only what was there when the system was built in the late 80s/early 90s. Fifty million gallons average per day flowed over the weirs from Gator Slough
- Mid 90's the County re-directed that flow from south Charlotte County away from Gator Slough; the City should have stopped that from happening.
- Irrigation system was always designed to use up that flow from south Charlotte County; has always been a Northeast to Southwest flow

Mr. Mazurkiewicz noted the following:

- **We should be looking for businesses that are big consumers of water.**
- Potable – excess capacity to produce with the Chiquita Plant
- Non-potable water – we could cut an amazing deal with a manufacturer, not only with incentives that help them in the initial capitalization of their plant, but long-term O & M incentives
- Cape Coral does not have a big piece of land available because of being pre-platted
- Northeast and Northwest specific – due to the Zemel property, we now have access to wide tracts of land
- Burnt Store Road improvements – access to I-75

Mr. Mazurkiewicz continued his discussion:

- Catch the Vision presentation to realtors includes what has recently happened in the City with regarding to non-residential development

- Rates for shipping out of Cape Coral are next to none, trucks go back north empty
- Development on Zemel property adjacent to US 41 provides access north to Jones Loop or Tuckers Grade to I 75 north
- Zemel property which has hundreds of acres has no water and sewer
- Development opportunity for privately-owned Zemel property, especially where it is adjacent to US 41
- City annexed that land and is in the process of a land use now
- Last piece – City of Cape Coral Land Use and Development Regulations (LUDRS) were originally drafted in the 70's to allow for 1,500 square foot houses on 10,000 square foot lots. Everything other than that required some special exception and variance
- 25 years later there are changes being made to the LUDRs that are set to promote development rather than to restrict
- There are a set of Codes projected to help people develop what they need
- Land Use Map being re-addressed
- Zoning Map being re-adopted
- The land use will match the zoning that is on top of it.
- March 4, 2019 tentative date for City Council to adopt the new LDCs (Land Development Code)

Mr. Mazurkiewicz summarized his presentation:

- There will be a plethora of development that has never been seen before.
- Where is development going to happen? All over in the City including Pine Island Road, Southwest, mid-central Cape, Northeast in the area of the VIZ zone.
- Vast majority of his projects are multi-family rentals
- 2016 Study was done that showed the City needed approximately 1,500 units per year for the next five years
- Lot of adult living facilities to keep up with the aging population
- Couple of manufacturers, some commercial
- All this activity is contingent on the new regulations being adopted
- New regulations will make it easier
- PDP process has exceeded its life expectancy, time for it to go away
- Variances are a problem, waiting for new height regulation of 50 feet
- Allowance for density in the new Codes

Discussion held regarding the following:

- How long will it take to get the proper sewage in the north? 30-40 years? Maybe just a decade, where will the money come from? Assessments
- Grant money to get project started
- Vast majority of our utility system has been supported by low-interest loans from the State of Florida - State Revolving Loan Fund

Mr. Mazurkiewicz noted that the new Governor has an interest in water quality and is willing to work with cities to advance the changing of septic tanks to municipal water services.

Discussion held regarding the change in the SFWMD (South Florida Water Management District) is a political stunt.

Chair Starner questioned which manufacturers use non-potable water.

Mr. Mazurkiewicz stated that machinists do and would be a huge market share to pursue, as well as anyone who uses water for cooling in manufacturing. He stated he did not know all, but someone should google manufacturing processes that use a lot of water and come up with a list on who should be pursued.

Discussion held regarding:

- City's Economic Development Office (EDO) does use that information
- Bridges keep residents here; big population does not want to go over the bridge
- EDO has a tool drawing a 5 and 10-mile area that shows the leakage of retail sales and jobs
- Banks, restaurants, gas stations, and outparcels to strip centers are the highest payer for square footage
- Leakage is defined as people leaving the area to go spend their retail dollars
- Opposite problem is bringing Costco here and how much they will lose out of their Fort Myers store, can they justify that loss?
- Costco changed their credit card, clientele changed, there may be an opportunity for a Costco in our area

Mr. Mazurkiewicz stated his only skill set to help people through the development process is his knowledge of the rules and his ability to communicate between governmental and non-governmental people.

Council Liaison Stout arrived at 9:32 a.m.

Discussion continued regarding the following:

- What is the figure of \$276,000 predicated on? Taxable value after \$50,000 homesteading
- More valuable to leave the land undeveloped
- Records show that we do not need more single-family homes
- Old golf course, 175 acres, no more single-family homes needed
- Gated communities are different
- Understand how the BRC could better focus in the next year
- As a Committee trying to be advocates of helping the City grow

Vice Chair Eidson inquired how the BRC can support economic development.

Mr. Mazurkiewicz explained how strategic planning drives the budget. The number one goal of the City of Cape Coral has been economic development; the budget has never reflected that prioritization.

Vice Chair Eidson inquired where should it be versus where it is.

Mr. Mazurkiewicz explained that the **new Economic Development Manager will need support in getting the person to the table which is only the first step. Getting them to the finish line of development is huge. That EDO person should either be or have someone in there that is facilitating that move.** We have had great story tellers, and we have had great internal people. We have never had both at the same time.

Vice Chair Eidson questioned where we were right now.

Mr. Mazurkiewicz stated he did not know. The EDO has never been staffed to the point where it reflects the number one designation as a strategic issue. He stated staff should be given additional money to do their job.

Discussion held regarding:

- BRC discussed last year adding one person to EDO
- EDO used to have an Economic Development **Director**, now the position is an Economic Development **Manager**
- EDO budget should be driven by City Council
- Council develops the Strategic Plan; they direct the Manager to fulfill the goals and objectives of their Plan
- If the Budget is not fulfilling it, Council needs to question why funding is not being given to the number one initiative

Chair Starner discussed last year's presentation to Council. Part of the presentation showed that the BRC did not think that enough effort was put into EDO, personnel-wise or money-wise. There was pushback by Council. His concern was that in the strategic plan and in the budget, there is a list of a million things that needed checking off. The BRC had suggested that maybe there needed to be a change in dynamics of how we measure success of the EDO. The goal could be changed to bricks and mortar as opposed to numbers on the wall.

Mr. Mazurkiewicz stated what the City should measure is the relationship between non-residential and residential revenue. He stated when the downturn in residential occurred, the non-residential kicked up. Non-residential follows residential in about 18 months. Recently, it was as low as 8 percent non-residential and as high as 12 percent. If you build a home with a taxable value of \$500,000, that is as good as manufacturing.

High-end waterfront is the only reason we can actually ever survive because you will never get to the 60/40 relationship between residential and non-residential. His hope was to get to 20 or 25 percent. Twenty-five percent would be tripling the non-residential development we have.

Discussion held regarding:

- 8, 10, 12 percent non-residential, it was at ten 37 years ago when Council Liaison Stout moved here
- We are in a cycle that we don't seem to want to change
- We don't measure that million-dollar property; we count that like it is another house
- Jobs an issue, trips off the Cape will become too cumbersome
- Lanes across the river is done; there will not be any more lanes
- Midpoint Bridge was a 20-year fight
- Need to come up with more jobs, whether it is retail or manufacturing, or we will just be homes to retirees
- Cash hogs versus Cash cows
- Should be easier to tear down the old houses, what goes in their place are million-dollar homes
- EDO has a spreadsheet program that determines the value of new construction with regard to jobs, payroll, annual purchases of supplies, based off the U.S. Chamber of Commerce computer model
- We are a bedroom community on one hand
- Conflict is there is no message in our budget process that is consistent
- Last round of changes to LUDRs, there are only two major changes
- Resident's proposal of a new interchange to the interstate between Jones Loop and Bayshore, development would be in an area where people object
- Do we need to be thinking of innovative transportation solutions?
- There are engineering solutions that need to occur on Summerlin in Fort Myers
- Eventually there will be an overpass at Santa Barbara, access will remain as is. County road to be paid by tolls. City of Cape Coral removed it from the plan.
- Storage Units, biggest push for building in Cape Coral: apartments; every apartment needs a storage unit

Mr. Mazurkiewicz stated the BRC reviews the Strategic Plan as part of the budget process, as well as reviewing the budget. Everyone forgets to look at the overall number one goal. Where is the reflection of that prioritization in the budget?

Council Liaison Stout stated most of Council will go along with whatever the City Manager wants to do; the only exception was the LCEC issue. If you really want to get something passed, you need to convince the City Manager of what needs to be done.

Mr. Mazurkiewicz stated the only time he goes to Council is when he can't get what he wants from the Manager. He stated BRC is an advisory board to the Council and can talk with the Manager.

Discussion held regarding:

- Millage rollback can be done without hurting the budget
- There is always money in the budget without raising millage or going back

Council Liaison Stout explained why Council did not rollback the millage rate the last time because of the homestead expectation.

Mr. Mazurkiewicz discussed the homestead exemption and the downward cycle experienced. He mentioned that if there is another downward market all properties will be reset automatically. At 3% per year it takes a long time to recapture value.

Chair Starner inquired if the BRC could bring something to Council other than during the budget process.

Mr. Mazurkiewicz stated to follow the Ordinance. He mentioned the agenda item of reviewing the quarterly budget and noted that through emails that the Finance Director said the BRC would not get it. If the Ordinance identifies that the BRC has the authority to do it, then the BRC can make a recommendation to the City Council.

Chair Starner read from the Ordinance that the BRC is permitted to analyze the budget quarterly. He requested the procedure on how to approach this issue.

Mr. Mazurkiewicz suggested to go to City Council and inform them that City staff has rejected to provide what is in the Ordinance. Tell the City Manager to tell his staff to fulfill our request. He noted going through Public Input would be appropriate. He stated the BRC could also go through their Council Liaison.

Council Liaison Stout stated she had a meeting with the City Manager this morning and will mention the quarterly financial matter to him.

Chair Starner noted the BRC discussed performance reviews and the cost of having that done but due to Sunshine Laws the former Council Liaison could not speak to the Mayor about it. He agreed that Council Liaison Stout should discuss this with the City Manager.

Mr. Mazurkiewicz agreed that Council Liaison Stout should take it from here and have her elevate it to City Council through a Council report. If all things fail, then go to Citizens Input or request an agenda item from the Mayor by email from the BRC Chair.

Discussion held regarding:

- Why would there be opposition?
- City Manager's monthly report
- Why not share a Quarterly report with the BRC?

Council Liaison Stout announced that she was sponsoring an Economic Development Advisory Committee.

Discussion held regarding:

- Possible collaboration with the proposed Economic Development Advisory Committee
- Caution of speaking at another Board's meeting if two members from the same Board are attending

Mr. Mazurkiewicz stated the BRC has great opportunities; time is right; money is there; population is at the right number; the rules are getting ready to be changed; you have access to all those large tracts up north; **how you front utilities to those big tracts is the biggest issue.**

Vice Chair Eidson mentioned the 3-legged stool; **the 2-legged stool in EDO is to have a 1-2 punch where you have someone to attract business and a facilitator.**

Discussion held regarding the firm that was hired for Seven Islands.

Discussion held regarding bringing people in for follow up locally with entitlements for land use and zoning, permitting – building site plan and building; and the inspections to get a seal.

Discussion held regarding having met a lot of resistance in increasing staff in Code Enforcement; this is an area to still pursue even though one more staff member was added by Council approval.

Mr. Mazurkiewicz left the meeting at 10:21 a.m.

Chair Starner welcomed Council Liaison Stout back to the committee.

Council Liaison Stout noted that Joe was a great Mayor when she was on Council the first time. She discussed the citizen resistance to the dual water and irrigation. There were two referendums before Council finally agreed to do it, noting the success of the program. Moving forward, we continue to bring in more irrigation water.

Chair Starner asked for confirmation from Council Liaison Stout about discussing the issue mentioned concerning the quarterly budget review.

Council Liaison Stout responded in the affirmative and will inform the BRC.

Member Gruber questioned what the status was for having performance reviews.

Chair Starner explained the past request would have had an issue with Sunshine laws.

Council Liaison Stout stated she could also discuss this issue with the City Manager if the BRC desired, but she needed a better understanding of the request.

Chair Starner stated not to do that just yet. He noted that Member Botkin would be the point person on that issue if there is a presentation to Council. He explained how performance reviews were discussed in past meetings where processes and procedures would be looked at, especially on how much money could be saved by making changes or not.

Council Liaison Stout mentioned her experience on another board that had hired a firm to come in and do an evaluation which ended up saving a lot of money.

Chair Starner stated we were headed toward that direction.

Vice Chair Eidson stated that the BRC was met with quick resistance from the internal auditing staff.

Discussion held regarding the benefits of a performance review.

Member Botkin left the meeting at 10:26 a.m.

Review of the Quarterly Budget

No discussion.

Public Input

No speakers.

Member Comments

Discussion held regarding member attendance requirements.

Discussion held regarding Mr. Boller having an excused absence at the last meeting.

Vice Chair Eidson stated he would like to have an agenda plan for the next meeting. He suggested putting this Economic Development piece on the agenda, how the BRC will approach it, and what do we need to look at.

Chair Starner agreed.

Council Liaison Stout stated it would be interesting to have someone talk about Bimini Basin projects and what they see moving forward. She noted that Joe was very involved in that that project since he represents some of the land owners in that area.

Vice Chair Edison questioned what has kept that from moving forward.

Council Liaison Stout stated it had to do with making changes coming up and the approvals to make those changes in land use. It needs to go to Tallahassee to be approved. There is a proposed new designation in Bimini Basin. The company that is going to be recruiting Seven Islands would be an interesting topic, although maybe a little early since they were just hired a couple of months ago. It might be interesting to see what they are doing in that direction.

Vice Chair Eidson questioned if an invitation needed to be sent to one of their spokespersons and questioned who that might be.

Interim City Clerk Bruns questioned if they were referring to a staff member or an outside consultant.

Council Liaison Stout stated she referred to the consultant more than staff.

Interim City Clerk Bruns clarified it was for both Bimini Basin and Seven Islands.

Council Liaison Stout responded in the affirmative.

Chair Starner agreed.

Council Liaison Stout stated Bimini Basin would be more difficult because it isn't one person, but for the Seven Islands it is just one.

Discussion held regarding the amount being paid monthly to this consultant; also, the process of how the City gets repaid through the developer.

Chair Starner stated that topic would be interesting but may be difficult to fit it into the BRC process. **Consensus agreed.**

Council Liaison Stout asked how Joe fit into the picture.

Vice Chair Eidson noted how the BRC was struggling with the utility piece and how long the project would take such as 30 years. He thought it was important for the BRC to

include this because of the 8/10/12 percent struggle, the BRC was trying to get a better understanding. Part of the BRC recommendation is to do better than this percentage.

Chair Starner stated they reviewed how we measure success in EDO. Let's change the measurement to bricks and mortar.

Council Liaison Stout stated that is why she sees Seven Islands being a public private partnership much like Boat House at the Yacht Club. The revenue changed to six figures when that changed from Casey's River Stop. If we have more of that with Seven Islands, that will eventually reduce taxes.

Discussion held regarding:

- Public private partnerships being considered for Seven Islands
- Sale of alcohol at Sun Splash was being brought to Council
- Status of proposed public private partnership restaurant at Coral Oaks

Council Liaison Stout clarified what the BRC wanted was a quarterly review of the budget, not monthly.

Chair Starner confirmed that is what the Ordinance calls for. The language is "may" review it, does not say "must" review it.

Council Liaison Stout left the meeting at 10:35 a.m.

Member Gruber agreed about the discussion on economic development. She questioned the committee that Council Liaison Stout was sponsoring and wanted more understanding. She requested discussion on the response received from Joe on the whole utility development and is that really a 30-year timeframe or just 10 years? She thought he said it would be good if the BRC could find a way to make it on a ten-year schedule by getting some up-front money.

Member Smith stated the projection for Cape Coral for full build out is much less than 30 years, but we can't wait 30 years to put utilities in. It must happen before that.

Member Osborn stated all new homes being built now are with well and septic. In three years, they may have to go on City water and septic.

Vice Chair Eidson stated there is a climate change at the State House because of the new Governor who is a great supporter of water.

Discussion held regarding not attracting much business development on wells and septic.

Vice Chair Eidson mentioned that Joe suggested the money could come from State loans. He questioned if this should be put on the agenda. Should we get somebody in to talk about that from Public Works to address that and see what the obstacles would be?

Member Gruber questioned what the implications are from a budgeting standpoint.

Vice Chair Eidson stated we needed to find that out.

Member Gruber suggested getting someone from that group.

Member Smith agreed.

Member Gruber stated we are all in agreement about the part of the City where we need infrastructure as opposed to a Dollar General in her neighborhood.

Vice Chair Eidson asked the Interim City Clerk if the BRC wanted to learn more about the UEP, who would be the person to discuss this?

Interim City Clerk Bruns stated we do have a UEP Manager, Kevin Higginson.

Vice Chair Eidson asked if that was the person who makes the decisions on that.

Ms. Bruns stated she could not answer for the Public Works Department, but she would be glad to check with them and see if they have an expert regarding the budget portion.

Member Smith asked if he was in Public Works.

Ms. Bruns responded in the affirmative.

Member Smith stated then it would be someone within Public Works.

Member Gruber noted the org chart shows there is a Utility Extension group.

Vice Chair Eidson stated that would be a good topic for the next meeting agenda.

Chair Starner agreed and asked the Interim City Clerk if she could get someone to come in and talk to the BRC about that specific to the budget.

Vice Chair Eidson added it should be specific to their plans, long-term, what are the obstacles to going faster than slower? How do we tell people not to invest in septic systems that they are going to have torn up?

Chair Starner discussed the recent sale of his home in the most northwestern part of Cape Coral. He noted that he was always told that a neighborhood needed to be 50 percent built out before it was economically feasible or physically possible to put the system in.

Discussion held regarding how to speed up the development in the north; does that same ratio apply to commercial.

Discussion held regarding how to attract business when you do not have the facilities.

Discussion held regarding the 50 percent buildout figure is based on the economics of income from the water and sewer system.

Discussion held regarding the cost of \$20,000 for utilities on empty lots.

Member Smith stated one item that needs to be on the next meeting agenda is the Quarterly Budget Review. The BRC needs to continue to push that until we get it or City Council instructs the BRC to leave it alone.

Discussion held regarding how the Council Liaisons are appointed to various boards.

Member Osborn stated there was discussion about Code Compliance and how the former Council Liaison found over 100 Code violations in one afternoon which supported the BRC's recommendation for more staff in Code Enforcement. He stated he did not have any agenda items since it seemed pretty full already.

Interim City Clerk Bruns clarified the items for the next meeting agenda:

- 1) Budget Suggestions Regarding Economic Development
- 2) UEP Discussion Specific to Budget, Long-Term Plans, Obstacles, Going Forward
- 3) Quarterly Budget Review

Chair Starner agreed.

Vice Chair Eidson noted how Joe discussed aligning the strategic goal to the budget and the tool was to budget EDO.

Chair Starner stated the strategic plan for each department is in here as well, not only the numbers, but the plan as well.

Date and Time of Next Meeting

The next meeting will be held on Monday, February 11, 2019, at 9:00 a.m. in Conference Room 220A.

Adjournment

There being no further business, the meeting was adjourned at 10:48 a.m.

Submitted by,

Betty Castillo
Recording Secretary

Transcribed by B. Kerr 1/24/19

Subject to Approval



CITY AUDITOR'S OFFICE

TO: Budget Review Committee

FROM: Andrea R. Butola, City Auditor *ARB*

DATE: February 8, 2019

SUBJECT: January 14, 2019 meeting minutes

I would like to clarify the record from the January 14, 2019 BRC regarding the comment highlighted below as part of the discussion on performance reviews from page 377. I respectfully request the comment highlighted be deleted.

Member Gruber questioned what the status was for having performance reviews.

Chair Starner explained the past request would have had an issue with Sunshine laws.

Council Liaison Stout stated she could also discuss this issue with the City Manager if the BRC desired, but she needed a better understanding of the request.

Chair Starner stated not to do that just yet. He noted that Member Botkin would be the point person on that issue if there is a presentation to Council. He explained how performance reviews were discussed in past meetings where processes and procedures would be looked at, especially on how much money could be saved by making changes or not.

Council Liaison Stout mentioned her experience on another board that had hired a firm to come in and do an evaluation which ended up saving a lot of money.

Chair Starner stated we were headed toward that direction.

Vice Chair Eidson stated that the BRC was met with quick resistance from the internal auditing staff.

Discussion held regarding the benefits of a performance review.

For the record, in response to the highlighted statement in the minutes made by Vice Chair Eidson, the City Auditor's Office performs the following:

- We are the internal audit organization for the City. One of the purposes of the office is to perform internal audits/performance reviews of City Departments and processes.

- The City has a Finance Department and a budget division that closely monitor departments' budgets.
- A review of the budget is performed by external auditors, Clifton Larson Allen (CLA), for the city as part of the City's CAFR audit.
 - You will note that on pages 105 and 107 of the 2017 CAFR, as required Supplementary information, CLA completed a Budgetary Comparison schedule for the General Fund and the CRA Special Revenue Fund respectively.
 - The CAFR is available for review on the City's website in the finance department's section
- This office is required to develop an annual risk-based audit plan as part of Audit Best Practice Standards. This audit plan is based upon a risk assessment which is completed every three years.
 - This plan is presented to BOTH the audit committee and City Council for approval.
 - The audits included in the plan are a direct result of the risk assessment
 - The most recent risk assessment was completed in 2018
 - Requests for audit can be made by the Audit Committee, any City Departments, Council/ Mayor, or Charter School
 - Such requests must be in writing and responses from the City Auditor's Office (CAO) are acknowledged in writing
- The audit plan which lists a schedule of audits to be performed is available on the City's website for review
- The BRC does not have the authority to direct the City Auditor's Office to perform audits.
- The CAO has never received a request from the BRC to initiate a performance audit of the budget OR any City Department
- There was never a request submitted, either directly by the BRC or through the proper channels (Audit Committee, Council/ Mayor, City Department etc.), for my office to perform any type of performance review of a department or the budget; therefore, it is incorrect to state "the BRC was met with quick resistance from internal auditing staff."

See Attachment for an excerpt of the presentation provided for the April 9, 2018 BRC meeting which states the duties of the City Auditor's Office.

Attachment

C: Kimberly Bruns, Interim City Clerk

Attachment



What do we do?

- There are several types of audits/ work performed by the CAO
 - Financial audit
 - Performance audit
 - Compliance audit
 - Follow up procedures
 - Special projects
- Our office has the staffing and capability to perform any of these types of audits, but....
- The CAO performs mostly Performance Audits, Follow up procedures and Special Projects
- The City's Financial and Compliance audits are currently completed by External Auditors

To Budget Review Committee

Date March 9, 2019

From Member Gary Eidson

Subject City Auditor Butola's letter of February 8, 2019 regarding the January 14, 2019 (BRC) meeting minutes

It is my position that my comment, the "BRC was met with quick resistance from the internal auditing staff", was taken out of context, that the minutes did not accurately reflect the discussion and that my comment stand, based on the following

- 1 During the October 1, 2018 BRC meeting, Member Botkin "noted how he made a suggestion in the (budget review) process that was shot down by the administration regarding performance reviews and audits " The notes of this recording failed to capture the fact Member Botkin was discussing "external" performance reviews In previous discussions, external performance audits had been a large part of the committee's concern in that "external" performance audits are conducted by other municipalities, why not here?
- 2 Again, at the January 14, 2019 BRC meeting Member Gruber questioned "what the status was for having performance reviews" Again, the idea of "external" performance reviews was not notated
- 3 When the City Auditor made their original presentation (date not available) my perception was that the Auditor did feel the need for "external" performance audits and supported that position by showing all the fine work they do
- 4 Again, in the most recent communique, ample evidence was provided about the complete job done by that office and further stating "the BRC does not have the authority to direct the City Auditor's Office to perform audits and "There was never a request submitted to perform any type of performance review "
 - a It was never the intention of the BRC, in my opinion, to request a City driven performance review, as suggested by the City Auditor, nor was any effort made to do so
 - b It has been, however, the BRC's intention, though not acted upon to date, to forward the idea of "external" performance reviews "I" felt that the idea had not been warmly received by the City Auditor based on their earlier presentation
 - c Apparently, that was a sentiment felt by Member Botkin as stated in the October 1 minutes when "He noted how he made a suggestion early in the process that was shot down by the administration (Audit Dept) regarding (external omitted) performance reviews "
 - d Again, on November 5, 2018, Member Botkin "stated it was clear that the administration is opposed to having a City-wide (external omitted) performance audit "
- 5 I would propose motions that,
 - a The minutes of October 1 be amended to read that Member Botkin " made a suggestion early in the process that was shot down by the administration regarding **external** performance reviews "
 - b The minutes of November 5, 2018 be amended to read "Committee Member Botkin stated it was clear that the administration is opposed to having a City-wide **external** performance audit "
 - c The minutes of January 14 be amended to read "Member Gruber questioned what the status was for having **external** performance reviews "
 - d The City Auditor's office be sent a request to,
 - i Clarify their position on the merits of an external performance audit
 - ii Advise if it is an activity that would be considered a good practice
 - iii Advise if such external performance audits are consistent with practices by other like sized municipalities
- 6 Advise if such I would further recommend the Committee be clear, in the future, and use the term "external" when discussing performance audit(s) performed by those other than the City Auditor

| | |
|----------------------|------------------|
| Item Number: | 4.B. |
| Meeting Date: | 3/11/2019 |
| Item Type: | Business |

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

Approval of Meeting Minutes - February 11, 2019

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

| Description | Type |
|---------------------------------------|-----------------|
| ▢ Meeting Minutes - February 11, 2019 | Backup Material |

**MINUTES OF THE REGULAR MEETING OF
THE CAPE CORAL BUDGET REVIEW COMMITTEE**

Monday, February 11, 2019

CONFERENCE ROOM 220A

9:00 a.m.

Chair Starner called the meeting to order at 9:01 a.m.

ROLL CALL: Botkin, Gruber, Jacquet-Castor, Smith, and Starner were present. Osborn and Alternate Boller were excused. Eidson arrived at 9:02 a.m.

ALSO PRESENT: Kevin Higginson, PW Utilities Extension Manager
Elizabeth Ellis, PW UEP Project Manager

Public Input

No speakers.

Chair Starner requested that Utilities Extension Manager, Kevin Higginson, introduce himself to the Committee.

Mr. Higginson introduced himself as the Utilities Extension Manager and introduced Project Manager Ellis and informed the BRC that they are both in the Public Works Department.

Chair Starner inquired the reason for his visit to the BRC.

Mr. Higginson responded that the Committee invited him to address some questions from their last meeting regarding the UEP, budget process, and future.

BUSINESS

**Approval of Meeting Minutes
January 14, 2019**

Chair Starner stated that the Minutes from the January 14, 2019 meeting were presented for approval. He announced that the City Auditor sent an e-mail memorandum dated February 8, 2019 requesting to clarify the record of the January 14, 2019 BRC meeting regarding the comment made by Vice Chair Eidson on page 377 concerning the performance reviews, and respectfully requested removal of same.

Vice Chair Eidson responded that he stands by his comment, and it may be possible that it has been pulled out of context. He opined that his comment was not inappropriate.

Discussion held regarding:

- Talks about performance reviews by outside source
- Committee Member Botkin would be acting as lead on this topic
- Reasons for this request
- Auditor's Office response

Member Botkin stated that the Auditing Department made a presentation to the BRC somewhere around last October or November.

Chair Starner inquired if the BRC spoke about the performance review at that time.

Member Botkin and Vice Chair Eidson responded in the affirmative.

Vice Chair Eidson noted that was the reason for their presentation.

Member Gruber was under the perception that it was an external performance review and her reading of the memorandum indicates that Auditor's Office has an expectation that BRC wanted them to do the performance review. She stated that this is not what the BRC was discussing and believes that the BRC conversation and Auditor's response were not in line with what the Committee was requesting.

Member Smith had mixed feelings on this topic as the BRC discussion was to request an outside performance review as the BRC felt that it would be good for the City and recognized the Auditor's Office response and position. He affirmed that the Committee did discuss this topic and stated that the record is accurate, and it should stand.

Chair Starner commented that this issue dealt with a personnel performance audit and not a financial audit. He inquired if there were minutes from October and November that might address this matter.

Recording Secretary Castillo responded that she will forward the Minutes to the Committee before the next meeting.

Vice Chair Eidson stated that he is very clear with his position and called for a vote to leave his comment as stated in the January 14, 2019 Minutes.

Vice Chair Eidson moved, seconded by Committee Member Smith, to leave Vice Chair Eidson's comment in the January 14, 2019 Meeting Minutes as stated.

Chair Starner inquired if there was any discussion; there was none. He requested the Recording Secretary call the roll for this motion.

Committee polled as follows: Suspended.

Member Botkin inquired if the motion is “yes or no” to leave the comment or remove the comment.

Chair Starner requested to go back to the discussion of this matter. He clarified that the motion by Vice Chair Eidson was for his comment to stand in the Minutes.

Chair Starner suggested that the Committee review the prior minutes and see exactly what was said or how it was phrased before making a motion to approve the January 14th Minutes. He stated that it was his understanding that he cannot make a motion as the Chair.

Vice Chair Eidson clarified that the Motion on the floor was to leave the Minutes as they stand and further stated that based on the information it was clear to him, as well as others on the BRC, that his comment should stand. He explained that “Yes” stands “as is” and “no” would mean that it does not stand.

Member Smith suggested an amendment that Vice Chair Eidson could move to approve the Minutes as they stand, which will accomplish what he is attempting to motion.

Vice Chair Eidson withdrew his original motion. Second agreed.

Committee Member Smith moved, seconded by Vice Chair Eidson, to approve the minutes from the January 14, 2019 meeting as written.

No formal vote taken.

Chair Starner opened the floor for further discussion and suggested that the minutes be tabled until the Committee has reviewed the prior Minutes from last Fall.

Member Gruber disagreed as it was not necessary.

Chair Starner inquired if there was any other discussion.

Member Botkin inquired of Chair Starner if he would like to table this matter.

Chair Starner stated that was his thought, but he could not make that motion.

Member Botkin stated if the Chair would like to have it researched further, he would make that motion.

Vice Chair Eidson stated there was a motion already on the table.

Chair Starner inquired ***if the motion makers would agree to amend that motion to research minutes and comments from prior meetings when that took place.***

Vice Chair Eidson and Committee Member Smith responded in the affirmative.

Committee Member Smith moved, seconded by Vice Chair Eidson, to amend the motion to approve the January 14, 2019 Minutes which has been tabled until the Committee has the opportunity to review the comments in the prior Minutes when the City Auditor's Office was present at the BRC meeting last year.

Member Botkin stated it would provide more comfort level.

Chair Starner asked for discussion. He asked Recording Secretary Castillo if she understood. He stated the following: ***We have a motion to approve the minutes, but it has been amended to table it until the Committee has the opportunity to review the prior minutes when the City Auditor's Office was present at the BRC meeting last year.***

Recording Secretary Castillo responded in the affirmative.

Member Gruber inquired if the rest of the minutes were being approved with the exception of the comment in question.

Chair Starner responded ***that the minutes are not being approved at this time and that the minutes are being tabled.***

Vice Chair Eidson stated it was an amendment to the motion.

Chair Starner asked for a roll call.

Committee polled as follows: Botkin, Eidson, Gruber, Jacquet-Castor, Smith, and Starner voted "aye." Six "ayes." Motion carried 6-0.

Discussion held regarding the amendment to the motion.

Member Smith requested that the amended motion be re-read by the Recording Secretary.

Recording Secretary Castillo re-read the motion: ***It was an amendment to research the comments of the prior minutes when the City Auditor's Office attended the BRC meetings last year.***

Member Smith stated it was correct that we tabled the entire minutes.

Member Gruber inquired if the minutes will be reviewed and then the conversation on the comment will be discussed at the next meeting.

Chair Starner responded in the affirmative.

Chair Starner requested that the Recording Secretary inform the City Auditor that the BRC had addressed her comments and that the Committee will research this matter further for review at the next meeting.

**UEP Discussion Specific to Budget, Long-Term Plans,
Obstacles, Going Forward – Public Works**

Chair Starner turned the meeting over to Utilities Extension Manager Higginson.

Utilities Extension Manager Higginson presented the following Power Point:

- Utilities Extension Project (UEP) Presentation – February 11, 2019
- Map - Proposed Utilities Extension-Revised FY 2017-2019 – Council Approved
- Comprehensive Plan Consistency
- Infrastructure, Coastal and Conservation, and Economic Development Elements
- Economic Development Element
- UEP Annual Budget: Capital and Operating
- North 2 Financial
- North 2 Financial: Financing and Funding
- North 1 Financial
- North 1: Financing and Funding
- Questions

Vice Chair Eidson questioned the actual map and areas included in the Utilities Extension Project.

Discussion held regarding:

- Actual area covered in the project
- North Old Burnt Store Road – not included in Map Circle
- Map includes 4,500 feet of property in the project
- Remaining sections to be completed

Project Manager Ellis responded that the future areas are included in the map.

Utilities Extension Manager Higginson continued his presentation on page 3:

- North 2 Financial
- North 2 Financial: Financing and Funding

- North 1 Financial
- North 1 Financing and Funding
- Questions

Discussion held regarding the following:

- Density amount in the areas
- We build it, they will come concept
- Acceleration UEP to promotes growth—even when growth has yet to appear
- Cutdown of 30 years build out period

Utilities Extension Manager Higginson continued his presentation on page 5:

- North 2 Financial

Discussion held regarding:

- Difference of meter size
- Vacant Lot assume 1 ERU will be built
- Push back from vacant lots and septic/well residents/owners

Member Jacquet-Castor left the meeting at 9:40 a.m.

Member Smith stated that project brings value as well as cost.

Utilities Extension Manager Higginson continued with the presentation on page 6:

- North 2 Financial: Financing and Funding

Member Botkin inquired about the discount offered in the program.

Utilities Extension Manager Higginson responded that the prepayments are available, and some residents do not get assessed for all three services depending on circumstances.

Member Botkin commented that rolling the assessment into the property taxes over years will be a much higher total of assessment.

Project Manager Ellis responded that the prepayment option offers a refund to the residents if the project is overbudgeted, and those accounts rolled into their taxes would receive an adjustment in the taxes.

Utilities Extension Manager Higginson clarified that once the final cost is determined, everything gets readjusted accordingly; if under budget, then refunds will be issued.

Member Gruber inquired about the estimated completion date of North 2.

Utilities Extension Manager Higginson responded that the North 2 project is roughly estimated to be completed in April 2020.

Utilities Extension Manager Higginson continued with the presentation:

- North 1 Financial

Discussion held regarding application and process of payout of the investment funds and grants.

Vice Chair Eidson mentioned that if Alva was a municipality, then they can also apply for assistance and get funds for projects--expand beyond available funds.

Utilities Extension Manager Higginson stated that the project cost is \$226 million.

Chair Starner mentioned that funds would need to come from other sources and would need to be paid back, as well as bridge loans.

Project Manager Ellis explained the breakdown of payback and length of loans.

Utilities Extension Manager Higginson added that bridge loans will be first utilized and the SRF's are 20 years to payback.

Discussion held regarding:

- Federal and State funds
- Administration of distributions
- State decision on which projects get funded
- EPA tracking how funds are being spent
- Clean Water Framework by Governor
- Opportunities for the City to gain from this movement

Utilities Extension Manager Higginson continued with the presentation:

- North 1 Financial

Discussion held regarding calculation of the assessments.

Project Manager Ellis pointed out that there are about 7,500 parcels in North 1.

Utilities Extension Manager Higginson continued with the presentation on page 8:

- North 1: Financing and Funding
- Questions

Discussion held regarding:

- WIFIA (Water Infrastructure Finance and Innovation Act), SRF (State Revolving Fund), and other financing
- Fees for financing

Chair Starner inquired how the presentation affected the Cape Coral City's budget.

Utilities Extension Manager Higginson responded that UEP's fees gets paid through assessments and does not affect the overall City's budget.

Discussion held regarding:

- Public Works and UEP projects
- Coordination between departments to avoid increased costs such as road paving and putting in pipes for the UEP
- Economic development issues
- Big parcels without water or sewer and not buildout
- Utility Master Plan Update to be completed within two years
- Prior Utility Master Plans: certain shelf life; need to be updated every 6-8 years
- Requirement of updated Master Plan for loans
- Completion of UEP Project for entire City – estimation of 30 to 40 years
- Density and environmental stand points
- 40 years for UEP to be completed—very long time
- Economic development influence in the Utility Master Plan
- Promoting local companies to bid on projects
- Maintaining contractors and employees to perform projects
- Staffing Turnover
- Currently contractors are on track
- Financing obstacles and options
- Keeping water and sewer rates steady
- Plant on Kismet is a water treatment plant; probably have to build a wastewater treatment plant in that area
- Address capacity issues in the Master Plan
- Two water reclamation facilities at Everest and Southwest
- Current Master Plan calls for a 1/3 in the North in 10 to 15 years
- Amount of disruption due to the project

Member Botkin explained how he was affected by the disruption during the UEP construction in his area.

Vice Chair Eidson appreciated the presentation which was very informative.

Chair Starner thanked Mr. Higgins and Ms. Ellis for their time and presentation.

Member Smith added that when the project is completed, the rewards would be worth it. Mr. Higginson and Ms. Ellis left the meeting at 10:27 a.m.

Chair Starner inquired if the new EDO Director has started.

Recording Secretary Castillo stated she did not know but will obtain that information.

Chair Starner requested that this item be tentatively set up as an Agenda item and requested that an invitation be extended to the EDO Director to attend the next meeting or the following month's meeting.

Review of the Quarterly Budget

Chair Starner pointed out that there was no one present from the Finance Department. He inquired why.

Discussion was held regarding communications with the Finance Department and noticing the department to have someone attend the next meeting.

Member Gruber inquired from Chair Starner if he expected the Finance Department at today's meeting.

Chair Starner responded in the affirmative and stated that he made a request that the Finance Department be present at the today's meeting. He requested to read into the record that on March 12, 2012, City Council passed Resolution 5-12 and Section 10 of that Resolution reads as follows:

"The Budget Review Committee may review the City's financial activity on a quarterly basis and report to the Council any concern it may have, based upon majority vote of the committee, in maintaining a balanced budget and good financial management."

Chair Starner requested that the Recording Secretary or Interim City Clerk put this section of the minutes in front of the Finance Department and see what their response will be.

Recording Secretary Castillo stated she will research this and get back to the Chair before the next meeting.

Public Input

No speakers.

Member Comments

Member Smith noted he had a question about Council Liaison Stout's response to the Committee's request for quarterly report.

Chair Starner questioned why Council Liaison Stout was not present at today's meeting.

Recording Secretary Castillo stated she received an email this morning that she had to fill in for another councilmember at another meeting.

Discussion held regarding the potential formation of the Economic Development Advisory Committee and the BRC's interest of attending the initial meetings.

Member Botkin stated that he may have to resign; however, he was not sure yet.

Vice Chair Eidson suggested some topics for the next meeting:

- Economic Development
- Charter School Board
- Transportation
- Parks and Recreation
- Other areas to explore for input to have a better sense of their needs and whether or not there is anything for the BRC to advocate

Chair Starner suggested that the BRC focus on the budget and review the presentation the BRC presented to Council last year. He noted the BRC should review what needs to be improved, deleted, or worked on. Also look through the budget to see if any figure pops out that may be questionable. He mentioned there were several joint workshops with City Council last summer.

Member Gruber requested a copy of the presentation from last year. She questioned what the hot topics that were discussed last year besides the Charter School.

Further discussion held about the topics to focus on:

- Code Enforcement
- Public Private Partnerships (P-3) for Sun Splash and Coral Oaks
- EDO
- Addressing an umbrella of things
- Readers of Numbers
- Process review – have a presentation, what is the next highest thing on the list?
- Director EDO
- Actual Quarterly Report

Chair Starner mentioned the first meeting he attended as a member in June 2017, the BRC did review the current budget with a handout of the expenses, but it was nine months old.

Discussion continued:

- First Quarter Budget Report should be available in February
- Committee only authorized to review Quarterly Report
- Contradictions of responses on Quarterly Report

Member Smith stated that in his prior dealings with other entities, their reports should be available within ten days.

Chair Starner noted the topics for the next meeting agenda:

- Minutes approval of January 14, 2019
- Economic Development Director - Introduction & Plan of Action
- Review of the Quarterly Budget Report
- Homework/Questions from the City Manager's Budget

Discussion held regarding staff from Finance Department who attended past meetings.

Date and Time of Next Meeting

The next meeting will be held on Monday, March 11, 2019, at 9:00 a.m. in Conference Room 220A.

Adjournment

There being no further business, the meeting was adjourned at 10:45 a.m.

Submitted by,

Betty Castillo
Recording Secretary

Transcribed by B. Kerr 2/14/19