



1015 Cultural Park Blvd.  
Cape Coral, FL

## **BUDGET REVIEW COMMITTEE**

<b>July 22, 2019</b>	<b>9:00 AM</b>	<b>Conference Room 220A</b>
----------------------	----------------	---------------------------------

**1. Call to Order**

A. Chair Starnier

**2. Roll Call:**

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

**3. Public Input**

**4. Business**

- A. Approval of Meeting Minutes - July 8, 2019
- B. Update of the BRC FY 2020 Presentation
- C. Discussion of FY 2020-2022 City Manager's Proposed Budget  
(subject to availability)

**5. Public Input**

**6. Member Comment**

**7. Date and Time of Next Meeting:**

A. Tuesday, July 23, 2019, at 9:00 a.m., in Conference Room 130C.

**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.

<b>Item Number:</b>	<b>4.A.</b>
<b>Meeting Date:</b>	<b>7/22/2019</b>
<b>Item Type:</b>	<b>Business</b>

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

Approval of Meeting Minutes - July 8, 2019

**SUMMARY:**

**ADDITIONAL INFORMATION:**

**ATTACHMENTS:**

<b>Description</b>	<b>Type</b>
▢ Meeting Minutes - July 8, 2019	Backup Material

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

**Monday, July 8, 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, Jacquet-Castor, Obsorn, Starner and Alternate Member Boller were present.

**ALSO PRESENT:** John Gunter, Council Liaison  
Monte Vavra, Deputy Financial Services Director  
Jo-Anne Velotti, Assistant Management Budget Administrator

Chair Starner announced that he saw the ad in the Breeze newspaper regarding the open Committee position to replace Mr. Smith—applications due by July 12, 2019.

Deputy Financial Services Director Vavra and Assistant Management Budget Administrator Velotti introduced themselves to the Committee.

**Public Input**

None.

**BUSINESS**

**Approval of Meeting Minutes – June 10, 2019**

Chair Starner requested that the Minutes from the last month be reviewed as they were being presented for approval.

***Alternate Committee Member Boller moved, seconded by Committee Member Gruber, to approve the Meeting Minutes from the June 10, 2019 meeting, as presented. Voice Poll: All “ayes.” Motion Carried.***

**Continued Review of BRC FY2019 Presentation**

Chair Starner mentioned that the Committee would be continuing the review of the FY2019 BRC Recommendations presentation. He inquired if Director Vavra and/or Administrator Velotti had anything specific to discuss with the Committee.

Director Vavra stated that the Staff was present to support the Committee and answer any questions that may arise pertaining to the budget.

Chair Starner requested that the Recording Secretary display Page/Slide #12 of the BRC FY2019 PowerPoint presentation:

- **Page/Slide #12 Charter Schools**
- Bullet Point #1: Charter Schools Best Practices expected to be ready in 60 days
- State incentives for Lee County and Cape Coral schools
- Lee County School Board litigation and dispute of incentives sharing
- New State law passed this year and pending answer if applicable for past years
- School Board driven issue
- Charter Schools considered as part of the Lee County Schools structure
- Charter Schools not held to the Cat 5 hurricane-built structure standards
- Charter Schools not held at the same standards of Public Schools
- Charter Schools Best Practices Report availability before the budget review
- July or August report should be forthcoming
- Bullet Point #2: "Exploring" ideas of repurposing the High School
- No exploration completed for this recommendation

Council Liaison Gunter mentioned that he received last week a copy of the Charter Schools Proposed Budget. He noted that the reverses utilization was considerably less than last year.

Discussion held regarding the Charter Schools proposed budget as follows:

- Enrollment improvements
- City subsidization
- Funds waived last year

Council Liaison Gunter suggested that the BRC request a copy of the Charter Schools Proposed Budget for the Committee's review.

**Chair Starner requested that the Recording Secretary obtain a copy of the Charter Schools Proposed Budget to be distributed to the BRC prior to the July 22<sup>nd</sup> meeting. Consensus agreed.**

Continued review of the FY2019 BRC Recommendations presentation as follows:

- **Page/Slide #13 Charter Schools, Page 2**
- Bullet Points #1-3: Chair Starner read into the record
- Reference material to support the recommendation
- Where to obtain the Charter Schools enrollment figures?
- Reasons for the elimination of the Pre-Kindergarten (VPK) program
- Governmental incentives comparison between full-time student and VPK

Chair Starnes recommended that the Committee review the hard-copy of the presentation contained in the backup material and notate line by line which items to keep and which to strike-through and remove.

Recording Secretary Castillo demonstrated the presentation on the monitor.

The Committee reviewed and made revisions for the FY2020 BRC presentation as follows:

- **Page/Slide #2 Proposed Budget – to be included in the presentation**
- Discussion regarding three-year cycle for the new budget
- **Page/Slide #3 Diversified Revenue – to be included and figures may change**
- Impact of recession on property values – 55% decrease
- Budget standards
- PST at 7% based on population and new businesses should yield more revenues
- Millage rate process
- Factors that may affect the millage rate – additional homestead exemption not passed and property values up almost 8%
- \$7-\$8 million of unexpected funds
- Recuperation of FEMA claims reimbursement
- Questionable if it would be recovered this fiscal year or next year
- Pending FEMA claims processed and closed for Hurricane Charley
- Not planning on FEMA reimbursement until funds received and cashed
- Total FEMA claims for Hurricane IRMA was \$15-\$16 million
- FEMA paying about 75% of total claims and the State will cover about 10%
- Claims in the State review process – final audit 8-10 more years
- Property values increased in City by 7.96%
- Determination of Ad Valorem taxes – property values set by the County
- Ad Valorem collected by County and filtered to the City
- New business projection based on last year's sales tax generated
- How much does the City receive dollar-to-dollar or percentage?
- General rule: based on historical value on funds collected on sales tax
- Projection based on growth trend
- Importance of understanding the calculations and projections
- Duplex developments forecasting
- **Recommendation to start examining duplexes more carefully**
- Cost of purchasing a home and duplex rental cost are about the same
- New duplex estimated rental cost about \$1,400 per month per unit
- **Further discussion of this slide once proposed budget reviewed**
- More discussion: revenue influx, reserve expenditures, and assessments
- FSA raised to 62% and possible increase to 64% - pending proposed budget
- FSA valuations results

Chair Starner announced that Alternate Committee Member Boller would be a voting member at the meeting until the open position is filled.

Continued discussion held regarding:

- Possible changes of PST percentage in the new budget
- Phone service communications fees
- **Page/Slide #4 Other Revenues**
- News article regarding Sun Splash and recommendations to save money

Council Liaison Gunter mentioned that he requested the expenditures and revenues of Sun Splash from October 1, 2018 until June 20, 2019.

Discussion held regarding:

- Director Runyon projection that Sun Splash would be breaking-even this year
- Yacht Club: Public private partnerships (P3) possibilities and recommendations
- Bullet Points #2 and #3 are items that need to be completed internally
- **Bullet Point #3: Recommending that the City's Economic Development Office (EDO) obtain more personnel assistance**
- Council for Progress next meeting – Mayor's Report on City's China Trip
- Valuations of the fees and incentives
- **Page/Slide #5 Other Revenues Continued**
- Presenting the information in a different format, such as a chart
- **Page/Slide #6 Use of Reserves – remove page**
- **Page/Slide #7 Debt Management – remove page**
- Discussion regarding GO Bond expenditure being overseen by Parks and Recs
- Schools capital expenditures – additional half a cent tax
- **Page/Slide #8 Economic Development**
- **Recommendation for additional money or Staff to support the EDO**
- EDO improvements and results
- Comparing and measuring other Florida Cities EDO budgets based on similarities—spending more on EDO should yield more return on investments

Council Liaison Gunter suggested that the BRC obtain information to entertain the recommendation of increasing the EDO budget. The Staff may have this information.

Discussion held regarding:

- Florida League of Cities (FLC) Committee
- Council Liaison Gunter offered to inquire if the FLC Land Use and Economic Development Committee have any data on this topic
- Expansion of the interstate opportunities to generate more revenue
- Increased interest on the Del Prado Boulevard connector to I-75
- What does the City have to attract investors?
- Low-cost land opportunities

- City's EDO current Staff comprised of FTEs and consultants as needed
- Comparing other Florida Cities EDO budgets and FTEs

**Chair Starner requested that the Recording Secretary direct the following request to the EDO Manager, Ricardo Noguera: the BRC would like information comparing his budget to other Florida Cities of similar population, to include comparison of budgets, personnel/full-time employees, and the use of consultants.**

Discussion held regarding:

- Public utilities economic development
- Expanding the Cape Coral Economic Development Office
- City's in-house EDO direct marketing of low-cost land opportunities
- Is the City taking advantage of the extra support from the other economic development entities?

Vice Chair Edison suggested for the BRC to inquire if the City has been benefiting from the extra support from the other local economic development entities.

Director Vavra responded that the support was not monetary—mostly public relations.

Chair Starner stated that he did not have an opinion on this topic.

Committee Member Botkin stated that he did not see the budget impact for this inquiry.

Council Liaison Gunter reminded the BRC that the Committee's focus should be on the dollars and cents budgetary items. What can the BRC do for the departments monetarily to improve results?

Discussion held regarding:

- City's personnel resources and limited monetary resources
- Suggestions need to be focused on reducing expenses and enhancing revenues
- Bullet Point #4: Converting Coral Oaks Golf Course and Sun Splash to P3s
- Pending review of the proposed budget to validate statement or recommendation
- Comparisons of Enterprise, Governmental, and Special Revenue Funds
- Converting entities into revenue generating facilities

Chair Starner requested that the Recording Secretary Castillo read the request of information directed to the EDO: **that the EDO Manager produce or provide to the BRC information comparing his budget to other Florida Cities of similar populations, to include comparison of budgets, full-time employees, and the use of consultants. Consensus agreed with the request.**

Continued discussion and review of the FY2019 BRC presentation as follows:

- **Bullet Point #5: remove bullet**



- **Bullet Points #2 and #3: 80/20 ratio of distribution – combining statements**
- City's monetary incentives to increase businesses
- Combination of incentives and dollars in the reserves to attract new businesses
- **Page/Slide #9 Economic Development, Cont'd – remove page**
- **Page/Slide #10 Code Enforcement – to be included in presentation**
- Recommendations addressed last year, part of budget negotiations
- Reviewing proactive-reactive ratio based on the FY2020 Proposed Budget
- Code Enforcement response ratings and results
- Recommendation for communications campaign to direct Citizen's inquiries to the appropriate department
- Code Enforcement staffing and technological budgetary requirements
- Improvement of reporting systems and technology update (still in progress)
- Complete overall update of technological system

Committee Member Gruber suggested to obtain the status of the Code Enforcement technological upgrade.

Director Vavra responded that the upgrade was in progress—unsure if it would be completed before or after the General Ledger (GL). This would be a long process due to the various conversions.

Council Liaison Gunter mentioned that the technological system upgrade was for various departments, including building, inspectors, and Code Enforcement.

Director Vavra added that there would be different phases for the conversion, such as utilities would be upgraded after the GL system has been completed.

Discussion held regarding:

- Recommendation to inquire if Code Enforcement completed the tech upgrade
- Still pending and in progress until May or July 2020
- **Code Enforcement recommendation to be kept and would be subject to revision based on FY2020 proposed budget**
- **Page/Slide #11 Human Resources**
- Bullet Point #1: Suggestion not done
- **Bullet Point #2: remove bullet**
- **Bullet Point #3: reworded to state: Eliminate repetitively unfilled funded vacant positions**
- **Bullet Point #4: remove bullet**
- Page/Slide #12 and #13 Charter Schools – already reviewed and discussed

Chair Starnes summarized that the City Manager's FY2020 Proposed Budget should be forthcoming in the next couple of weeks.

Administrator Velotti responded in the affirmative.

**Public Input**

None.

**Member Comments**

Alternate Committee Member Boller shared his thoughts regarding the clause of renewed and replacement funds as he was not able to locate the information in the prior budget book. What does this amount to? How many dollars is that? What projects does this pertain to? He stated that this would be usually categorized as a bond.

Director Vavra responded that he would need to research this information further. He thought that the utilities would be the only item with the renewed and replacement for some of the water treatment plants.

Discussion held about where the listing of the renewed and replacement data may be found in the budget book—under debt governance, CAFR, restricted cash or reserves.

Director Vavra offered to investigate this item further.

Vice Chair Eidson shared his concerns with the cast iron pipes in older homes and the possible pollution impact.

Chair Starner appreciated the Committee's assistance with reviewing the BRC presentation. He inquired if the Clerk's Office would inform the Committee when the City Manager's FY2020 Proposed Budget becomes available for pick-up.

Recording Secretary Castillo responded in the affirmative.

Discussion held regarding BRC budget review meeting sessions starting July 22<sup>nd</sup>.

**Date and Time of Next Meeting**

The next meeting will be held on Monday, July 22, 2019, at 9:00 a.m. in Conference Room 220A.

**Adjournment**

There being no further business, the meeting was adjourned at 10:33 a.m.

Submitted by,

Betty Castillo  
Recording Secretary

*Wink News arrived at 10:12 a.m. and interviewed Chair Starner after the meeting.*

<b>Item Number:</b>	<b>4.B.</b>
<b>Meeting Date:</b>	<b>7/22/2019</b>
<b>Item Type:</b>	<b>Business</b>

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

Update of the BRC FY 2020 Presentation

**SUMMARY:**

**ADDITIONAL INFORMATION:**