



1015 Cultural Park Blvd.  
Cape Coral, FL

## **BUDGET REVIEW COMMITTEE**

<b>July 23, 2018</b>	<b>9:00 AM</b>	<b>Conference Room 220A</b>
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**1. Call to Order**

A. Chair Starner

**2. Roll Call:**

A. Botkin, Doviak, Jacquet-Castor, Osborn, Starner, Wolfson, and  
Alternate Eidson

**3. Public Input**

**4. Business**

- A. Approval of Minutes - June 11, 2018 meeting
- B. Discussion of FY 19-21 City Manager's Proposed Budget

**5. Public Input**

**6. Member Comment**

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

A. Tuesday, July 24, 2018, 9:00 a.m., Conference Room 130C

**8. Adjournment**

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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>7/23/2018</b>
<b>Item Type:</b>	<b>Business</b>

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

Approval of Minutes - June 11, 2018 meeting

**SUMMARY:**

**ADDITIONAL INFORMATION:**

**ATTACHMENTS:**

<b>Description</b>	<b>Type</b>
▣ June 11, 2018 meeting minutes	Backup Material

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

**Monday, June 11, 2018**

**CONFERENCE ROOM 220A**

**9:00 a.m.**

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

**ROLL CALL:** Members Doviak, Jacquet-Castor, Osborn, Starner, Wolfson, and Alternate Eidson were present. Member Botkin was excused.

**ALSO PRESENT:** John Gunter, Council Liaison  
Victoria Bateman, Finance Director, arrived at 9:16 a.m.  
Chris Phillips, Mgt/Budget Administrator  
John Szerlag, City Manager, arrived at 10:57 a.m.

**Public Input**

No speakers.

**BUSINESS**

**Approval of meeting minutes  
May 14, 2018 meeting**

Chair Starner stated the minutes from the May 14, 2018 meeting were presented for approval.

***Vice Chair Wolfson moved, seconded by Committee Member Osborn, to approve the minutes for the May 14, 2018 meeting as presented. Voice Poll: All "ayes." Motion carried.***

**Proposed Schedule of Budget Session Meetings**

Chair Starner stated the schedule needed to be approved since they were special meetings. He reminded the BRC that not all meetings may be needed and could be canceled. He questioned how much time was needed to cancel a meeting.

***Committee Member Doviak moved, seconded by Committee Member Jacquet-Castor, to approve the proposed meeting schedule as distributed. Voice Poll: All "ayes." Motion carried.***

Chair Starner stated discussion could be held at each meeting to determine if more meetings are needed.

## **BRC Members' Analysis of Departments**

Chair Starner reminded the BRC that what each member reviewed was from last year's adopted budget book.

Discussion held regarding the following:

- Questions submitted by Member Botkin regarding the Public Works Department
- Utilities Extension Projects
- FY 2018-2020 Goals and Priorities section – Site Improvements to D&D Marina
- Fleet replacement and disposition of equipment

Mgt/Budget Administrator Phillips distributed a copy to the BRC members which contained most of the answers received with the exception of Fire and the specific question regarding Fleet.

***Member Eidson questioned if there was any intent to include supports on the side of the roads during construction.***

Chair Starner stated that was a question for Public Works and not a budget issue.

Member Osborn agreed it should be addressed directly to Public Works and not related to the BRC.

***Council Liaison Gunter stated the questions this Board should be asking of Public Works are if they have enough in their budget to cover paving and if they are reaching their goals with that dollar amount. He discussed the surplus in the alley paving. He questioned if enough was being allocated in the budget for street lights.***

***Chair Starner stated while he was looking at the EDO and Utilities, he questioned whether they met their goals in the Strategic Plan. If not, why not?***

***Member Jacquet-Castor noted we need to look at the proposed budget and whether there is enough allocated.*** She thought this meeting was about bringing forward questions. Next month, we can look at the answers.

Chair Starner asked if the budget book would be ready by the next meeting.

Administrator Phillips projected to have the book completed by the 15<sup>th</sup> of July.

Member Jacquet-Castor asked if the questions that we have now can be submitted to the departments today for a reply.

Finance Director Bateman arrived at 9:16 a.m.

Chair Starner stated he did not want to create extra work for the various departments while they are in the process of putting this budget book together since the answer may be found in the book.

Director Bateman explained as the BRC goes through the budget and comes up with questions, she can schedule someone to come in from that department and review your questions. She noted the City Manager usually kicks off the session.

Chair Starner asked if the members should submit their questions after they receive the proposed budget book.

Director Bateman stated you can do your homework now. When you see the proposed budget, the policies of the departments have not changed. What may change is the number of officers in the Police Department and how much it will cost.

Member Jacquet-Castor inquired if the questions they had will be submitted to the directors.

***Director Bateman stated they can be submitted at a later date. She noted they usually accumulate them and give them to all at once. She suggested keeping a list at the meetings and when they are all ready, it could be submitted to the directors.***

Chair Starner asked Ms. Bateman if this Board should address a question about paving the roads.

***Director Bateman stated sidewalks are 100% grant funded, so we wait until the grant comes in. She suggested to ask the Public Works Director to bring in his five-year paving schedule, as well as discuss the priority of sidewalks.***

***Member Eidson stated the question he had is quality versus quantity regarding supports in the road, especially in the Northwest where there are little to no sidewalks.***

***Director Bateman stated the question Member Eidson had was appropriate and could be answered by Public Works.***

Member Doviak stated he had an issue with budgeting money specifically for new road development and if it is used for pot hole patching instead.

Vice Chair Wolfson stated when the directors come in, they give an overview of what the department does, how they are staffed, etc.

***Discussion held regarding the questions from Member Botkin on how do they determine personnel needs for Police and Fire which could be answered by the Chief of Police.***

Discussion held regarding each member focusing on the specific department they were assigned.

***Member Doviak questioned if the staffing was adequate in Fire and Police.***

***Discussion held regarding Fleet and how they work in a very old building; they do not have the equipment needed.***

***Vice Chair Wolfson stated he had basic questions about Parks and Recreation and Information Technology. How do you measure whether the mission statement to provide premier parks is being successfully carried out? What is the difference between a Special Revenue Fund and an Enterprise Fund?***

Director Bateman stated the golf course is a Special Revenue Fund. If the program is to recover all of its costs, it is in the Enterprise Fund. If they only cover a portion of it, it would be in Special Revenue. The Yacht Club makes money every year, but we subsidize the golf course every year since it does not recover all of its costs.

Administrator Phillips stated in the current budget book the golf course is in the Enterprise Fund, but it is being moved to Special Revenue because it requires a large subsidy and does not sustain itself.

Discussion held regarding the restaurant at the Yacht Club and the rent collected, as well as the 4% the City receives on anything the restaurant make over \$700,000.

***Vice Chair Wolfson questioned what standard is used to determine the staffing needs in Parks and Recreation?***

***Chair Starner stated we have not opened a new park in over ten years.***

Council Liaison Gunter stated this will be addressed at the next Council meeting.

Director Bateman mentioned the City Manager has re-established the Stakeholders Group for the Parks Master Plan. Their job will be to look at the golf course, D&D, etc. which may be part of that referendum that will be discussed at the June 18<sup>th</sup> Council meeting.

Discussion held regarding the property the City bought in 2013; D&D Bait Shop was part of it.

**Vice Chair Wolfson reviewed Information Technology where 10 percent was allocated for Security, but he did not see any numbers to back that up.**

Discussion held regarding system security.

**Vice Chair Wolfson stated he was looking for money allocated for IT employee training because of changing technology.**

**Director Bateman stated that was a question for the IT Director.**

**Vice Chair Wolfson questioned what type of statistics do they use to determine productivity.**

**Member Jacquet-Castor reviewed Human Resources and Public Information. She questioned how many training specialists does the City have. How many full time and part time employees are there? When was the last time the employees received a raise?**

**Director Bateman stated the raise was this year at 3 percent. She questioned if a list was being taken for all the questions.**

**Member Jacquet-Castor stated she wanted to know how long does the average tenured employee stay with the City. Are there any anticipated vacancies for FY 2018 and FY 2019?**

Discussion held regarding finding out this information when the budget comes out.

Director Bateman stated all questions should be sent to the City Clerk's Office where they will be accumulated before being given to the Finance Director who will forward to the appropriate department.

**Member Jacquet-Castor stated she also reviewed Public Information. What type of information does the public receive? How often? Who is responsible for it? Where does the information come from? She also questioned if we were lacking resources for public information? Is all information accessible to the public?**

**Chair Starnes stated there was a semi-annual newsletter that the City Manager and Mayor send out.**

Director Bateman stated it was quarterly called "On the Move." She also mentioned the Open Government tab on the City website which includes the budget, the CAFR, etc.

Discussion held regarding the website [www.nextdoor.com](http://www.nextdoor.com).



Discussion held regarding calling the 311 Call Center to report issues and get resolutions on them.

***Council Liaison Gunter stated a question to be asked:***

- ***With a little over eight percent increase on property values, how is that going to reflect on our millage rate?***

Director Bateman stated they budget for 5%, so it will bring in an additional \$2.6 million over what we budgeted.

***Council Liaison Gunter stated another question to be asked:***

- ***If the homestead exemption passes, what is that going to cost us?***

Director Bateman stated originally it was figured out to be \$3.7 million, but now that the millage is bringing in more because of increased property values, we expect it to be more. She stated the new homestead exemption will be on the ballot in November and will take effect in 2020's budget.

Discussion held regarding reducing the millage rate which will require a big bump the following year.

Director Bateman noted that we were below our reserves due to the money put out to FEMA. She noted that it takes about a year to receive reimbursement. She explained the submission recently done for the \$7 million for debris removal.

Council Liaison Gunter inquired where we were right now with reserves.

Director Bateman stated by the time we come out with the FY 19 budget, we will be above two months, but not at three.

Discussion held regarding the FEMA reimbursement to be about 75% from the Federal Government and the State at 25%.

Director Bateman stated nearby cities and counties were not budgeting for FEMA money. She stated if we get money next year, a budget amendment will be done for Council to decide if they want to put it towards more reserves or more emergency money.

Discussion held regarding what happens if we did not have any reserve money for a hurricane, would FEMA come in to help immediately; public assistance; FEMA will assist individuals with claims.

**Member Osborn provided his input on Financial Services and the Business Manager:**

- ***What is the comprehensive risk management? Nothing is spelled out.***
- ***What is the procedure for investigating any and all types of accidents to City personnel and equipment caused by a City employee? How are the results disseminated?***
- ***Are OSHA compliance audits held by City personnel, City job sites, and job sites of City contractors? If so, how are those results disseminated?***
- ***Is there a City liability insurance policy? If so, what are the details?***
- ***Customer and Field Services – that's responsible for the creation of new utility accounts, as well as turning on or off. His question was theft of service program to recover dollars that are lost due to theft of services. If so, what does that entail?***
- ***Is there a landlord agreement program that landlords can voluntarily sign up for? If the tenant is moving, it automatically goes to the landlord's name. If so, how does that work?***
- ***Under FY 2017 accomplishments, they say initiated transition from contracted meter reading to radio reads by existing staff. What was the saving from that transition? How are they reflected in the budget?***
- ***Organized at least two safety trainings per meeting, what was the documented sign in?***
- ***Renegotiated phone contract resulting in savings to all departments, what was the dollar amount of those savings? When will the contract again be reviewed for possible further savings? How are those savings reflected?***
- ***Performance measures – gain efficiencies through training and improving resources and their hours were going up, why are those additional hours needed? No outcome data, why not?***
- ***Responsible for the buyers, average number of contracts is going down instead of up. What can be done to lessen this Procurement cycle time?***
- ***Why is the May General Fund current expense to revenue ratio going down? Did not know the meaning of the many acronyms used***

**Member Osborn** stated he could not find the section under Business Manager so he could not review it.

Director Bateman stated that position was in the City Manager's Office and it could be found under the City Manager's Budget.

Discussion held regarding different deductibles for risk and liability.

Director Bateman stated she would have the Risk Manager person available to answer questions when the time comes.

Member Osborn questioned why the Business Manager position was not currently filled.

Director Bateman stated Jay Murphy has been temporarily filling that position. She stated that the City Manager would be at the July 23<sup>rd</sup> BRC meeting to answer any questions the Committee may have.

Discussion held regarding someone should be reviewing the City Manager's Budget, section 6-15, and what it consists of: Public Information, Economic Development, Business Manager, Assistant City Manager, and the CRA Coordinator.

Director Bateman stated employees' salaries are listed on the Open Government tab on the City's website.

Member Eidson distributed a list of questions he had concerning the Community Development Department. He discussed the following:

- Tabs under the Director: Administration, Planning, Code Compliance, Building, Fire Plan Review, Licensing, CDBG/SHIP/NSP, Development Services
- His opinion of the compilation of the money that DCD is involved in but not necessarily budgeted for.
- Building Fund – Enterprise
- Expenditures were higher than the money coming in.
- General Fund
- Breakdown of revenues from the General Fund – his numbers and the actual revenue taken in are different. He did not know where they got their money from.
- General Fund by Categories
- Where do other monies come from?

Administrator Phillips stated their department is within the General Fund; the rest of the money to fund their expenditures is basically ad valorem.

Member Eidson stated when you look at the revenues and the summary that is in the budget, he can identify those things that are from DCD, but they do not add up to the revenue they bring in.

Director Bateman stated they get ad valorem taxes.

Member Eidson listed the General Fund Revenues and how DCD gets their money: licenses, permits, intergovernmental Federal grants, State grants, local grants, fines and forfeitures. He noted it did not add up.

Director Bateman explained it is not supposed to because they get a portion of the \$89 million ad valorem.

Member Eidson distributed a sheet about grants and how the money is distributed.

Director Bateman stated we do not budget for grant money until the money comes in.

Member Eidson questioned who oversees the CRA and where do they get their money.

Director Bateman stated the CRA is handled by the CRA Board. The CRA gets their money from TIF (Tax Increment Fund).

Discussion held regarding the CRA helping to fund the downtown project; the City and the CRA have an interlocal agreement specifying how much each contributes.

Member Eidson stated there are 685 parcels owned by the City valued at \$6.3 million, as well as Academic Village and Seven Islands which is valued at approximately \$10.9 million. He wanted the Board to recognize that this is a piece of money, like equity.

Director Bateman stated she needed to leave for another meeting. She noted that this group does not usually meet in July until the proposed budget comes out.

Chair Starner stated the meeting schedule was passed a little while ago which indicates our first meeting is on the 23<sup>rd</sup> of July.

Administrator Phillips stated the budget book should come out on July 13<sup>th</sup>.

Director Bateman left the meeting at 10:26 a.m.

**Member Eidson stated he had the following questions:**

- ***How do we dispose of unused parcels?***
- ***What role does a horticulturalist play in meeting design and commercial landscaping? Do we actually use him?***
- ***How much time is spent seeking grants? What are the results?***
- ***How many people are in the Planning Division?***
- ***Has the City planned to be partners to sustain the seawalls since they are a vital part of the stormwater evacuation?***
- ***What type of funding would be required to improve that City participation?***
- ***What plans does the City have for Academic Village and Festival Park?***
- ***How many Code Compliance Officers are there for construction inspection?***
- ***How many Code Compliance Officers are there for non-construction inspection? Or are they one and the same?***
- ***How many new officers are required to exceed the 50% goal?***
- ***Has the I.T. group improved efficiency in the department?***
- ***Does a high value of inspection compromise the quality of inspections?***
- ***What are the results of a voluntary rental registration program?***

Discussion held regarding how the Building Fund operates.

**Member Eidson asked if anyone was looking at the health insurance which is part of Human Resources.**

**Member Jacquet- Castor stated in order for you to adequately see if the money is being budgeted correctly, you first need to know how many full-time employees there are. She stated it should be added to the list of questions.**

Administrator Phillips stated section 5-26 has information concerning staffing changes and a funded position summary.

Member Jacquet-Castor questioned if the chart will change on the 5-24 staffing summary with the new budget.

Administrator Phillips responded in the affirmative, how one year will drop off and FY 2021 will be added.

Discussion held regarding page 5-26 and what is proposed to be added in FY 2019, five positions.

Member Jacquet-Castor questioned how long does the City keep employees? What are the turnover rates?

Administrator Phillips stated Human Resources usually tracks that information such as the average length of stay of an employee.

Discussion held regarding:

- pages 5-27 and 5-28 regarding unfunded position requests
- School Resource Officers
- Vision and Mission Statements of departments

**Chair Starner provided his input regarding Economic Development and Utilities:**

- **Strategic Plan 4-28 estimates for 2018**
- **Concern of having only two employees in the EDO**
- **EDO budget .29 percent of the City's budget**
- **Lots of empty space to have a Call Center, Research Laboratories, etc.**
- **Need more people in that department**
- **Homeowners taxes versus Business taxes**

Council Liaison Gunter stated currently we have a 90/10 ratio, and the only way we are going to get to that 75/25 or 70/30 is through Economic Development. He noted they

currently have three employees, but questioned how they will obtain those goals if they do not have the manpower or the budget to do it.

Member Jacquet-Castor stated we need to look at the number of employees in the different departments and how some are overstaffed while others are understaffed.

Discussion held regarding overview of how departments work.

Vice Chair Wolfson noted how much goes into Economic Development:

- Do we have a good school system?
- Do we have adequate parks?
- Do we have adequate housing?

***Chair Starner provided his input regarding Utilities. His biggest question was regarding the situation with the franchise agreement with LCEC. He questioned if the City has ever taken a survey to determine whether or not the residents were happy with the service from LCEC.***

City Manager Szerlag arrived at 10:57 a.m.

Chair Starner questioned if the residents are happy with the service from LCEC, why can't another agreement be signed?

City Manager Szerlag stated that was an excellent question. The LCEC/FPL/City of Cape Coral issue is more emotional than rational. LCEC buys all their power from FPL and resells it to the City of Cape Coral at a higher price. He discussed a budgetary formula and regardless of your revenue source, there are five things you can spend your money on: personnel, capital, operation and maintenance, debt service, and transfers. FPL will always have cheaper rates than LCEC.

Chair Starner opined that a survey may eliminate some problems.

Discussion held regarding the equity credit from LCEC and if it would disappear if we changed suppliers.

City Manager Szerlag asked Council to navigate the facts and give us until this fall to educate the public.

Chair Starner noted that Council Liaison Gunter met with former BRC Chair Coviello and we got some good input. He asked the City Manager if it would be okay if someone from this committee could meet with him to see what he wanted from the BRC. City Manager Szerlag stated he would be happy to meet with the BRC either as a group or individually.

**Public Input**

No speakers.

**Member Comments**

None

**Date and Time of Next Meeting**

The next meeting will be held on Monday, July 23, 2018, at 9:00 a.m. in Conference Room 220A.

**Adjournment**

There being no further business, the meeting was adjourned at 11:19 a.m.

Submitted by,

Barbara Kerr  
Recording Secretary