



**ISLAMORADA, VILLAGE OF ISLANDS
VILLAGE COUNCIL WORKSHOP**

**Founders Park Community Center
87000 Overseas Hwy
Islamorada, FL 33036**

**July 23, 2013
at 3:00 PM**

I. CALL TO ORDER / ROLL CALL

Mayor Philipson called the meeting to order at 3:00 pm. The following Council members were present on roll call: Mayor Ken Philipson, Vice Mayor Ted Blackburn, Councilman Mike Forster, Councilwoman Deb Gillis, and Councilman Dave Purdo. Also in attendance were: Village Manager Ed Koconis, Village Attorney Nina Boniske, Village Clerk Ariana Lawson, Monroe County Sheriff's Office (MCSO) Captain Corey Bryan, Fire Chief Terry Abel, Chief Building Official Gerry Albertson, Public Works and Parks & Recreation Director John Sutter, and all other appropriate personnel.

II. PLEDGE OF ALLEGIANCE

Mayor Ken Philipson led the Pledge of Allegiance.

III. PUBLIC COMMENT

Mayor Ken Philipson opened public comment; there was none.

IV. ITEMS FOR DISCUSSION

A. Preliminary 2013 Property Value and Millage Rate Information

TAB 1

Finance Director Maria Aguilar provided an overview of the agenda layout and opened discussion of Tab 1. Ms. Aguilar noted that each of the municipalities agreed in 2012 to begin utilizing Florida Department of Revenue's E-TRIM website for the electronic submission of Truth-in-Millage (TRIM) documentation. Ms. Aguilar discussed the various Department of Revenue forms included in Tab 1 and explained that a rollback rate of 2.4488 based on the Village's current year taxable value would produce the same revenue as that from the previous year. Ms. Aguilar discussed recent changes to Florida law regarding maximum millage amounts municipal governing boards could levy and advised Council that a 3-2 vote would be required should Council wish to adopt the same 2.5329 millage rate as in the prior year; the maximum millage rate Council could levy with a 4-1 vote would be 3.0595; and that a higher still rate could be adopted with a unanimous vote.

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Village Council Workshop
July 23, 2013*

Finance Director Maria Aguilar opened discussion of Tab 2. Ms. Aguilar reminded Council of their approval earlier in the year of an amendment to the budget to use Fund Balance to cover expenses encumbered in the prior year but not dispersed until FY 2012-2013, and to include budget adjustments to reflect revenues received from insurance proceeds to cover expenditures not previously budgeted for. Ms. Aguilar projected each of the departments coming in under or just slightly over budget at the end of the current fiscal year, with the possible exception of the Parks and Recreation Department whose activity has increased over past several years, thereby increasing Parks and Recreation expenditures. She noted that increasing expenditures have been offset by increased revenue from Parks and Recreation program and use fees. Ms. Aguilar projected the addition to fund balance in Fiscal Year 2012-2013 in the amount of \$358,000 with an unassigned fund balance of \$3.7 million, or approximately 40.5 percent of projected actual expenditures for Fiscal Year 2012-2013.

Councilman Mike Forster inquired into the definition of “Physical Environment Total” on page 9 of Tab 2. Ms. Aguilar explained that “Physical Environment Total” is a classification used in the Comprehensive Annual Financial Report (CAFR) to describe the Building, Planning and Public Works departments, the total budgets for which are anticipated to come in at approximately \$52,608 under budget.

Councilwoman Deb Gillis inquired regarding the TDC Maintenance Agreement costs referenced on page 1 of Tab 2. Ms. Aguilar stated that the Village invoices the County under the grant on a quarterly basis and that timing of the final quarterly reimbursement does not always allow for inclusion in the same fiscal year’s budget schedule. Councilwoman Gillis also inquired regarding collection of \$0 of the \$250 budgeted for Skate Park entrances fees at Founders Park. Public Works and Parks & Recreation Director John Sutter commented on the declining popularity of Skate Park activities and the continued maintenance costs for the Skate Park. Mr. Sutter noted that the Village no longer has to pay for additional insurance for the Skate Park.

Mayor Ken Philipson questioned why Traffic Fines/Forfeitures revenue is less than was originally anticipated. Mayor Philipson commended the Fire/EMS Department for increased revenue from Fire Inspection Fees over what was originally projected; the Parks and Recreation Department for increased revenue beyond original projects for Recreational Camps, Park Entrance Fees, and private lessons/instruction; the IT/Communications Department for savings throughout the year in telephone expenditures; and overall aggressive budget management by each of the Village Departments. Questioned why interest earnings down. Low interest rates and breaking down interest earnings into separate categories. Ms. Aguilar stated that this is a reflection of low interest rates throughout the year, as well as the split this year of earned interest into separate line item accounts whereas interest had previously been reported as a single line item.

Vice Mayor Blackburn noted the drop in Local Half Cent Sales Tax revenue and questioned whether this is anticipated to be a continuing trend. Ms. Aguilar stated State revenue sharing estimates are provided by the State of Florida and that the State’s estimates may have been overly optimistic for the year.

Councilwoman Gillis suggested fire inspections be conducted in a more timely and routine fashion. Chief Abel noted Councilwoman Gillis’ request and advised Council that the Fire/EMS Department does employ a full-time Fire Inspector who routinely coordinates fire inspections of commercial facilities. Council discussion ensued regarding implementation of a program whereby businesses are notified annually of inspection fees and schedules.

Ms. Aguilar reminded Council to discuss the stormwater fund so that any potential increases in the non ad-valorem assessment amount could be properly advertised. She also reminded Council that a Special Call Meeting would be held immediately following the Village Council Workshop to allow for the adoption of a millage rate and to set initial and final budget hearing dates and times.

C. Projected FY 2012-2013 General Fund Budget and 5-year Comparison

TAB 3

Finance Director Maria Aguilar opened discussion of Tab 3. Ms. Aguilar noted that the use of fund balance reflected in the amount of \$775,000 in the proposed FY 2013-2014 budget would increase or decrease based on any changes to the proposed 2.5329 millage rate and suggested department budgets. Ms. Aguilar noted that departmental budgets were developed based on past history, one-on-one discussions with Council members, and direction given at previous Village Council Meetings; and that revenue source projections were conservatively estimated based on past history and the State's revenue share projections. Based on taxable value with 2.5329 millage rate and after net of discounts the amount of ad-valorem taxes would be approximately \$6.2 million.

Councilman Mike Forster requested Vacation Rental Permit Fees and Vacation Rental Expenses be listed as separate line items and Councilwoman Gillis inquired regarding the Windley Key Surcharge. Ms. Aguilar stated that she would provide additional vacation rental data and Windley Key Surcharge information at the Village Council Budget Workshop on July 25, 2013.

Vice Mayor Ted Blackburn opined on the logic and validity of reducing the fund balance to provide for needed capital expenses. Councilwoman Deb Gillis noted that the Florida League of Cities reports twenty (20) percent as the standard fund balance guideline, and noted recommendations of some that municipalities in coastal and storm-prone areas increase their fund balances to at least twenty-five (25) percent. Council discussion ensued.

Ms. Aguilar noted that the life, health and dental insurance rates for Village staff will increase in FY 2013-2014 by about 9.2 percent. Council agreed to retain the current insurance carrier rather than seek proposals for other coverage at this time.

Ms. Aguilar opened discussion of the Village Council budget. Councilman Dave Purdo stated the desire to have a plaque installed on the Pacific Lighthouse at Founders Park to commemorate important local citizens Irving Eyster, George Hummel, and Johnny Morris. Vice Mayor Blackburn suggested the cost of a plaque may be more appropriate to include in the Parks & Recreation Department's budget. Public Works and Parks & Recreation Director John Sutter noted that the cost of a plaque would be approximately \$1,500 – \$2,000. Mr. Sutter suggested coordination of the plaque development with the Historic Preservation Commission. Council directed staff to coordinate the plaque fabrication and installation accordingly. Councilwoman Gillis inquired regarding the You Got Bags Program. Village Manager Ed Koconis explained the program in relation to the Village's Environmental Sustainability Plan.

On the subject of staff wage increases, Mayor Ken Philipson suggested budgeting for \$3,000 bonuses in Village Council's budget rather than allocating funds in each departmental budget for across the board 3.0 percent salary increases. Vice Mayor Blackburn suggested giving 2.5 percent across the board salary increases and increasing the existing 4.0 percent employee pensions by 0.5 percent to 4.5 percent. Councilman Purdo spoke in favor of 3.0 percent salary increases. Council discussion ensued. Councilman Forster requested a staff opinion on splitting any potential salary increase with a concurrent pension increase. Ms. Aguilar advised Council that the Village currently contributes 4.0 percent of employees' full-time wages, except for Fire/Rescue personnel for whom the Village contributes 19.06 percent. Ms. Aguilar voiced concern over any split in the proposed wage increase, noting that a number of employees currently borrow against their pension to make ends meet and that departing employees frequently cash out their pension despite large penalties. She cited a State of Florida Attorney General

opinion regarding bonuses which states that the awarding of bonuses after the fact for work performed constitutes a violation of Section 215.425, Florida Statutes. Village Attorney Nina Boniske stated that should Council wish to award bonuses in lieu of wage increases, the Village may have to adopt an ordinance to do so and may need to effect a policy with guidelines for awarding bonuses. Mayor Philipson stated development of such an ordinance may be brought back to Council for future consideration. Councilman Forster reminded Council of the 10% cut to Village staff salaries several years ago and the stagnant wages since, noting that Monroe County and the City of Key West have included staff salary increases in their budgets. Councilwoman Gillis spoke in favor of a 3.0% across the board salary increase, as well as the \$3,000 budgeted for a holiday staff party.

Ms. Aguilar opened discussion of the Village Attorney's budget for FY 2013-2014. Maria Aguilar explained that the Village Attorney budget was developed using recommendations of the current legal firm, Weiss Serota, as well as research done by Councilwoman Gillis, taking into account anticipated training needs, outsourced specialized legal services and risk management.

Council reviewed the proposed Village Manager's budget for FY 2013-2014. Councilman Forster noted the increased budget for Travel and expressed the expectation that this is the result of increased Village Manager attendance at Florida League of Cities meetings.

Council reviewed the proposed Village Clerk's budget for FY 2013-2014. Mayor Philipson inquired about costs budgeted for CityView software and training. Village Clerk Ariana Lawson clarified the inclusion of funds for OnBase software and maintenance in the Village Clerk's budget for electronic records management and the inclusion of funds for CityView software and training in the Building and Planning Services Department budgets, with a small portion also borne by the Finance Department budgets.

Council reviewed the proposed Finance/Administration budget for FY 2013-2014. Finance Director Maria Aguilar discussed the anticipated replacement of the current NEMRC financial software and the hiring of an additional staff member to assist with wastewater accounting and central purchasing. Councilman Purdo commended Ms. Aguilar's efforts as Finance Director and requested the software be upgradable. Ms. Aguilar stated that the department has no plans to convert existing data from NEMRC into the new software system, but rather to retain the existing data on file and start anew with regard to accounting and reporting in the new system.

Council reviewed the IT/Communications budget for FY 2013-2014. Village Manager Ed Koconis confirmed that additional fees and technical personnel that may be needed for the CityView upgrade are not reflected in the FY 2013-2014 budget. IT/Communications Director Stu Bautz stated that Fire Rescue personnel access to CityView would be addressed in a subsequent phase of the software upgrade. Mayor Philipson referenced the CityView Steering Committee Update recently provided, suggesting Council direct staff to move forward with "Option 2". Village Manager Ed Koconis advised Council that the CityView options will be formally presented to Council for review at the August 8, 2013 Regular Village Council Meeting.

Council reviewed the Fire/Rescue budget for FY 2013-2014. Councilman Forster suggested increasing the budget to 3/3/3. Chief Abel noted that the current staffing level is 2/3/2 and that the proposed budget would bring staffing to 3/2/3. He stated that adding an additional third person would increase the budget by about \$180,000. Council discussion ensued regarding impacts to overtime and health care coverage. Councilman Purdo spoke in favor of the staff increase. Mayor Philipson inquired into the possibility of leaving the Assistant Chief position vacant to cover the cost of an increase to 3/3/3. Council directed staff to bring back information regarding salaries, call numbers, and staffing comparisons with other municipalities for future Council consideration of the possibility of eliminating the Assistant Chief position or allowing the three (3) existing Captains to alternately hold the position. Councilman Purdo inquired into the Village's need for a new fire truck. Chief Abel described the current state of

the Fire Rescue fleet and detailed how staff would develop specifications and solicit quotes for a new vehicle, and sell the current fire truck via GovDeals.com. Council consensus was to finance the purchase of a new vehicle over five (5) years.

Council reviewed the proposed Local Law Enforcement budget for FY 2013-2014. Maria Aguilar advised Council that the proposed budget was developed by the MCSO and that increases from the Fiscal Year 2012-2013 budget are attributable to raises and pension increases. Councilman Purdo spoke against hiring an additional MCSO Deputy solely for the purpose of patrolling the White Marlin Beach area. Captain Corey Bryan stated that the Village currently deploys one (1) on-water deputy daily. Councilwoman Gillis and Vice Mayor Blackburn spoke in favor of hiring an additional on-water deputy to patrol Village-wide. Vice Mayor Blackburn then spoke in favor of increased patrol and enforcement on the water. Captain Bryan relayed the danger of losing the new hire in the event of another recession. He also mentioned the need for an additional vehicle to accommodate the new hire, as well as the potential future need for an additional vessel should either of the two (2) existing vessels fall into disrepair. Council consensus was to hire one (1) new deputy for Village-wide marine patrol.

Council reviewed the proposed Building Services and Code Enforcement budget for FY 2013-2014. Gerry Albertson noted the need to hire an additional inspector/code enforcement officer, but not until FY 2014-2015. Village Manager Ed Koconis noted that the Human Resources Manager is currently working on a staffing survey and Village employee compensation plan to be completed in FY 2013-2014. Mayor Philipson suggested reserving funds now for anticipated reconciliation of employee compensation scales. Council directed staff to add funds to the proposed FY 2013-2014 budget for a new inspector/code enforcement officer.

Council reviewed the proposed Planning and Development Services budget for FY 2013-2014, with no questions.

Councilman Forster reported on a recent Monroe County canal restoration subcommittee meeting and requested the Village allocate funds in the FY 2013-2014 budget for canal restoration. Environmental Planner Susan Sprunt discussed Monroe County's canal restoration project and stated that the City of Marathon was committing \$50,000 – \$100,000 for canal restoration as a show of good faith for inclusion in the County's monitoring portion of the project. Councilman Forster requested the Village commit up to \$100,000 likewise, and apply to the Environmental Protection Agency for reimbursement of any funds expended. Council directed staff to present a resolution for Council consideration at the August 8, 2013 Regular Village Council Meeting, committing up to \$100,000 for canal restoration in the Village.

Council reviewed the proposed Public Works budget for FY 2013-2014. Vice Mayor Blackburn suggested, with support from Councilman Forster and Mayor Philipson, installing parking meters at Anne's Beach. Council requested staff revisit the subject with Council as a future discussion item. Vice Mayor Blackburn expressed desire for the treatment of all Village rights-of-way and public properties as extension of Islamorada Founders Park. Councilman Purdo inquired whether staff would be requesting additional funds from the Florida Department of Transportation (FDOT) to maintain new landscaping along U.S. Highway 1. Public Works and Parks & Recreation Director John Sutter summarized recent informal discussions with the FDOT.

Finance Director Maria Aguilar noted that the proposed FY 2013-2014 budget reflects more capital purchases in the General Fund budget rather than the Capital Projects fund to allow for a transfer of \$1.2 million to the wastewater fund for loan repayment reserve. .

Finance Director Maria Aguilar explained that the maximum amount the Village could assess for stormwater is \$62.00 per Equivalent Stormwater Unit (ESU). Vice Mayor Ted Blackburn suggested establishing a specific stormwater fund source for stormwater management and improvements. Councilwoman Gillis stated that previous determinations by the Village failed to take into account existing drainage measures at properties adjacent to U.S. Highway 1. Ms. Aguilar advised Council that the Village had conducted a study to determine the appropriate commercial and residential property rates. Council discussion ensued. Council agreed, with the exception of Councilman Purdo, that it would be appropriate to increase the stormwater assessment rate from \$8.00 to \$16.00 per ESU.

V. COUNCIL DISCUSSION

VI. ADJOURNMENT

Councilman Dave Purdo offered a motion to adjourn. Councilman Mike Forster seconded the motion. Council voted all in favor. The meeting adjourned at 6:10 pm.



Ariana S. Lawson
Village Clerk

Approved by the Village Council this 11th day of September, 2013.