



City of Naples

City Council Chamber
735 Eighth Street South
Naples, Florida 34102

City Council Workshop Meeting – June 15, 2009 – 8:30 a.m.

Mayor Barnett called the meeting to order and presided.

ROLL CALL ITEM 1

Present:

Bill Barnett, Mayor
Penny Taylor, Vice Mayor (left 5:14 p.m.)

Council Members:

Teresa Heitmann
Gary Price, II
John Sorey, III
Margaret Sulick
William Willkomm, III

Also Present:

William Moss, City Manager
Robert Pritt, City Attorney
Tara Norman, City Clerk
Vicki Smith, Technical Writing Specialist
Roger Reinke, Assistant City Manager
David Lykins, Community Services Director
Joe Boscaglia, Parks & Parkways Superintendent
Tom Weschler, Chief of NPF
Robert Middleton, Utilities Director
Paul Bollenback, Building Services Director
Ron Wallace, Streets & Stormwater Director
Ann Marie Ricardi, Finance Director
Stephen Weeks, Technology Services Director

Doug Finlay
Jim Boula
Tony Ridgway
Bob Erbstein
Michael Williams
Brian Mumme

Media:

Jennifer Larino, Naples Daily News

Other interested citizens and visitors.

SET AGENDA..... ITEM 2

***MOTION** by Price to **SET THE AGENDA** as submitted; seconded by Willkomm and unanimously carried, all members present and voting (Heitmann-yes, Price-yes, Sorey-yes, Sulick-yes, Taylor-yes, Willkomm-yes, Barnett-yes).*

PUBLIC COMMENT..... ITEM 3

(8:31 a.m.) None.

..... ITEM 4

INTERVIEWS WITH CANDIDATES FOR THE COMMUNITY SERVICES ADVISORY BOARD (CSAB), PUBLIC ART ADVISORY COMMITTEE (PAAC) AND PLANNING ADVISORY BOARD (PAB). Deputy City Clerk Jessica Rosenberg indicated that Bob Erbstein and Michael Williams were present for interview for the Community Services Advisory Board

(CSAB) and Public Art Advisory Board (PAAC) positions, respectively. Planning Advisory Board (PAB) candidate James Krall was unavailable for interview.

CAPITAL IMPROVEMENT PROGRAM FIVE-YEAR PLAN.....ITEM 5

The proposed five-year Capital Improvement Program (CIP) represents \$77.8-million of equipment and infrastructure improvements for all funds (Public Service Tax, Stormwater, Streets, Utilities, etc.), with \$14.8-million provided in the next fiscal year. City Council will discuss each of the proposed projects to determine which will be included in the proposed FY 2009-10 budget to be considered for adoption in September. (It is noted for the record that a copy of the CIP document is contained in the file for this meeting in the City Clerk’s Office.) Since only one individual had registered to speak on this item, Mayor Barnett called for public comment at the beginning of the discussion.

Public Comment: (8:47 a.m.) **Tony Ridgway, representing the Third Street Merchants Association,** characterized Third Street shops and restaurants as prime business locations and noted the need to support this image through immediately going forward with the planned tree planting program in that area. **Doug Finlay, 3430 Gulf Shore Boulevard, North,** (speaking at a point later in this discussion) supported Mr. Ridgway’s proposal and also urged that the City maintain its program to replace trees as needed elsewhere in the community. He also noted that the Naples Airport Authority (NAA) had recently been able to undertake paving projects at rates which would indicate that market conditions are favorable to acquire these types of services.

City Manager William Moss pointed out that while a conservative approach had been adopted by staff in developing the CIP, the Council may wish to utilize a portion of the fund balance to address projects to take advantage of any attractive pricing that might be available due to the status of the economy. The five-year total in the plan as presented is \$77.8-million while the proposed expenditures for the 2009-10 fiscal year alone total \$14.8-million. He said that the operating budget was in the process of being formulated with the first year of the five-year plan being incorporated therein; the latter will be presented to Council in August and adoption in September.

Finance Director Ann Marie Ricardi indicated that the CIP is funded by utility taxes, grants and various impact fees; however, utility taxes must first be applied to outstanding debt, followed by capital projects and then operations expenditures. She then briefly reviewed estimates of funds available (Attachment 1). In response to Vice Mayor Taylor, Ms. Ricardi said that the City has not adopted a standard for minimum fund balance with regard to capital funds; however, operating funds vary between 15% and 25% of revenues.

Council Member Sorey urged that Council consider devoting funding to the master sidewalk program with the intent that the City increase its efforts in this regard. Council Member Willkomm said he believed that additional federal stimulus funding would be available for this purpose and suggested that certain projects be made ready to commence should funding become available. Council determined that projects proposed for funding via utility tax revenues would be reviewed first.

It is noted for the record that a printed copy of the electronic presentation utilized by each of the following is contained in the file for this meeting in the City Clerk’s Office.

Police & Fire Department (NPF) (CIP / Page 11): Chief Tom Weschler noted projects for 2009-10 totaling \$261,500 which, he noted, was a fraction of the prior year’s request. In

particular, he noted radio replacements for both portable and mobile units totaling \$58,000 due both to usage and increases in technology. However, only one vehicle with over 100,000 miles is scheduled for replacement at \$45,000; however, this is the case with 8 of the vehicles in the 23-vehicle police fleet. Chief Weschler also noted a need to remodel Fire Station No. 1 (Eighth Street South and Eighth Avenue) which was deferred from the 2006-07 fiscal year and is now being recommended for a two-year phasing: the first year at \$100,000 which would accommodate emergency generator modifications and repair to the kitchen facilities in poor condition; and then significant improvement to living quarters in the second phase with an estimated cost of \$400,000. Replacements of notebook computers for fire operations was estimated at \$31,000 for 16 units; a replacement motor for a police boat at \$27,500 was also being proposed for a unit that is out of warranty and has significantly more than 2,000 operating hours.

Chief Weschler's final item involved an expenditure in the current fiscal year of \$501,186 to update the air conditioning at the police facility in part to discontinue use of irrigation (reclaimed, reuse or alternative) water which is causing corrosion (see also Item 14 on 06/17/09 regular meeting agenda). Brian Mumme, B&I Contractors, the firm being proposed for this project, clarified that replacement of ducting was not absolutely necessary and indicated that incentives are available from Florida Power & Light (FPL) to replace equipment with more energy efficient versions. The current equipment ranges in age from 10 to 20 years, he added. In response to Council Member Willkomm, he also reviewed the warranties for various components, and in response to Vice Mayor Taylor, Mr. Mumme indicated that a less costly alternative would be to merely replace the deteriorated piping and valves; however, irrigation water is costing \$3,500 per month and is not recycled in the current system.

Mayor Barnett proposed that the improvements slated for Fire Station No. 1 not be phased due to the obvious deficiencies in the living quarters. Council Member Price concurred but also expressed concern that this be considered in light of a need to conserve resources for the upcoming years of economic uncertainty.

Community Services Department (CIP / Page 19): David Lykins, Community Services Director, reviewed projects such as facilities upgrades (\$25,000); street tree replacement and fill-in (\$25,000); Third Street South tree planting (\$110,000); water truck replacement (\$68,000); enhancements to River Park and Anthony Park facilities (\$20,000); replacement of River Park Pool with water spray park facility (\$275,000); replacement of amenities at various facilities (such as ice machines, showers, drinking fountains, trash containers, etc.) (\$30,000); HVAC (heating, ventilating and air conditioning) annual maintenance (\$20,000); beach end annual maintenance (\$25,000); and tennis center maintenance (\$20,000).

Mr. Lykins noted that the City, for the 12th year, has been identified as a Tree City USA. Although current budgeted expenditures (\$15,000) are at a lower level than in prior periods, the City has addressed needs in neighborhoods identified by their respective property owner associations for larger trees. The current request is however for \$25,000, Mr. Lykins said, and Council Member Sorey requested that the remainder of the aforementioned \$15,000 budget also be carried over into the upcoming fiscal year.

Council Member Price then addressed the request for a replacement water truck, noting that the current unit had initially cost \$37,000, but \$75,000 had been expended to date for repairs. City Manager Moss, however, pointed out that replacement of this type of vehicle in the Southwest Florida environment would be appropriate every three to four years.

Commenting on the proposed Third Street South tree planting project, Mr. Lykins explained that it would entail an area from Broad to 15th Avenue South and had initially been budgeted the prior year at \$50,000 but had not been expended. The project will entail replacement of diseased queen palms with new trees in planting pits utilizing tree grates due to the narrowness of adjacent sidewalks. He also said that a bid award would be presented to Council that Wednesday that anticipates an actual expenditure of approximately \$102,000. Council Member Sorey encouraged that this expenditure be approved so that the planting could commence in the summer rainy season. Council Member Price pointed out that in light of the investment that had been made in the Community Redevelopment Area, the proposal for Third Street should be considered reasonable. Council Member Sulick said that she also supported the Third Street project, but received clarification that the City would provide watering for the trees for the first year with the Third Street Association assuming this responsibility thereafter. Council Member Willkomm also supported the project in the interest of the City's image.

Mr. Lykins explained the proposed improvements at River Park and Anthony Park, pointing out that the River Park Center is extensively used by community groups. Another River Park project proposed entails replacement of the aged swimming pool with a water spray park. Mr. Lykins said that a pool had been in that location since the fifties and to bring the current facility up to code would involve a substantial investment. Another consideration is the fact that primary usage of the pool is during the summer when the City's summer camp programs are being conducted for youngsters out of school. He further described the proposed water spray facility, which he said is becoming popular nationwide and requires less expenditure for upkeep as well as there being no need for life guards; summer swimming programs would then be staged at Collier County facilities. While a recent neighborhood survey had indicated limited support for retention of the pool, information on a spray park had not yet been disseminated, he added.

Vice Mayor Taylor, however, said that more of the community would use the River Park pool if it were refurbished to an appropriate level. Therefore, she urged that grant funding be applied for, highlighting the history, location and use of the facility, and also pointing out that a public swimming pool is a requirement of the City's Comprehensive Plan. Council Member Heitmann expressed her support for Vice Mayor Taylor's comments, although receiving confirmation that water is treated and recycled in a water spray park; Mrs. Heitmann said she believed that the City had nevertheless not gleaned sufficient information from the community in this regard. Mayor Barnett however took the opposite position, calling the City's efforts sufficient to gather neighborhood input, although he said he supported retaining the pool unless there is a significant response with regard to a water spray park. City Manager Moss said that a pool replacement would cost \$1- to \$1.5-million.

Council Member Sulick indicated her preference for a water spray park in light of the fact that the County has extensive water park facilities as well as there being Gulf beaches available. Council Member Sorey concurred with the water spray park proposal, pointing out that limited

parking would preclude usage of a new swimming pool by other than those who reside in the immediate area; however, he said, consideration should be given to another location for a pool that would provide adequate parking for citywide usage. Council Member Price requested that usage of the pool be monitored over the summer which would contribute to decision-making, but Vice Mayor Taylor disputed the usefulness of data since the River Park pool is open only for limited hours. Mrs. Sulick suggested that bus service from the City's recreation centers to County aquatic facilities might be considered for the summer. Council Member Heitmann expressed the need for a more in-depth Council discussion with further research into both the desires of the neighborhood and swimming pool usage.

In further discussion, Mr. Lykins also pointed out that an abundance of private swimming pools had made the need for another community pool less than a priority and had contributed to the perception that the River Park pool is a facility for the immediate area, particularly in light of the lack of peripheral facilities such as parking. However, a proposal for locating a community pool at Fleischmann Park had not been pursued because it had been believed that there was more benefit to retaining the open space for sports fields.

Mr. Lykins noted the above referenced maintenance costs for HVAC and facility amenities are an annual expenditure.

Recess: 10:19 a.m. to 10:32 a.m. It is noted for the record that the same Council Members were present when the meeting reconvened.

Streets (CIP / Page 69) & Stormwater (CIP / Page 81): Streets & Stormwater Director Ron Wallace reviewed the following projects: pavement management (annual overlay) reduced from \$500,000 to \$200,000 due to the necessary bridge repair noted below; sidewalk repair/improvements - \$150,000; Mooringline Drive bridge and Park Shore bridge repairs - \$200,000 each; and Gulfview Middle School sidewalks - \$384,000 (ranked #2 for MPO/FDOT (Metropolitan Planning Organization / Florida Department of Transportation) funding). Future Sidewalk Master Plan considerations were as follows: schools / Lake Park - \$300,000 (had been FDOT funded via Safe Routes to School in 2011/12/see discussion below); Seagate - \$200,000; and St. Ann - \$300,000. Collector roadway requests: Gulf Shore (Banyan to Mooringline) - \$200,000; Mooringline (bridge to Bowline) - \$275,000 (both to be submitted for FDOT Enhancement Funding through the MPO); and Banyan Boulevard, Harbour Drive, and Second and Third Streets are also deficient. He pointed out that 2003 law revisions had reduced gas tax revenues, noting a \$700,000 decrease since then. Council Member Willkomm recommended that the Mooringline Drive bridge project be prepared to commence due both to his belief that MPO funding may become available as well as secondary stimulus funding, and Mr. Wallace stated that with the scheduled repairs, the bridge should meet its life expectancy of another ten years of use. As a fellow member of the MPO, Council Member Sulick agreed, suggesting a more aggressive level of repair be designed with the hope of receiving the stimulus funding. Mrs. Sulick also pointed out that City resident representation is sorely needed on both the MPO pathways and citizen advisory committees. Mr. Wallace agreed to move forward with the design planning.

With regard to the Gulfview Middle School sidewalk project, Mr. Wallace explained that \$400,000 annually is budgeted via the MPO/FDOT for such projects but that \$600,000 had been

earmarked for next year; this project will remain on the current list but staff intends to submit others for possible funding in the coming year.

He then reviewed the above noted future Sidewalk Master Plan considerations, including streets with deficiencies, noting that while included in this discussion, these streets were not referenced in the CIP. The Lake Park School sidewalks had received approval of the above noted grant funding but recently the City had been notified of amended criteria wherein either a school board, private school or community traffic safety team is required to submit the application for the funding, not a municipality. This becomes a burden on the school for pre- and post-construction surveys and the like, Mr. Wallace pointed out, therefore it had been decided that the City should apply through the MPO or another grant project for such items. In response to Council's comments, Mr. Wallace indicated that further research would be done in regard to this refusal of funding. Mr. Wallace continued with discussion of collector roadway requests recently received as cited above, as well as those with deficiencies, pointing out that all would be submitted by June 29 for FDOT Enhancement Funding via the MPO and following Council's direction, would rank them as follows:

- Gulf Shore Boulevard from Banyan to Mooringline, one side;
- Mooringline Drive from Gulf Shore Boulevard to Bowline;
- Second Street South from Fifth Avenue South to 11th Avenue South (\$125,000) and Third Street from Second Avenue South to Seventh Avenue North (\$250,000); and
- Harbour Drive (\$150,000) and Banyan Boulevard (\$200,000).

In response to Council Member Sulick, Mr. Wallace indicated that he would confirm that sidewalks along the south side of Central, from Sixth Street South to US 41, were to be included in the Gulfview Middle School sidewalk project. He explained for Council Member Price that even with the current economic situation, decreased costs to a large extent should not be expected. New construction is more costly than repair or replacement of existing sidewalks due to terrain and the fact that material costs, unlike labor, have not really lessened appreciably; he also pointed out that some contractors are working at cost merely to retain their crews. Noting that grant and stimulus funding may not be guaranteed, Mr. Price stated that use of the fund balance might be justifiable if costs showed an appropriate decline. Mr. Wallace cautioned that this fund does not receive great sums of revenue, usually meeting operating costs; for capital projects the fund balance as well as transfers from the General Fund are necessary. Numerous federal sidewalk grants are available and will be pursued, Mr. Wallace said, confirming for Mrs. Sulick that more specifics would be known by the fall budget discussions. In response to Mr. Sorey's suggestion, Mr. Wallace also confirmed that design plans could be completed and submitted for grants as above ranked.

Discussion then occurred with reference to a recent property owner petition for the Mooringline Drive sidewalk (from the terminus of the existing sidewalk along Gulf Shore Boulevard to US 41), and it was ascertained that additional contact with these residents would be necessary. Mr. Wallace stated that there would be ample time for such contact as some funding would be several years in the future. Council Member Sulick cautioned that rights-of-way acquisition issues must be addressed prior to submitting the grant applications. Mr. Wallace explained that an executive summary would be submitted outlining the objective and route of the project as well as an aerial and graphic of the project along with a cost estimate; the funding provided usually adds 45% to the construction costs for contingency, construction services and design, he said. During the

summer months, preliminary designs and cost estimates could be gathered, he explained, but City Manager Moss pointed out that complete surveys and engineering plans would be necessary, especially for Mooringline Drive where the possibility of retaining walls or temporary easements for grading to avoid the use of the walls is an issue. These plans would be needed to facilitate further discussion with those affected property owners, Mr. Moss added.

In response to Mrs. Sulick, Mr. Wallace confirmed that alleyway improvements had been delayed another year, although a \$200,000 line item remained for roadway repairs and the overlay line reflected \$200,000 but in actuality is \$400,000; if funds are available later in the year, perhaps the alleys could be reviewed for possible repair, he said.

Mr. Wallace next addressed the Stormwater Fund, reviewing the projects where funding had been based upon available revenue per prior Council direction. Grant funding had not been reflected, he added, due to the fact that this is allocated throughout the year and are 50/50 matching grants; at least \$1-million in grant funding is anticipated, he added, and the projects reflected below would then be expanded:

- City-wide drainage improvements including swales, pipe repairs and inlet replacements - \$500,000;
- Basin V improvements which are currently under design with permitting expected by August; (This is a five-year phased project involving the Lake Park neighborhood and north of Naples High School at \$1,200,000. A \$1.5-million grant application for Basin V and III (see below) will be submitted to South Florida Water Management District (SFWMD) thereby doubling the amount of work to be done should the grant meet with approval.)
- Basin III – Phase II improvements focus on the west end of the basin and Broad Avenue South, with the Crayton Cove pump station currently under renovations - \$500,000;
- Design for beach outfall removal, working with Collier County to have the plan completed for the next beach renourishment permit cycle - \$200,000. (Discussion of this joint effort is scheduled for that Wednesday's regular meeting.)

Council Member Sorey noted the urgency of meeting the timeframe of the SFWMD and Big Cypress Basin grant funding with the above projects, stating the funds must be spent within the year granted. Mr. Wallace assured Council that the above plans would be ready for both basins prior to grant submittal. Council Member Price questioned the transfers line item for the current year, and Finance Director Ricardi indicated that administrative fees and self-insurance had been funded in the amount of \$150,719. Mr. Price noted that all operating costs must be reviewed in the future for additional reductions with the current economic conditions. City Manager Moss predicted that operating costs would decrease as flow improvements are completed; these measures involve cleaning stormwater lines and providing weekend staffing in rain or storm events to maintain flow into the system. However, he noted, staff would continue to seek ways in which to reduce operating costs where possible, he said. Ms. Ricardi added that she had projected the 2% to 3% operating cost increases, but Mr. Wallace stated that actual figures for this fund will reflect a decrease from \$528,000 by at least \$150,000.

Vice Mayor Taylor cautioned that the quality of life in the City is largely due to the level of service provided; this must be kept in the forefront when dictating how great a reduction in operating costs is expected by Council, she said. In response to Council Member Sulick, Ms.

Ricardi indicated that no fee increases would be implemented as the Consumer Price Index (CPI) upon which fee increases are based had not increased in April.

Technology Services (CIP / Page 102): Technology Services Director Stephen Weeks reviewed the following requests:

- Server replacement program - \$45,000;
- PC (personal computer) replacement program - \$45,000;
- Network infrastructure replacements - \$15,000; and
- Printer replacement program - \$10,000.

In response to Council Member Price, Ms. Ricardi explained that this department received its revenue from the General Fund, noting that its sizable fund balance would be utilized for the above. Mr. Weeks then explained for Council Member Sorey, who questioned the PC allocation, that this program had been somewhat deferred and that some of the units currently in use were at least five years old and warranties lapse in four years. Although Council Members Sulick and Sorey recommended scheduling of replacements to achieve the least financial impact in later years, Mayor Barnett stressed his concern that the City's technology infrastructure be maintained, especially with regard to the computers. City Manager Moss noted that the fund balance could be used without impacting the General Fund.

Ms. Ricardi added that she was currently researching a new integrated software system and that this had not been included in the program; Mr. Moss noted a possible upgrade to the City's communication system with additional information forthcoming as it becomes available.

Recess: 12:01 p.m. to 1:29 p.m. It is noted for the record that the same Council Members were present when the meeting reconvened except Council Member Heitmann, Vice Mayor Taylor and Council Member Willkomm who returned at 1:30 p.m., 1:32 p.m. and 1:57 p.m. respectively; discussion of Item 5 continued.

Beach Fund (CIP / Page 92): Community Services Director David Lykins resumed his presentation citing the annual beach access rehabilitation program at \$25,000 which involves repair/replacement of wooden walkovers, paver stone walkways and landscaping/irrigation at the City's 42 beach ends which are maintained on an as-needed basis, he said. He also noted an out-of-cycle request to the TDC (Tourism Development Council) for improvement to the interior condition of the Fishing Pier restrooms, per prior Council direction. Preliminary cost is \$50,000. In response to Council Member Sulick, Mr. Lykins stated that the City would maintain its license allowing fishing from the Pier to preclude the need for licensure by individuals called for in recent state legislation. City Manager Moss pointed out that this item, as well as others in Community Services such as replacement of park benches, would more aptly be addressed under operating costs since they involve merely maintenance and repair, not new construction.

Tennis Fund (CIP / Page 94): Director Lykins noted that the light pole replacement at the tennis facility located in Cambier Park would be staged over the coming two years at \$20,000 for each, noting that the fixtures themselves remain functional and would be reused.

CDBG (Community Development Block Grant) (CIP / Page 96): Mr. Lykins listed the following grant requests, noting that applications had been submitted:

- River Park Community Center improvements (sound system and HVAC system) - \$111,802;

- Cambridge/Perry Park (located at Fifth Avenue and Tenth Street North) improvements - \$110,000; and
- Anthony Park landscaping and parking improvements to southwest parcel (located along west side of Fifth Avenue North) - \$30,365.

In response to Vice Mayor Taylor, City Manager Moss reviewed the CDBG funding criteria, explaining that the City of Naples, as well as the City of Marco Island, would not qualify on their own and therefore Collier County had agreed to allow them to identify targeted areas that would qualify as low income areas. Collier County is then the applicant, and when funding is received, it is allocated to the appropriate municipality for qualifying projects. No City funding would be necessary for these projects, Mr. Moss pointed out.

East Naples Bay Special Taxing District (CIP / Page 64) and Moorings Bay Special Taxing District (CIP / Page 65): City Manager Moss explained that while no presentation had been prepared, \$22,000 had been budgeted for dredge plan design and the attendant referendum process for the East Naples Bay Project; construction is not anticipated until the following year.

Utilities (CIP / Page 29): Utilities Director Robert Middleton stated that his review would involve the Water/Sewer Fund (420) - \$7.457-million; Water/Sewer Construction Fund (440) - \$2.575-million; Solid Waste (no requests); and Equipment Services (CIP/Page 107) - \$40,000. He began with the Water/Sewer Construction Fund, noting that many repair and replacement items are reoccurring and are estimates based upon historical needs; Finance Director Ricardi added that she had estimated the operating costs. The projects listed under this fund were:

- Four aquifer storage and recovery (ASR) wells; and
- Golden Gate Canal (GGC) irrigation (reclaimed, reuse or alternative) water supply - \$1.3-million budgeted should property purchase be necessary; this should be known with the completion of the scheduled feasibility study in the coming year. The expansion of the irrigation system would occur following completion of this project and additional water is available. City Manager Moss noted that the 2013-14 request of \$9,857,500 should be reflected as due to this projected expansion, not the ASR wellfield. A brief discussion ensued regarding a possible easement for the raw canal water transmission main via Bear's Paw Country Club and/or Big Cypress Basin along the north side of Golden Gate Parkway, just west of Airport-Pulling Road, thereby avoiding the purchase of property by the City.

Mr. Middleton next reviewed the Water/Sewer Fund, pointing out that his presentation did not encompass all requests, however, he listed the following:

- Solana/East Naples pump station upgrades, which is a three-year project and will commence at both sites in 2010 thereby saving with regard to mobilization costs, with design completed this year - \$2,530,000 budgeted. He confirmed for Council Member Price that landscaping costs are minimal and offered to provide a complete itemization of the project when available. Mr. Middleton also noted for Council Member Heitmann that potable water is stored on both sites with additional space available at the Solana site to the south on property referred to as the Tree Farm which is under the jurisdiction of Community Services.
- Upgrades to wellfield SCADA (*Supervisory Control and Data Acquisition*) system at the water plant - \$1,530,000; and

- Sludge thickener tank lining necessary per a FDEP (Florida Department of Environmental Protection) inspection in December, 2008 - \$54,000.

With regard to water distribution, the following projects were requested:

- Repair and replacement of existing water transmission mains - \$750,000; and
- Air conditioning improvements for Utilities facility which will eliminate the continuous use of reclaimed water (at a cost of \$51,000 annually) - \$323,000. Council Member Sorey requested that Mr. Middleton calculate the additional savings in the number of gallons of the reclaimed water not used for the facility as well as sewage treatment costs for the water. Streets and Stormwater Director Ron Wallace noted that 1-million gallons of reclaimed water per day is currently used by the Riverside Circle buildings, that 10% of the water plant's capacity is dedicated to this function, and once the HVAC systems are upgraded, this water would be available for irrigation.

Mr. Middleton noted seven projects are encompassed under wastewater collection and reviewed the following:

- Wastewater Treatment Plant infrastructure repairs involving valves - \$200,000; and
- Sludge Belt Press improvements involving nylon roller replacements with the majority of the cost for their removal and installation - \$115,000. He further explained for Council Member Heitmann that the quality of the City's sludge results in a non-regulated material which a contractor removes from the site for disposal elsewhere without additional treatment.

Those not reviewed above also involve repairs and/or replacements at the Wastewater Treatment Plant as follows: Aeration Basin #1 improvements - \$100,000; pumps - \$100,000; laboratory walk-in cooler - \$32,000; scum line - \$67,000; and sludge loader - \$95,000.

Wastewater collection projects were listed as follows:

- Replacement of sewer mains, laterals and manholes - \$625,000, \$500,000 of which is for lining of the pipes;
- Sewer line television camera and equipment - \$20,000; and
- Sanitary sewer installation to Bembury Drive near the US Post Office on Goodlette-Frank Road (Area 7 of the Unsewered Master Plan) - \$125,000 for design and 12% of construction cost estimates. Council Member Sorey noted that the nearby Naples Zoo is completing engineering design plans for its removal from a septic tank system to connection with the City's sewer system. City Manager Moss stated that the Bembury neighborhood would be receiving notification of the City's project as well as an assessment for its construction.

Utilities maintenance projects were as follows:

- Replace/upgrade water well equipment annually - \$150,000;
- Replace submersible pumps annually (total of 121 sewer pump stations with pumps replaced on a rotating basis) - \$200,000; and
- Pump station conversions from wet/dry system to submersible pumps only thereby avoiding the need for maintenance staff entry into pits - \$250,000.

Solid Waste Fund has no CIP requests for the year, Mr. Middleton said, and continued with Equipment Services as follows:

- Fire suppression system upgrade over fuel storage tanks - \$40,000.

In response to Vice Mayor Taylor, Mr. Middleton explained that for the next four years, the Solid Waste Fund (Page 79) reflected purchases of refuse trucks, although none was needed for

the year under discussion. City Manager Moss confirmed for Council Member Price that the transfer line item on Page 31 (Water/Sewer Fund) reflected the PILOT (payment in lieu of taxes; see Item 6 below), administrative fees, technology, self-insurance and risk management charges.

In response to Council Member Price, City Manager Moss confirmed that the Community Redevelopment Area (CRA/Page 68) had no requested projects due to a lack of consensus of interested parties as to what projects should be brought forward for discussion. With regard to its debt service cited at \$1.4-million, Ms. Ricardi agreed that the parking garages involved \$1.051-million of that and the remainder is repayment of a prior loan from the City in the amount of \$369,000. She also confirmed that with this debt service and operating costs, available funding at year end would be \$162,928; City Manager Moss added that this amount may increase once cost saving measures are implemented. Mr. Price concluded by stating that CIP requests for the redevelopment area could be considered at a later date should the need arise. In response to Council Member Sulick, Ms. Ricardi confirmed that the projected tax revenue had been estimated and that the CIP requests projected for 2010-11 contained those which the Community Redevelopment Agency Advisory Board (CRAAB) had prioritized for 2009-10 but had been delayed.

At that time Council Member Willkomm questioned whether Council would consider a CRA meeting that Wednesday to allow an update by the Fifth Avenue South property owners group regarding the retaining of Urban Planner Andres Duany for an additional study of the area. Council Member Price noted that he believed he had requested that a CRA meeting be held prior to summer recess to allow further discussion, but City Manager Moss indicated that this had not been done due to the fact that recent reports had indicated that the property owners had decided not to move forward with this plan. Mr. Willkomm indicated that he had been informed that a meeting was to be held Tuesday for final action by the group and that a request for financial participation by the City/CRA may be in the offing; this must be addressed prior to Council's summer recess, he added. Mayor Barnett noted his recent request that the City Manager attend the applicable meetings with the Fifth Avenue group so as to keep the City abreast of its decision-making, but signing of a contract with Mr. Duany had then been delayed. Mr. Willkomm maintained however that it would be the responsible thing for the CRA to meet and consider some level of funding for this proposal. Conversely, Mr. Price stated that he had indicated at a prior meeting that this group had decided not to move forward with the study and therefore the CRA should meet and recommence its redevelopment area visioning process which had been placed in abeyance when the Fifth Avenue group had initially come forward with its proposal. In response, Mr. Moss said that every effort had been made to confirm that the group had indeed halted its process for retaining Duany's firm and had been told that the meetings were to continue. Mr. Price nevertheless pointed out that a vision for the entire CRA must be addressed at some point whether Duany is hired or not; Council decided to continue this discussion later in that meeting (see Page 17).

Council Member Price expressed concern that although tax revenues had repeatedly been projected to increase in the coming two to five years, he feared this would not be the case, noting especially the Fuel Tax projections reflected on Page 70 under the Streets Fund. How this should be addressed is the issue, he said, and City Manager Moss noted that this should occur during the budget discussions in the fall. Council Member Sorey agreed with Mr. Price.

recommending development of a philosophy with regard to projections in order to provide direction to staff in preparing the CIP and budget. Mr. Price also pointed out that history does not lend itself to providing the answers in economic conditions that have not occurred since the 1920's, suggesting that revenue projections in the future be limited to 5% growth. Council Member Heitmann added that all CIP projects should be prioritized and fund-specific. City Manager Moss pointed out that the revenue stream is somewhat fluid, noting that it would change with grant funding. Council Member Sulick recommended that the CIP have a preliminary review each February as was done this year which allowed better communication to residents as to the level of service the City could actually afford to continue, especially those funded by ad valorem tax revenue.

Vice Mayor Taylor recommended that a summary be provided of recently approved state constitutional amendments and unfunded mandates, along with their impacts upon municipal revenues, which in turn affect the level of service. The public must be educated prior to voting with regard to the eventual outcome of such legislation, she added; Council Member Price agreed.

Recess: 2:57 p.m. to 3:12 p.m. It is noted for the record that the same Council Members were present when the meeting reconvened except Vice Mayor Taylor who returned at 3:17 p.m.

PILOT POLICY.....ITEM 6
Discussion regarding the appropriate “payment in lieu of taxes” (PILOT) associated with enterprise funds, such as Utilities, Dock Fund, Tennis Fund, etc. and their payments to the General Fund for general government operations. PILOT’s are a percentage of revenue transferred from an Enterprise Fund to support general operations such as Police, Fire and Community Services. (3:12 p.m.) Finance Director Ann Marie Ricardi utilized an electronic presentation (a printed copy of which is contained in the file for this meeting in the City Clerk’s Office) during which she explained that payment in lieu of taxes or PILOT, is a mechanism by which a local government is compensated for some or all of the tax revenue that is not collected due to the ownership or use of a particular piece of real property. The City’s PILOT revenue is deposited into its General Fund in the following amounts based upon 5% to 6% of gross revenues: Water/Sewer - \$1,673,202; Solid Waste - \$388,329; and City Dock - \$107,000 which was waived for FY 2009-10. She also noted PILOF (payment in lieu of franchise fees) as contained in Resolution 91-6467 (a copy of which can be obtained in the City Clerk’s Office).

Although other scenarios can occur, normally in local government, it is the enterprise funds (*a fund established to account for operations that are financed and operated in a manner similar to private business enterprises with the intent that full costs of providing goods and/or services be financed primarily through charges and fees thus removing the expenses from the tax rate*) which are charged, she said, although currently only the Water/Sewer and Solid Waste Funds are assessed a PILOT as above noted. She concluded by providing her recommendation for amendment of the City’s financial policy (08-12140 – available in the City Clerk’s Office) as follows:

“It is the policy of the city to charge PILOT to specified enterprise funds at 5.0% to 6.0% of gross revenues as calculated by the Finance Department.

Specified Enterprise Funds are those which:

- 1) compete against private enterprise; or
- 2) establish user rates that are significantly controllable by the user; that is, the user can either choose to use the service or not, or the user can choose the level of use. In the City, this would include the Water/Sewer and Solid Waste Funds. As long as the Beach, City Dock, and Tennis facilities remain open to the public, the City will exempt them from PILOT.”

In response to Council Member Sulick it was clarified that because annual membership at the Tennis Center is not mandatory, daily play rates are offered and play is open to the public, therefore PILOT is not applicable; in addition, because the City Dock is deemed a tourist destination similar to the Fishing Pier, it is treated likewise. With regard to the City Dock, however, Mrs. Sulick disagreed, saying that this facility is unique in that it competes with other marinas; therefore, the expenses such as those incurred for the submerged land lease, insurance, liability, electric and maintenance for the slips, as well as restrooms, should place it in an entirely different category than that of the Fishing Pier. The aforementioned expenses are incurred to benefit a few, not the general public, she added. Vice Mayor Taylor stated that she believed the City Dock to be one of the vital factors of the character and branding of the City and Naples Bay. Council Member Heitmann pointed out that she believed subsidizing the parks and recreation facilities is proper as they benefit the community, that while many private clubs exist, not all residents are able to afford them. Community Services Director David Lykins said that the goal of the City with regard to rates for its services and amenities has always been affordability, adding that prior to the construction of the current Tennis Center, the facility had been fully subsidized by the City. With regard to the City Dock rental slips, he explained that a survey had been undertaken in 2007 of the local market and the new fees were developed with the City's rental fee in the low range of the survey's reported fees.

Ms. Ricardi noted that her proposed policy could be revisited each year should the economy improve to the point where the Tennis and City Dock Funds generate adequate revenue to allow PILOT transfers. Council Member Price expressed concern with regard to overall fairness of this practice, but City Manager Moss explained that the practice is not uncommon and, like municipalities which own electric utilities, the City has experienced lower taxes by operating its water, sewer and solid waste utilities. Council Member Sorey agreed, stating that the PILOT / PILOF were ways in which to avoid increasing the millage rate. Mr. Price however said that he could not understand why the Stormwater Fund is not therefore charged a PILOT. Mr. Sorey suggested that each City service be reviewed annually as to the taxes which would be levied should that entity be privately owned and operated; on a yearly basis Council would then decide how much, if any, PILOT would be levied to each and the public should be made aware exactly to what degree each is being subsidized, he added. Should this not be done, he said, then no PILOT should be paid and the millage rate increased to generate revenue its equal. Council Member Heitmann agreed with this suggestion, pointing out the prior discussion as the reason Naples has one of the lowest millage in the state. Vice Mayor Taylor stated that while she recognized the logic of Mr. Sorey's proposal, she also supported staff's position that the City Dock and Tennis Funds should be exempt due to the fact that both are tourist attractions and destinations.

Ms. Ricardi cautioned that the General Fund is considered a governmental entity and therefore could not be charged a PILOT, although confirming for Council Member Sorey that parks and recreation services could in fact be designated an enterprise fund and its revenue used to subsidize the City Dock and Tennis Funds. Council Member Price further noted that the PILOT funding is nevertheless subsidizing those activities in the City which are not efficient and realizing a profit; each department must be accountable and more transparency afforded the taxpayer, he said.

An alternative to PILOT charges, Mr. Price stated, would be each department operating on its own with Council determining subsidies needed on a yearly basis, raising the millage rate if needed. City Manager Moss pointed out that most City activities could however not be considered enterprises, noting the Police and Fire Department whose only revenue source is ticketing of violations. In response to Mr. Price, Mr. Moss explained that the Stormwater Fund, not being a business model, should be considered a special revenue fund, not an enterprise. Council Member Sulick further pointed out that the amount of stormwater entering the system cannot be controlled whereas the Water/Sewer and Solid Waste Funds can be monitored and somewhat controlled in their use. Ms. Ricardi added that there is nothing that can be done to generate additional revenue from the Stormwater Fund, although it pays its share of administrative and risk management fees.

Council Member Price maintained his opposition to the proposed policy as well as to the PILOT itself unless applied to all departments. Council Member Sorey stated that the situation should remain as is until the issue could be revisited following review of the annual budget, citing as especially important transparency regarding the real cost of services provided by the City. In response to Council Member Heitmann, Mr. Price confirmed that he would support Mr. Sorey's recommendation.

Council Member Sulick noted Collier County's practice of a line item on its tax bills for parks and recreation; City Manager Moss indicated that the City could, in the future, develop a citywide taxing district similar to this thereby generating revenue for such services.

In response to Council Member Price, Ms. Ricardi confirmed that the proposed fiscal policy is necessary to clarify the decision to subsidize the City Dock Fund during the next audit.

Consensus to adopt recommended policy with further discussion in October to consider alternatives / 4-3 (Price, Sorey and Heitmann dissenting).

Recess: 4:28 p.m. to 4:35 p.m. It is noted for the record that the same Council Members were present when the meeting reconvened.

DISCUSSION OF MAXIMUM MILLAGE RATE.....ITEM 8

The City Manager is required to provide to the Collier County Tax Collector the maximum millage rate applicable to City property taxes for the year 2009. City Council will discuss and determine the maximum millage rate. Finance Director Ann Marie Ricardi utilized an electronic presentation (a printed copy of which is contained in the file for this meeting in the City Clerk's Office) for review of information contained in her memorandum dated June 1 (Attachment 2). This material involves confirmation of the maximum millage rate for the City's TRIM (Truth in Millage) notices prepared in conjunction with tax notices from various other local jurisdictions. This provides notice that the City's millage rate will not exceed the proposed

City Council Workshop Meeting – June 15, 2009 – 8:30 a.m.

rollback rate unless a separate notice is mailed via first class to all taxpayers. The rollback rate of 1.2194 is the millage necessary to provide the same ad valorem tax revenue as was levied during the prior year. In response to Council Member Price, she confirmed that the aforementioned rollback rate would generate General Fund revenue of \$18,103,873, a slight increase of \$287,718 over the prior year due to new construction and annexations. Should Council approve the rollback rate, a \$2.5-million cost reduction would be required as reflected in the strategy which follows:

GF Employee Wages, Furloughs etc	800,000	
Reduce Pension Costs	300,000	
Police & Fire 5 Vacant Positions	400,000	5.0
Community Services/Reorg	550,000	8.0
Delete 7-8 positons		
Reduce Rec Center hours		
Reduce outsourced contracts		
Delete 2 positions in Clerks Office	100,000	2.0
Delete 1.5 in Other Admin Positions	160,000	1.5
Reduce R&A Legal	40,000	
Reduce Self Insurance Contribution	200,000	
Reduce Technology Expenses	100,000	
	2,650,000	16.5
	<hr/>	
Reductions From Prior Page	2,650,000	16.5
Increase Telecommunications Tax	900,000	
Total	<hr/> 3,550,000	

Should Council wish to support the rollback rate, she said, a simple majority is needed; however a two-thirds majority is required for 110% of the rollback rate and an unanimous vote for anything higher. Revenue estimates were not yet available and not expected until late June. During the April 13 Council workshop meeting, Ms. Ricardi said, preliminary plans expected a \$2.5- to 5-million deficit; utilizing the rollback rate, the \$2.5-million deficit should be met with the implementation of the above strategy.

During a brief review of other applicable millage rates (see Attachment 2), Ms. Ricardi noted that final approval would occur in the fall.

In response to Council Member Price, Ms. Ricardi explained that new construction figures are provided by the Property Appraiser's Office as reflected on the City's DR-420 (Attachment 3, Line 5) in the amount of \$287,397,052; this amount is impacted by the Community Redevelopment Area (CRA) property values which decreased by 10.05% as compared to the citywide 6% decrease. Mr. Price continued by pointing out that the presentation had reflected nearly a 10% decrease in employee cost and compensation, which more than meets the Blue Ribbon Financial Planning Committee's (BRFPC) recommendation of a 10% millage increase should a 5% decrease in this area be met. Ms. Ricardi indicated that the proposed rollback rate increase amounted to 7.7%.

Consensus to use roll back rate on DR420 Truth in Millage (TRIM) notice (5-2 Price and Willkomm dissenting).

In response to City Manager Moss, the consensus reflected below was also forthcoming.

Consensus to proceed with City Manager’s reduction strategy prior to adoption of the budget in the fall (6-1 / Heitmann dissenting).

ADMINISTRATIVE FEE CHARGES POLICYITEM 7

Administrative fees are General Fund expenses required to support Enterprise Funds, such as Insurance, Management Finance and Human Resources expenses. Discussion will review current policy and determine appropriate policy for administrative fee charges. Finance Director Ann Marie Ricardi utilized an electronic presentation (a printed copy of which is contained in the file for this meeting in the City Clerk’s Office) explaining that currently a modified step allocation method is used to determine the amount of administrative fees. This is a method of cost recovery related to services performed by the General Fund for other city funds so that full costs are reflected in the other funds’ operating expenses. She noted that meter readers for FY 2009-10 will be charged directly to the Water/Sewer Fund for which they provide services, that while formerly they had been a part of the administrative charges, their ancillary charges such as for vehicles, meter reading equipment, etc., would become a direct charge while the employees remain under the Finance Department, she said.

Ms. Ricardi briefly reviewed a Daytona Beach policy in this regard, noting its complexity. Furthermore, she said, due to Council comments also regarding the complexity of the current local administrative fee policy, a proposed new policy would simplify the 18 pages of calculations and be based upon the following:

- The number of employees per fund (applies to City Manager’s Office, Facilities Maintenance, Human Resources and Accounting/Finance Departments);
- Size of the fund’s budget (applies to Legal, Mayor’s Office, City Clerk’s Office, and Audit/Purchasing/Accounts Payable / and Budget Areas); and
- Number of HTE billing customers of fund (applies only to Water/Sewer, Solid Waste and Stormwater Funds).

Following brief examples of the above Ms. Ricardi noted the proposed policy as: “The city will establish an indirect cost allocation plan to charge all operating funds of the City where it is legal (Moorings Bay/East Naples Bay Taxing Districts are exempt). The city will use either a modified single rate method or step allocation method to fairly cover the overhead and administrative costs of the General fund that provides service to non-general fund departments. Council and the departments will have the opportunity to review all charges annually and Council may determine exemptions or reductions for a public purpose. The cost allocation methodology should be reviewed every odd-numbered year.”

It is noted for the record that Vice Mayor Taylor left at 5:14 p.m. and did not return.

The formula also represents a reduction in the administrative charge, Ms. Ricardi concluded. She further confirmed for Council Member Price that the administrative fee is actually in response to services provided to administer those funds not included within the General Fund; the fees would then be calculated by the various departments for their services as reflected above.

Consensus to approve proposed formula (6-0 / Taylor absent).

BRIEFING BY CITY MANAGER.....ITEM 9

City Manager William Moss noted the report contained in the file for this meeting in the City Clerk's Office following which Mayor Barnett referenced an email from Lou Vlasho representing the Fifth Avenue South property owners which had been received that day (Attachment 4). A brief recess was called to allow Council Members to review the document.

Recess: 5:23 p.m. to 5:25 p.m. It is noted for the record that the same Council Members were present when the meeting reconvened.

Council Member Price, also Chair of the Community Redevelopment Agency (CRA), explained that the above referenced email had been in response to Council Member Willkomm's earlier request that a CRA meeting be scheduled that Wednesday (see Page 11) to allow an update which would include the outcome of the meeting scheduled on June 16th by the Fifth Avenue South property owner group intending to retain Urban Planner Andres Duany for further study. (It is noted for the record that Mr. Duany had drafted the original Fifth Avenue South Plan.) Mr. Price stated that he had concern with regard to the lateness of the request and noted his conversation the prior week with one of the property owners who had indicated that the group had decided not to move forward with the study. Mr. Willkomm clarified that he merely wished Council to have the opportunity to further discuss this issue at that week's regular meeting, not necessarily to take action. In response to Mr. Price, City Manager William Moss pointed out that the CRA bylaws required due notice, usually three days, prior to a meeting; City Clerk Tara Norman agreed. Mr. Price then recommended that an item be added to that week's regular meeting agenda to allow an update and discussion; Mayor Barnett cautioned that no action should be taken by Council.

In response to Council Member Heitmann, Mr. Moss confirmed that should the group approach him over the summer for financial participation, awarding of a contract and an agreement would be necessary and therefore he would be unable to approve such an action on his own. Council Member Sorey stated that he would support the item being heard, and should Council deem it necessary, to take action with regard to funding. This should however be done with the caveat that the CRA would take action following summer recess to reimburse the City; Mr. Willkomm agreed.

Consensus that item be added to that week's regular meeting agenda although no action would be taken (4-2 / Sorey and Willkomm dissenting, indicating their support for action also being taken; Taylor – absent).

REVIEW OF ITEMS ON 06/17/09 REGULAR MEETING AGENDA.....ITEM 10

Consensus to add Item 27 (Fifth Avenue South property owners group presentation / see Item 9 above) (6-0 / Taylor absent).

Consensus that no action be taken regarding Item 27 (4-2 / Willkomm and Sorey dissenting / Taylor absent).

City Manager William Moss indicated that he would email Lou Vlasho, representing the group, confirming the above actions; Council Members would receive a copy of the email prior to that Wednesday's meeting.

CORRESPONDENCE / COMMUNICATIONS

(5:37 p.m.) Council Member Willkomm noted that federal corporate tax receipts as of May had fallen 61% as compared to the prior year; this supports the recent actions taken by Council with regard to budgetary issues, he said. Council Member Heitmann expressed concern that no CRA (Community Redevelopment Agency) meeting had been scheduled prior to the Council's summer recess and questioned when a representative of the NAA (Naples Airport Authority) would jointly meet with Council with regard to revenue sources. Mayor Barnett indicated that the NAA had agreed to sometime in September.

ADJOURN

5:44 p.m.

Bill Barnett, Mayor

Tara A. Norman, City Clerk

Minutes prepared by:

Vicki L. Smith, Technical Writing Specialist

Minutes Approved: 08/19/09

Potential Funds Available - Public Service Tax Fund						
	BUDGET	2009-10	2010-11	2011-12	2012-13	2013-14
Projected Unrestricted Net Assets 9/30/09		4,500,000				
Projected Revenue Sources						
Ad Valorem Taxes	577,853	582,704	589,176	589,784	594,528	593,405
CRA Debt Garage 1	430,065	435,357	445,013	439,581	443,054	446,349
CRA Debt Garage 2	625,000	621,943	622,520	622,492	622,857	623,112
Electric Public Service Tax	2,185,000	2,300,000	2,350,000	2,350,000	2,350,000	2,350,000
Propane Tax	185,000	155,500	150,000	150,000	150,000	150,000
Other Public Service Taxes	22,001	16,000	15,000	15,000	15,000	15,000
Special Assessment Repayments (West Naples)	146,000	85,000	85,000	85,000	65,000	65,000
Transfer in CRA repayment	147,572	147,572	21,024	20,124	0	0
Interest	74,000	35,000	20,000	20,000	20,000	20,000
Total Ongoing Revenue Sources	4,392,491	4,379,076	4,297,733	4,291,981	4,260,439	4,262,866
Additional Sources						
Grants	318,500	20,000	0	0	700,000	0
Total Additional Sources	318,500	20,000	0	0	700,000	0
Committed Expenditures						
Bonded Ad Valorem/ General Obligation Debt	579,600	582,704	589,176	589,784	594,528	593,405
Bonded Debt/PST 93/01	911,193	974,518	975,998	976,135	979,295	981,258
Administrative Chargebacks	201,674	170,000	170,000	170,000	170,000	170,000
Transfer to the Streets Fund	500,000	500,000	500,000	500,000	500,000	500,000
Transfer to the General Fund for Operations	670,000	670,000	580,000	490,000	400,000	300,000
CRA Debt Garage 1	409,436	435,357	445,013	439,581	443,054	446,349
CRA Debt Garage 2	625,000	621,943	622,520	622,492	622,857	623,112
Committed Expenditures	3,896,903	3,954,522	3,882,707	3,787,992	3,709,734	3,614,124
Net Available for CIP (excluding fund balance)	814,088	444,554	415,026	503,989	1,250,705	648,742
CIP Requests (from list above)	2,224,025	834,500	2,317,085	1,777,720	1,521,400	590,785
Use (-) or increase of fund balance	(1,409,937)	(389,946)	(1,902,059)	(1,273,731)	(270,695)	57,957

City of Naples



NAPLES CITY COUNCIL AGENDA MEMORANDUM

Workshop Meeting Date: June 15, 2009

Agenda Item: 8	Prepared By: Ann Marie S. Ricardi, Director Date: June 1, 2009	Department: Finance
SUBJECT: Discussion of the 2009-10 Millage rate, with direction to City Manager for maximum millage.		
BACKGROUND: Florida State Statutes (Chapter 200.065) requires the City Manager to certify the maximum millage rate by August 1. The maximum rate represents the millage rate that will be published in the TRIM notice in August. The City will not be able to exceed this rate in its adopted budget without sending out a separate First Class notice to all taxpayers. City has four millage rates: <ul style="list-style-type: none"> ▪ Current Operating Millage is 1.1315 ▪ Moorings Bay is 0.0220 ▪ East Naples Bay is 0.4702 ▪ Debt Millage for Naples Preserve is 0.0348 and will be based on outstanding debt to property value Consistent with City Council consensus developed during the Workshop meeting of April 13, and in recognition of the tentative taxable value as determined by the Collier County Property Appraiser, the maximum Operating Millage is proposed to be set at the rollback rate (1.2200). The recommended maximum millage rate for Moorings Bay will be the rollback rate of 0.0237. East Naples Bay's rollback rate is 0.5766, but their enabling legislation established a maximum of 0.5000. The debt for Naples Preserve will be established at the rate required to pay the debt, or approximately 0.378. The proposed operating budget is under development and will be presented for City Council review and discussion at a Budget Workshop meeting on August 17, 2009. The attached PowerPoint presentation includes a "roll-back" rate strategy. The strategy is similar to the \$2.5 million reduction strategy provided to City Council on April 13, 2009. The strategy is dependent upon successful negotiations with collective bargaining units and may change in the specific details. For instance, staffing levels may change slightly due to program and service level considerations (i.e. Outsource After-School Program). The goal is to provide to City Council a balanced General Fund budget, at the roll-back rate, without use of the General Fund Balance. As of this date, the projected General Fund reductions total \$2,650,000. However, this amount may change as the budget preparation continues. Unless City Council determines otherwise, the City Manager intends to implement expenditure reduction strategies prior to the Workshop meeting of August 17, 2009.		
Reviewed by Department Director Ann Marie Ricardi	Reviewed by Finance N/A	Reviewed by City Manager A. William Moss
City Council Action:		



ESTIMATED JUNE 1ST TAXABLE VALUE AS PER FLORIDA STATUTE 200.065(8)

DR-420
R. 4/09

Year	2009	County	COLLIER
Principal Authority	CITY OF NAPLES	Taxing Authority	GENERAL FUND (CITY OF NAPLES) 8

SECTION I: COMPLETED BY PROPERTY APPRAISER.			
1.	Current year taxable value of real property for operating purposes	\$	15,830,272,300 (1)
2.	Current year taxable value of personal property for operating purposes	\$	421,922,320 (2)
3.	Current year taxable value of centrally assessed property for operating purposes	\$	0 (3)
4.	Current year gross taxable value for operating purposes (Line 1 plus Line 2 plus Line 3)	\$	16,252,194,620 (4)
5.	Current year net new taxable value (Add new construction, additions, rehabilitative improvements increasing assessed value by at least 100%, annexations, and tangible personal property value over 115% of the previous year's value. Subtract deletions)	\$	287,397,052 (5)
6.	Current year adjusted taxable value (Line 4 minus Line 5)	\$	15,964,797,568 (6)
7.	Prior year FINAL gross taxable value (From prior year applicable Form DR-403 series)	\$	17,246,749,629 (7)
8.	Does the taxing authority include tax increment financing areas? If yes, enter number of worksheets (DR-420TIF) attached. If none, enter 0.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Number 1 (8)
9.	Does the taxing authority levy a voted debt service millage or a millage voted for 2 years or less under s. 9(b), Article VII, State Constitution? If yes, enter the number of forms DR-420DEBT, Certification of Voted Debt Millage for each debt service levy.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Number 0 (9)

SIGN HERE	Property Appraiser Certification	I certify the taxable values above are correct to the best of my knowledge.	
	Signature of Property Appraiser	Date	05/27/2009

SECTION II: COMPLETED BY TAXING AUTHORITY			
If this portion of the form is not completed in FULL your authority will be denied TRIM certification and possibly lose its millage levy privilege for the tax year. If any line is not applicable, -0-			
10.	Prior year operating millage levy (if prior year millage was adjusted then use adjusted millage form Form DR-422.)		per \$1,000 (10)
11.	Prior year ad valorem proceeds (Line 7 multiplied by Line 10 divided by 1,000)	\$	(11)
12.	Amount, if any, paid or applied in prior year because of an obligation measured by a dedicated increment value (Sum of either Line 6c or Line 7a of all DR-420TIF forms)	\$	(12)
13.	Adjusted prior year ad valorem proceeds (Line 11 minus Line 12)	\$	(13)
14.	Dedicated increment value, if any (Sum of either Line 6b or Line 7e for all DR-420TIF forms)	\$	(14)
15.	Adjusted current year taxable value (Line 6 minus Line 14)	\$	(15)
16.	Current year rolled-back rate (Line 13 divided by Line 15, multiplied by 1,000)		per \$1,000 (16)
17.	Current year proposed operating millage rate		per \$1,000 (17)
18.	Total taxes to be levied at proposed millage rate (Line 17 multiplied by Line 4, divided by 1,000)	\$	(18)

Continued on page 2

DR-420
R 4/09
Page 2

19.	TYPE of principal authority (check one)	<input type="checkbox"/> County	<input type="checkbox"/> Independent Special District	(19)
		<input checked="" type="checkbox"/> Municipality	<input type="checkbox"/> Water Management District	
20.	Applicable taxing authority (check one)	<input type="checkbox"/> Principal Authority	<input type="checkbox"/> Dependent Special District	(20)
		<input type="checkbox"/> MSTU	<input type="checkbox"/> Water Management District Basin	
21.	Is millage levied in more than one county? (check one)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	(21)
DEPENDENT SPECIAL DISTRICTS AND MSTUs:  STOP HERE - SIGN AND SUBMIT				

22.	Enter the total adjusted prior year ad valorem proceeds of the principal authority, all dependent special districts, and MSTUs levying a millage. (The sum of Line 13 from all DR-420 forms)	\$	(22)
23.	Current year aggregate rolled-back rate (Line 22 divided by Line 15, multiplied by 1,000)	per \$1,000	(23)
24.	Current year aggregate rolled-back taxes (Line 4 multiplied by Line 23, divided by 1,000)	\$	(24)
25.	Enter total of all operating ad valorem taxes proposed to be levied by the principal taxing authority, all dependent districts, and MSTUs, if any. (Total of Line 18 from all DR-420 forms)	\$	(25)
26.	Current year proposed aggregate millage rate (Line 25 divided by Line 4, multiplied by 1,000)	per \$1,000	(26)
27.	Current year proposed rate as a percent change of rolled-back rate (Line 26 divided by Line 23, minus 1, multiplied by 100)	%	(27)

First public budget hearing	Date	Time	Place
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SIGN HERE	Taxing Authority Certification	I certify the millages and rates are correct to the best of my knowledge. The millages comply with the provisions of ss. 200.065 and 200.071 and 200.071 or 200.081, F.S.	
	Signature of Chief Administrative Officer	Date	
	Title	Contact Name	
	Mailing Address	Physical Address	
	City, State, Zip	Phone Number	Fax Number

Instructions on page 3

Ann Lynch

From: louvlasho@comcast.net
Sent: Monday, June 15, 2009 4:09 PM
To: Bill Moss
Cc: Russell Adams
Subject: CRA Meeting Wednesday June 17

Bill,
Please pass this message on to City Council--

I was watching today as Councilman Bill Willkomm requested a CRA meeting be scheduled for Wednesday, June 17, 2009.

The purpose of this meeting is

-To receive a report from the Fifth Avenue Property Owners re the proposed Duany (DPZ) study.

-Consider, if requested, joining in the funding of this project

Property Owners are meeting tomorrow, Tuesday June 16th, to finalize plans.

A special effort to have as many of the property owners present as possible is being made.

We are behind in our original schedule and it is critical that we move forward as quickly as possible.

The current thinking, which should be confirmed tomorrow, is to have Duany here in July or August.

We understand that some Council Members may be out of the City, but the current situation requires that we get the study and recommendations done ASAP. Every attempt will be made to get all Council members' input during Duany's Project.

Jim Smith and I will represent the Property Owners at the meeting.

Lou Vlasho

06/15/2009