



City of Naples

City Council Chamber
735 Eighth Street South
Naples, Florida 34102

City Council Workshop Meeting – June 11, 2012 – 8:29 a.m.

Mayor Sorey called the meeting to order and presided.

ROLL CALL..... ITEM 1

Present:

John F. Sorey III, Mayor
Gary Price, II, Vice Mayor

Council Members:

Bill Barnett
Douglas Finlay
Teresa Heitmann (arrived 8:36 a.m.)
Samuel Saad, III
Margaret Sulick

Also Present:

William Moss, City Manager
Robert Pritt, City Attorney
Roger Reinke, Assistant City Manager
Vicki Smith, Deputy City Clerk
Robert Middleton, Utilities Director
Stephen Weeks, Technology Services Director
Anthony Myers, GIS Manager
Ann Marie Ricardi, Finance Director
Kathleen Hankins, Budget & Investment Manager
David Lykins, Community Services Director
Gregg Strakaluse, Streets & Stormwater Director
Roger Jacobsen, Code & Harbor Manager

Thomas Weschler, Police Chief
Stephen McNerny, Fire Chief
Larry Bacci, Fire Marshal
Joseph Berko, Deputy Building Official
Paul Bollenback, Building Services Director
Henry Kennedy
Marvin Easton
Dolph Von Arx

Media:

Other interested citizens and visitors.

ANNOUNCEMENTS..... ITEM 2

(8:30 a.m.) None.

SET AGENDA ITEM 3

MOTION by Barnett to ***SET THE AGENDA*** as submitted, except Item 6 to be heard during Item 5 prior to Fire Department CIP; seconded by Saad and carried 6-0 (Barnett-yes, Finlay-yes, Heitmann-absent, Price-yes, Saad-yes, Sulick-yes, Sorey-yes).

PUBLIC COMMENT ITEM 4

(8:31 a.m.) None.

It is noted for the record that Council Member Heitmann arrived at 8:36 a.m. during consideration of Item 5 below.

..... ITEM 5

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AND DISCUSSION OF MAXIMUM MILLAGE RATE. A Five-Year Capital Improvement Program (CIP) is developed each year. The CIP projects revenues for each of the City’s funds, projects operating expenditures,

and determines availability of funds for replacement of capital equipment and infrastructure improvements. These include: vehicles and construction equipment, water and sewer utility projects, landscaping, park improvements, storm drainage improvements, firefighting equipment, buildings, street resurfacing, etc. The upcoming proposed Fiscal Year 2012-13 budget will incorporate the first year of the Five-Year CIP. Presentations will summarize proposed expenditures for each department. Additionally, City Council will discuss a tentative millage rate to be used to calculate property taxes for the year 2012, and an overall General Fund budget strategy. Thereafter, the operating budgets will be prepared for review by City Council in August. (It is noted for the record that a copy of the aforementioned CIP document is contained in the file for this meeting in the City Clerk's Office.)

City Manager William Moss provided an overview of the Five-Year CIP and a summary of proposed budget considerations as outlined in his memorandum dated June 6 (Attachment 1).

Finance Director Ann Marie Ricardi provided background information regarding the CIP, and reviewed the list of proposed projects for all funds (Attachment 2), noting the five year total of \$84,549,494, of which the 2012-13 requests are \$26,349,040.

Finance Director Ricardi then reviewed the Finance Department CIP, which included a request to replace the City's SunGard/HTE legacy software. The software is utilized by other departments and integrates most functions, i.e. payroll/personnel, accounting/budget, purchasing, utility billing, fixed assets, work orders, planning, codes, tickets, and permits. Requests for bids were issued in March and there were four responses. It was determined that two of the vendors, SunGard/HTE and Tyler Munis, met the necessary requirements for the City, both of which subsequently made presentations to a review committee along with other employees. The group subsequently determined that Tyler Munis was the better product to meet the City's needs; however, the front-end costs are much higher. If Council concurs, a full presentation and contract will be presented in August, she said. In response to Vice Mayor Price, City Manager Moss explained that currently \$500,000 is available in the Public Service Tax Fund for this purchase.

In response to Council Member Finlay, Ms. Ricardi confirmed that historically, the difference between estimated taxable values and actual values have been consistent; if there is a significant change, the Florida Statutes would allow the City to adjust the millage rate. She then noted current millage rates:

- General Fund – 1.1800;
- Moorings Bay – 0.0252;
- East Naples Bay – 0.500 (maximum); and
- Debt millage for Naples Preserve - 0.0426 based on outstanding debt to property value.

Ms. Ricardi then reviewed preliminary property values and estimated taxable values in conjunction with millage rate options, general fund sustainability, and budget strategies. She further noted that the preliminary balanced budget is to be presented to Council on August 20, followed by subsequent budget workshops and hearings. In response to Vice Mayor Price concerning the general fund sustainability, she confirmed that the total reserves (both emergency and unassigned) are \$19-million. Mayor Sorey noted that the millage rate discussion was scheduled at the end of that meeting.

City Council Workshop Meeting – June 11, 2012 – 8:29 a.m.

Technology Services Director Stephen Weeks reviewed the proposed budget for Technology Services which totals \$557,866. In response to Mayor Sorey, Mr. Weeks explained that a device is being considered for police mobile units that connects all on-board equipment instead of paying a monthly fee for WiFi. Vice Mayor Price suggested a future discussion during the next budget cycle with Collier County, various fire districts, and the school system concerning co-purchasing and co-locating equipment, including storage capabilities, instead of each agency continuing to purchase their own equipment and services. Mayor Sorey suggested discussing this during the current budget cycle instead. Mr. Weeks then noted viewing a recent e-mail from the State of Florida concerning assembling a group of individuals to make purchases, and Mayor Sorey requested that City Manager Moss research the matter and return to Council with conclusions for further consideration. Director Weeks pointed out that the \$25,000 budgeted for e-mail archiving will be reviewed again next year as the e-mail program currently appears to be operating without error.

GIS Manager Anthony Myers reviewed the GIS AVL (Automatic Vehicle Location) System portion of the Technology Services budget, which includes GPS (Global Positioning System). The intent is to upgrade the existing AVL system to 201 vehicles referred to as the external option. Staff also considered the internal solution (referred to as the ESRI Tracking Server) with a comparison over a five year period. Year one of the internal option is at a higher cost primarily for the purchase of equipment for the vehicles. The internal option would result in a cost savings over a five-year period of \$169,404 as it eliminates the hosting fee and the requirement to use a data plan specific to the vendor, Mr. Myers concluded. In response to various Council Members, City Manager Moss explained that this system would be utilized in the majority of City vehicles, but not all due to monthly technology cost of \$7.00 per vehicle. The Fire Department purchased the necessary software to allow Dispatch to track fire apparatus; however, the Police Department did not; any supervisor can track other vehicles from their own vehicle, he added. Mr. Moss then recommended moving forward with the current proposal since supervisors are able to track other vehicles from their own, or anyone else who has access to the necessary codes. Additional capabilities could be presented for Council consideration in the future, he added. Manager Myers confirmed for Vice Mayor Price that the monthly \$50.00 charge for police and fire vehicles results from the additional equipment required to operate the necessary data plans. Mr. Moss confirmed that this proposal would not duplicate anything resulting from a future integration with the Collier County Sheriff Department's software. In response to Council Member Heitmann, Mr. Moss explained that City staff determined that the cost for the vehicle location equipment is beneficial, noting that the Solid Waste Department eliminated one entire route, truck, and personnel by analyzing the routes through this type of system; the proposed system will have greater capabilities.

Council Member Saad noted that he opposed the Storage Area Network.

***Consensus to move forward with Technology Services budget of \$557,866
(Saad dissenting).***

Utilities Director Robert Middleton reviewed the CIP budget for Utilities, which includes the Water Sewer Fund (\$14.036 million); this Fund encompasses Water Production, Water Distribution, Waste Water Treatment, Waste Water Collections, Utilities Maintenance, and the Integrated Water Resource Plan. It also includes the Solid Waste Fund (\$970,000). Director Middleton pointed out there was no capital funding programmed for Equipment Services for the next fiscal year.

City Council Workshop Meeting – June 11, 2012 – 8:29 a.m.

In response to Council Member Sulick, Mr. Middleton explained that the Golden Gate Boulevard raw water main had been constructed in the early 1970's when the City's wells were installed. Council Member Finlay questioned whether the City could obtain a share of the impact fees from Collier County in conjunction with the Golden Gate Boulevard expansion since it **is** driven by the County's growth. City Manager Moss however explained that the City had previously agreed to relocate its line upon expansion of the road. Director Middleton further said that the existing pipes are integrated within the current bridge structure, and that the project would expose them, making them vulnerable to flooding. The recommendation from the Big Cypress Basin Board is to increase the height of the pipe; Mayor Sorey however suggested that Council consider other alternatives. Director Middleton also provided clarification on the costs for various items such as the vacuum press replacement, water transmission mains, air blowers, and pump station rehabilitation

After confirming an estimated total cost of nearly \$3-million, Vice Mayor Price reiterated his lack of support for the recycling transfer station project. Director Middleton explained that the development is not merely the building, but involves road infrastructure, water and sewer lines and parking lots. Council Member Heitmann said she also had concerns about the project cost. In addition, she noted she opposed the delay in the conversion of the Bembury neighborhood to the City's sewer system.

Consensus to move forward with the Water and Sewer Fund capital budget.

Consensus to move forward with the Solid Waste capital budget (Price and Heitmann dissenting).

Recess: 10:32 a.m. – 10:42 a.m. It is noted for the record that the same council members were present when the meeting reconvened.

Building Services Director Paul Bollenback pointed out that the Building Department funded the construction of the structure in which it, as well as some other City departments, are currently housed. He then reviewed the CIP budget for the Building Department, the total of which is \$105,000. In particular, he noted a request for two additional vehicles, necessitated by a recent increase in single-family development. He also requested funding for the enhancement of lobby lighting in order to improve visibility, and for the enhancement of building inspector furniture in order to reduce background noise and improve productivity. In order to minimize the electrical cost of the department, Director Bollenback expressed willingness, as a type of experiment, to install a solar photovoltaic system. He asserted that he would monitor the system, noting that it could be expanded if proven successful. Lastly, he requested disaster recovery software, which he said would help staff to provide a more timely response after an incident.

Mayor Sorey expressed doubt regarding an effective cost recovery with respect to the solar photovoltaic system; after a brief discussion, Council concurred.

Consensus to move forward with the Building Department capital budget except for the solar photovoltaic system.

Finance Director Ann Marie Ricardi stated that there are two separate projects requested in the Naples Beach Fund, for a total cost of \$296,700. The first is the replacement of four beach patrol portable ticket writers. These units, which are over 10 years old, are at the end of their projected life span, and have required a number of repairs over the past year. They will be procured competitively per City policy; the pricing is estimated at \$5,000 per unit. Ms. Ricardi then explained that staff had previously brought to Council a proposal to replace the current beach end parking meters with auditable type units. Pursuant to staff meetings, however, it was decided that some beach ends would be better suited to a pay by space station. This kind of unit, which could accept a credit card or dollar bill for payment, is also tamper resistant and auditable. Staff surveyed all of the City beach ends, and made recommendations for meters

City Council Workshop Meeting – June 11, 2012 – 8:29 a.m.

based on the layout of the particular site and the number of available parking spaces. The estimated cost for the entire project is \$340,000, which would add 16 pay by space stations at suitable beach ends and 472 replacement meters for the smaller beach ends. In particular, she noted there would be two additional pay by space stations at the Fishing Pier and Lowdermilk Park, which would be convenient for its multiple users. Ms. Ricardi further noted that the Beach Fund has \$60,000 in available funding for the current year, but that Council could however appropriate the balance of \$280,000 for full project implementation.

Mayor Sorey expressed support of the proposal, noting citizen complaints concerning the individual parking meters that require quarters. Council Member Sulick noted concern with beachgoers parking on Broad Avenue and on Tenth Avenue South instead of using metered spaces. City Manager Moss noted a suggestion to fit individual meters with the ability to accept credit cards, but said this would increase operational costs. This cost may, however, be offset as users would likely buy additional time. Although saying he agreed with some upgrades, Vice Mayor Price expressed concern over the \$340,000 project cost. Council Member Saad asked that staff research other cities to perform a cost analysis regarding increases in revenue, and decreases in ticket writing expenses. City Manager Moss said he could also provide maintenance costs for the new units, but that with parking revenues currently at \$650,000 per year, the return on investment should be substantial.

Consensus to move forward with the Naples Beach Fund capital budget with staff to return with additional information on cost.

Community Services Director David Lykins presented the Community Services budget noting that with few exceptions, the department had routine requests for annualized levels of effort required. Director Lykins gave specifics on the tree fill-in and replacement program, landscape restoration and renovations, City-wide playground improvements, River Park computer replacement and various facility maintenance issues including repairs, renovations and replacements. He also explained that City Hall is a 35-year-old building with the original air conditioning system still in place; the system requires frequent repair and imminent failure is anticipated. Director Lykins noted there was an item on the upcoming Council Meeting agenda requesting \$110,000 in general fund contingency for design and engineering; the total cost of the new system is estimated at \$500,000. The current budget request for this item is \$620,000, he added. Director Lykins also noted that the Cambier Park playground, a very heavily used facility, is an all-wood structure and that structural deficiencies have started to occur, undermining its safety. The estimated cost for replacement of the facility is \$165,000, although there may be an opportunity for another community-build project. Mr. Lykins also noted the annual community development block grant (CDBG) allocation, noting the possibility for acquiring vacant property on Seventh Avenue North for overflow parking for the River Park Aquatic Center.

Director Lykins provided further information on the tree-planting program; Mayor Sorey asked that staff provide an exact number of the overall vacant planting sites in the City, saying there may be some additional funding support. Vice Mayor Price suggested that after the Cambier Park playground replacement, the Council should consider improving the appearance of all City playgrounds. He then said he did not support marquee signs for the Fleishmann and River Park Community Centers; Council concurred. Council Member Saad recommended assessing needed improvements to City Hall in their entirety in advance. He also said he believed the landscape median restoration and cul-de-sac improvements should be a priority.

Recess: 12:03 p.m. – 12:34 p.m. It is noted for the record that the same council members were present when the meeting reconvened.

City Council Workshop Meeting – June 11, 2012 – 8:29 a.m.

Director Lykins said he had learned that there were 1,292 vacant tree-planting sites; the \$150,000 budget would only minimally reduce the number of these sites. Mayor Sorey suggested implementing a five-year plan, estimating it would cost some \$200,000 per year to eliminate the deficit. Vice Mayor Price questioned whether the City should invest \$620,000 for air conditioning on a 35-year-old building. Mayor Sorey said he had discussed with the City Manager conducting an assessment of the overall building; Council Member Saad noted the importance of having a building life cycle plan.

Consensus to move forward with the Community Services capital budget except the marquee signs. There was a consensus to receive a further presentation on the HVAC replacement.

Mayor Sorey added that Council could decide on acquiring the vacant property above noted once a firm price is determined.

Streets and Stormwater Director Gregg Strakaluse reviewed the budget for the Streets and Traffic Division, providing specifics on the repairs and improvements slated for the pavement management program, sidewalks, alleys, mast arms and stop sign posts.

Council Member Sulick noted recent funding allocated by the Collier County Metropolitan Planning Organization (MPO) for the City's sidewalk program. With regard to questions on future street overlay demands, Director Strakaluse stated staff had prepared a comprehensive street index analysis in 2007, but that staff assesses the pavement each year. Council Member Saad said there was \$290,000 requested but no future year costs budgeted for the decorative stop sign posts; City Manager Moss however explained that since this was a new program, Council support was unknown. Mr. Saad suggested having uniform signposts throughout the City but allowing each neighborhood to decorate them with their own icon medallion. Mayor Sorey said this could be a unique opportunity for the branding of each neighborhood. There were concerns expressed, however, about the cost and about proceeding at that time.

Consensus, if Council appropriates the funding, to have uniform stop sign posts throughout the City, but to allow individual property owner associations or neighborhoods to purchase and use their own logo for branding.

Noting operating expenses and a declining fund balance, Vice Mayor Price said he believed that that project was unnecessary and that the City should honor its commitment to complete the missing links in the sidewalks around the schools. Council Member Sulick said the MPO funds would be directed first to the various sidewalks around St Ann's School. Mayor Sorey suggested finishing the missing links in the next year's budget. He also noted the importance of making a long-term decision on how the City would fund its Streets Fund. City Manager Moss suggested a \$1-million transfer next year from the Tax Stabilization Fund. Mayor Sorey asked that staff research the long-term trend of the Fund and provide recommendations.

Consensus to proceed with the Streets and Traffic Division budget; staff is to return with long-term funding strategies. There was no support for proceeding with the new metal signs next year.

Streets and Stormwater Director Strakaluse reviewed the budget for the Stormwater Division giving specifics on items such as Citywide stormwater, drainage and pump station improvements, a proposed exploratory well, Citywide lake maintenance and beach outfalls.

Consensus to proceed with the Stormwater Division budget.

Recess: 2:14 p.m. – 2:23 p.m. It is noted for the record that the same council members were present when the meeting reconvened.

Mayor Sorey noted that Council had recently reviewed the Community Redevelopment Agency (CRA) budget; Council indicated it had no questions at that time.

City Council Workshop Meeting – June 11, 2012 – 8:29 a.m.

Police Chief Thomas Weschler introduced the Police Department budget, the total of which is \$658,074, noting that the majority of his requests were for replacement items, but that there were some new technology items. He then provided specific information on items such as police radio and police patrol vehicle replacement, a police marine patrol boat, computer equipment, headquarters painting and work station replacement, and a thermal night vision device.

In response to Council Member Finlay, Police Chief Weschler said he believed that funding an additional marine patrol officer as well as the proposed police marine patrol twin-engine boat would provide better service to the public. He also affirmed that although his staff is responsible for patrol and enforcement, it does provide rescue assistance. Council Member Saad suggested having a rescue boat patrolling Naples Bay, which can be staffed by a police officer, instead of purchasing larger boats.

Public Comment: (2:51 p.m.) **Henry Kennedy, Naples**, urged that Council provide direction to staff and any needed equipment in order to ensure adequate law enforcement of Naples Bay.

Consensus to proceed with the Police Department budget. There was also a consensus to purchase a twin engine marine vessel (Finlay, Price and Saad dissenting).

NEW FLORIDA FIRE PREVENTION CODE..... ITEM 6

The new Florida Fire Prevention Code, which now includes fire flow requirements for one and two-family dwellings, was adopted on December 31, 2011. The City of Naples must comply with the new Code and specifically Chapter 18.4.5.1 which deals with the fire flow and duration requirements. Strategies to meet the new Fire Code requirements will be discussed. Fire Chief Stephen McInerney utilized an electronic presentation to review this item, (a copy of which is contained in the file for this meeting in the City Clerk's Office) noting that the new Code requires a minimum flow of 1,000 gallons per minute (GPM) for a duration of two hours for one and two-family homes not exceeding 5,000 square feet. This increases incrementally as the size of the home increases, he noted, saying that 35,000 square foot homes currently under construction would require 4,000 GPM for four hours. Fire Chief McInerney added that the Insurance Services Office (ISO) inspection is scheduled for November, 2012 during which time representatives would consider the engine companies (firefighting equipment, staffing), water supply (consumption, storage, pumps and flows) and fire alarms (handling and dispatch of fire-rescue resources) when rating the department. Further, he said that the State's position is that it is not an unfunded mandate, but that failure to meet recommended fire flow requirements could result in an increase in the City's commercial and/or residential fire insurance premiums. The Utilities Department has estimated it would cost some \$1.3 million, not including design or permitting, to correct 11 homes constructed in 2012 that would not meet the fire flow requirements in the new Code.

Fire Chief McInerney then explained that all potable and reclaimed (reuse or irrigation) water hydrants have been plotted by GPS into map books, and that there may be an opportunity for additional reclaimed water hydrants thereby enhancing capacity. Another measure is potentially collaborating with the Utilities Department to install underground dry standpipe connections to existing hydrants, which would address flow deficiencies. A fire/rescue boat, which he estimated would cost \$350,000, would be able to easily hook up and supply a continuous supply of water needed to land-based engine companies via buried pipe. This plan would satisfy the Code and ISO requirements in regards to needed fire flows for a majority of new and existing properties. Fire Chief McInerney explained that his current request was to install one such standpipe system. In further discussion, he said he recommended enforcing the new Code September 1, 2012. The Fire-Rescue Department would provide available fire flow calculations

City Council Workshop Meeting – June 11, 2012 – 8:29 a.m.

and architects and/or builders would then be responsible for choosing from several options, including reducing the square footage of buildings, installing sprinkler systems and/or increasing the fire resistive features and construction of the structure.

In response to Council, Fire Chief McInerney said he was aware of one incident when there was insufficient fire flow to address an emergency, and Fire Marshal Larry Bacci confirmed that residential homes have an actual lower fire risk than commercial properties. Council Member Finlay suggested determining the amount of revenue emanating from the unincorporated water utility area, which could help address the fire flow issues. Pointing out the tremendous capital investment cost in complying with the new Code by September, he recommended investigating water main and pump station improvements, and requiring sprinklers in the new larger homes instead of purchasing a new fireboat. In further discussion, City Attorney Robert Pritt said there might be an opportunity in the new legislation to reduce the fire flow requirements in certain situations in specific City locations where the development of full fire flow requirements is impractical. City Manager Moss recommended utilizing that approach. He also recommended that builders of homes over 5,000 square feet install sprinklers, or use another of the allowable options; Council concurred. Mr. Moss added that staff is currently performing a hydraulic analysis of the water distribution system and would then determine the costs and benefits; this he said, would entail a long-term effort.

(Continued from Page 7) ITEM 5

Police Chief Stephen McInerney presented the Fire-Rescue budget; the total of which was reported as \$1,417,500. The requested items include preliminary design and construction costs for a new Fire Station 1, fireboat replacement, new self-contained breathing apparatus, upgraded portable radios, a fire station alerting system, a new special events rescue vehicle and Phillips Lifepack units, which help assess cardiac patients.

Public Comment: (3:57 p.m.) **Marvin Easton, 944 Spyglass Lane**, utilized an electronic presentation (a copy of which is contained in the file for this meeting in the City Clerk's Office) in questioning whether the City needed additional firefighters and equipment. He asserted that detailed incident data and what he described as valid options and costs would help to make this decision. Council Member Finlay suggested that Mr. Easton work with the Fire Districts, Vice Mayor Price and potentially a County Commissioner in order to develop a contract for services that would enable the closest station to respond to emergencies. **Dolph Von Arx, 3663 Rum Row**, suggested that Council reconsider the solar photovoltaic system for the Building Department as well as the efficacy of using geothermal wells. He then noted the current economic downturn and the dilemma with underfunded pensions, suggesting that the City needs to control the number of its firefighting staff.

Recess: 4:21 p.m. – 4:25 p.m. It is noted for the record that the same council members were present when the meeting reconvened.

Vice Mayor Price said funding the cost for a new Fire Station was inappropriate, and expressed doubt concerning a new fireboat at the current time. Council Member Finlay also expressed support for neither item. Noting the City has eight boats in its inventory, Mr. Finlay recommended merging their uses and thereby using the fireboat, which is essentially a rescue boat, as the Harbormaster's boat as well. He also suggested utilizing quick response vehicles instead of tower and pumper trucks to respond to medical emergencies, if they could be funded through impact fees. City Manager Moss affirmed they would qualify if they expand the capacity or capabilities of the Fire Department. Mr. Price noted that the City has vehicles it could use as such, but that staffing is an issue. Council Member Saad suggested appropriating the \$500,000 requested for the Fire Station to have it available, but delaying the design and construction for another year. Noting the large number of medical rescues in comparison to the number of fires, Mr. Saad then recommended redefining the mission of the department and allocating financial

City Council Workshop Meeting – June 11, 2012 – 8:29 a.m.

resources accordingly; he also recommended investigating quick response vehicles staffed with EMS personnel. Mr. Saad further expressed support for all requested items other than the fireboat. Council Member Sulick however said she believed this department has not been provided with the needed equipment and personnel in the past. Because of the added marinas on Naples Bay over the past several years, she noted the increased potential of disasters and that she would support the fireboat. She also recommended delaying the design and construction of the new Fire Station for a year, and allocating the \$500,000 in reserves. Council Member Heitmann agreed with comments made by Mrs. Sulick with regard to the department and said Council's main role is to provide public safety and infrastructure. She therefore said she supported the fireboat as well as going forward with the design and construction of the new Fire Station. Council Member Barnett agreed with delaying the Fire Station design and construction although appropriating the \$500,000, and voiced support for all the requested items except the fireboat; Mayor Sorey concurred. City Manager Moss suggested staff return with a proposal for a boat with some pumping capability or any other options he deems prudent; Mayor Sorey agreed.

Consensus to proceed with the Fire-Rescue Department budget except the fireboat (Heitmann and Sulick dissenting) and setting aside \$500,000 in reserves for Fire Station 1, although delaying the design/construction (Heitmann dissenting).

Consensus to maintain the maximum ad valorem millage rate at 1.1800, as well as the current rates for the taxing districts. Consensus to select Option 5 for the \$450,000 generated in additional revenue (maintain revenues in the General Fund). There was a consensus also to maintain the transfer of \$300,000 from the General Fund Telecommunications Tax to the Streets Fund. There was a consensus to support all the options in the budget strategy (Council Members Finlay and Saad and Mayor Sorey did not concur with funding of the four new firefighter positions).

REVIEW OF ITEMS ON THE June 13, 2012 REGULAR MEETING AGENDA ITEM 7

There was no comment.

PUBLIC COMMENT

There was no public comment.

CORRESPONDENCE / COMMUNICATIONS

Vice Mayor Price reported a recent meeting with the City Manager, the Assistant City Manager, the Collier County Sheriff and others regarding computer software upgrades that may improve 911 call response times. There is currently a project underway being conducted through the Sheriff's Department that would improve call handling; it is expected to take three to six months to complete. In addition, Mr. Price predicted another level of effort over the next two years wherein the staff would be able to identify resources in order to dispatch the appropriate vehicle to a particular call. The challenge, he said, would be to convince the County EMS to allow the City to dispatch an ambulance within the City when necessary, as opposed to having that call handled by the Sheriff's Office. Council Member Finlay recommended considering the suggestion made by Marvin Easton (See Page 8) to contact the North and East Naples Fire Districts with regard to potential interlocal agreements in order to save considerable costs. Council Member Barnett noted he might potentially support the fireboat if given feasible options.

City Council Workshop Meeting – June 11, 2012 – 8:29 a.m.

ADJOURN
5:39 p.m.

John F. Sorey III, Mayor

Patricia L. Rambosk, City Clerk

Minutes prepared by:

Jessica R. Rosenberg, Deputy City Clerk

Vicki L. Smith, Deputy City Clerk

Minutes Approved: 08/22/12



Memo

Office of the City Manager

TO: Honorable Mayor and City Council
FROM: A. William Moss, City Manager
DATE: June 6, 2012
SUBJECT: Strategies to Set the Millage Rate and to Balance the Budget

City Council received the proposed Five-Year Capital Improvement Program on May 25, 2012. The June 11th Workshop is primarily dedicated to a review of the proposed Capital Improvement Program. PowerPoint presentations will supplement the CIP Booklet.

City Council should also determine the maximum millage rate for the tax year 2012 (Fiscal Year 2012-13). On July 1, the City will receive a notice of taxable value. By the end of July, the City Manager is required to advise the Collier County Tax Collector as to the maximum millage rate that City Council may select in September when the final millage rate and budget are adopted. All property owners will be notified of the proposed millage rate and property taxes prior to adoption of the budget. City Council may ultimately adopt a lower millage rate in September, but adoption of a higher millage rate than that advertised cannot be accomplished without a second notice to all property owners.

Following completion of the proposed Capital Improvement Program (CIP), the City Manager and staff will prepare proposed departmental operating budgets for the next fiscal year. Staff is targeting completion of the proposed budget by the end of July in preparation for the scheduled budget Workshop meeting on August 20th. Budget strategy decisions made during the CIP workshop will influence the proposed operating budget for the next fiscal year.

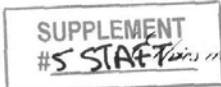
Millage Rate and Taxable Value

The preliminary notice of taxable value received from the Property Appraiser at the end of May shows the following values for the General Fund.

The final adjusted taxable value of property in 2011-12 was:	\$14,556,634,579
The estimated taxable value of property for 2012-13 is:	\$14,963,624,435

This represents an increase of 2.79% as opposed to the 0% increase that was projected in the Five-Year General Fund Sustainability Report reviewed by City Council on March 7, 2012. This increase adjusts the property values to the level of two years ago (FY 2010-11).

Assuming the current millage rate of 1.1800 is maintained for the FY 12-13 budget, total ad valorem revenue is estimated to increase by approximately \$456,230, to \$16,774,220. Approximately \$107,000 of that increase is due to new construction, while the remaining is due to property value increases.



Service to others before self... Quality in all that we do.

Page 2

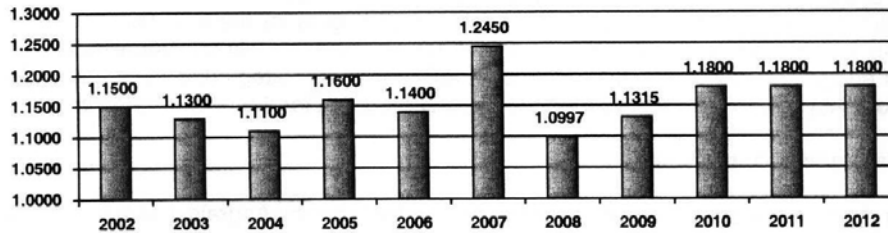
	2011-12	Recommended Millage	Rolled Back Rate
Total Value	14,556,634,579	14,963,624,435	14,963,624,435
Millage Rate	1.1800	1.1800	1.1555
Tax Revenue	17,176,829	17,657,077	17,290,468
95%	16,317,990	16,774,220	16,425,940
Amount to CRA	476,120	463,534	453,909
Net to General Fund	15,841,870	16,310,686	15,972,031

The rolled-back rate, which is the millage rate required to obtain the same tax revenue as last year, except for new construction, is 1.1555 mils.

Two millage rate options are provided for consideration. These are:

- 1) Adopt the current millage rate of 1.1800 mils (recommended)
- 2) Adopt the rolled back rate of 1.1555 mils

As the chart below shows, despite the past four years of reduction in property values, the City has maintained the same millage rate for three consecutive years. The chart below, however, can be deceiving when the taxable value is not considered. The millage rate of 2007 (1.2450) brought in more than \$19 million in taxes due to property values of more than \$16.5 billion. The millage rate in 2008 (1.0997) brought in \$17.4 million of taxes to the General Fund, because the property values were over \$17 billion. Comparatively, this year's recommended millage rate of 1.18 mils will provide revenues of \$16.3 million to the General Fund, or \$1.1 million less, based on the estimated property values.



The projected revenue shortfall required to balance the General Fund Budget may change as the General Fund operating budgets and projected revenues are refined. Assuming that the 1.1800 millage is maintained, approximately \$400,000-\$500,000 of the Tax Stabilization fund will be needed to balance the budget (if the additional funds are not allocated for other purposes). This is less than the estimate provided in the recent General Fund Sustainability Report, which recommended the use of slightly more than \$1.0 million.

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Page 3

Budget Strategies

The General Fund Sustainability Report suggested that the judicial use of the Tax Stabilization Fund would ensure that the stability of the General Fund could be sustained, while keeping the millage rate at its current 1.1800.

	FY 11-12 Budget	FY 12-13 Estimated	FY 13-14 Estimated	FY 14-15 Estimated	FY 15-16 Estimated	FY 16-17 Estimated
Revenue	32,991,532	33,156,881	33,644,990	34,457,604	35,302,350	36,180,548
Expenditures	33,706,223	34,174,786	34,721,008	35,078,435	35,468,162	35,873,608
Use of the Tax Stabilization Fund*	714,691	1,017,905	1,076,018	620,831	165,813	0
Change in Financial Position	0	(0)	0	(0)	0	306,940

In addition to the March 7th meeting to discuss the Sustainability Report, there have been Zero-Based Budget presentations to City Council. These presentations offered a variety of options for both reducing and expanding levels of services. Budget considerations, actions, and options are proposed as follows:

- Transfer \$200,000 from the General Fund Telecommunications Tax to the Streets Fund to fund additional capital improvements.
- Move Natural Resources Division from the City Manager Department (General Fund) to the Streets and Stormwater Department. (Est. \$330,000 General Fund reduction). Transfer one position from Natural Resources to the Stormwater Division to assist in the implementation of the long-term water quality improvement initiative.
- Due to the savings from the Natural Resources function transfer, consider increasing the transfer to the Streets Fund from \$200,000 to \$530,000.
- Utilize the available \$330,000 (Natural Resources Transfer) to fund four (4) new firefighter positions. The National Fire Protection Association (NFPA) recommended staffing is four per apparatus. Most fire districts in Collier County have a minimum of three per apparatus. Naples Fire Department has a minimum of two for Engine Co. 1 and one for Tower Ladder Co. 2. Four additional firefighters would allow staffing of three on Engine Co. 1 at all times. On shifts when staffing exceeds three, the extra firefighter will be assigned to Tower Ladder Co. 2.
- Create a Public Information Officer position but combine new responsibilities with the Mayor/City Council Executive Assistant position with no additional financial impact (implemented in FY 2011-12).
- Use Fund balance if required to leverage Technology by investing in a major upgrade to the City's technology system.
- Eliminate the Buyer position (Purchasing Division) and the Grants Coordinator position (Finance Department). Create a new Buyer/Grants Coordinator position assigned to the Purchasing Division. The estimated expenditure reduction would be \$63,000. (implemented in June, 2012).

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Page 4

- Consider the transfer of the Purchasing Division from the Finance Department to the City Manager Department under the direct supervision of the Assistant City Manager.
- Transfer an Engineering position (review of stormwater plans for single-family development) from the Building Services Department to the Streets and Stormwater Department. Funding to remain with the Building Services Fund.
- Change position description of Legal Coordinator (Paralegal) in the General Fund-City Attorney and replace with a lower job classification of Executive Assistant (implemented in May, 2012).
- Add one position in the Planning Department. Position will not be filled until and if the workload demands increase sufficiently to warrant the position.
- Implement benchmarking through the Florida Benchmarking Consortium (implemented in April, 2012 for nine departments and divisions).
- Develop labor relations strategy to reduce the number of personal leave days (sick leave/vacation for Fire-Rescue), and create incentives for decreased health insurance premiums based on reduced health risk factors.
- Maintain an adequate capital improvement program to replace or repair necessary vehicles, equipment, and infrastructure required to support services and preserve the "Naples Brand".
- Target to maintain operating expenses at FY 2011-12 levels to the extent practical or as otherwise determined during the budget review and adoption process.
- Maintain employee salaries and wages at the current level unless otherwise required by collective bargaining agreements or adjusted by the new Pay and Classification Plan (positions below the minimum range)
- Maintaining the millage rate of 1.18 will generate \$450,000 in additional revenue over FY 2011-12. Options to utilize these funds include:
 1. Reducing millage rate to the rolled back rate of 1.1555 mils.
 2. Reducing allocation from the Tax Stabilization Fund (surplus reserves).
 3. Transfer to the Streets Fund for capital improvements.
 4. Transfer to the Public Service Tax Fund for capital improvements.
 5. Maintain revenues in the General Fund to off-set cost-of-living expenses accrued in past years for current level of services, recognizing that intergovernmental revenues (Collier County gas tax, state sales tax, grants) may continue to decline.

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Page 5

General Fund Balance—Tax Stabilization Fund

City Council's fund balance policy requires a General Fund Restricted Reserve for emergencies equal to 10% of the prior year's budget, plus an Unrestricted (unassigned) Reserve of 16% to 30% of the prior year's budget. Reserves are as follows:

Restricted Emergency Reserve:	\$ 3,528,888
Unassigned Reserve as of 9/30/11:	\$15,508,265
Maximum Unrestricted Reserve (30% prior budget):	<u>\$10,112,000</u>
Excess Unassigned Reserve (Tax Stabilization Fund):	\$ 5,396,265

The reserve in excess of the maximum Unrestricted Reserve is referred to as the Tax Stabilization Fund and was intended to be used to balance the General Fund budget when needed, due to fluctuations in taxable value.

The General Fund Sustainability Report for FY12-13 estimated the use of approximately \$1.0 million of the Tax Stabilization Fund. Decisions made over the next few months will determine the exact amount that will be used. However, there may be an additional surplus following the close of the FY 2011-12 General Fund budget (balance of revenue minus expenditures). Regardless of budgeted expenditures, management staff will review planned expenditures and may decide not to spend all budgeted funds.

Budget Strategy Overview

The difficult decisions made over the past four years seem to have produced a sustainable reduction strategy. Through expenditure reductions, realigning services, and using conservative reserve strategies, the budget appears to be sustainable for the years ahead. The budget that will be presented in August will reflect continued austerity and careful use of available resources.

Budget strategies should recognize the continued efforts of the Florida Legislature to impose tax reductions at the local level while continuing to authorize unfunded mandates that increase local expenditures. The proposed Florida Constitutional Amendment #4, if approved by the electorate in November, 2012, will result in an average property tax reduction of 24%, according to the Florida Business Watch. This may be a \$4.0 million reduction to the General and CRA funds beginning next year. A reduction of the millage rate to the rolled-back rate may further exacerbate this revenue shortfall. Furthermore, with potential declining revenues from other sources (sales tax, public service tax, Collier County allocation of gas taxes, etc.), there is ample evidence to suggest that services and capital improvements will have a greater reliance on local sources of revenues, including the property tax.

Strategies should also recognize that, at some point, there will be pressure to increase employee wages to off-set recent benefit reductions for the pension plans and health insurance. The cost-of-living has increased 2%-3% over the past several years while wages have remained constant (except for a 2% increase for Police). At least one collective bargaining unit has informed staff of their intent to reopen the wages clause of their contract.

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Page 6

There have been several years of declining property values, declining revenues generated by the ad valorem tax, and declining state-shared revenues, including grants. Expenditures necessary to provide many of the city's services and programs have also declined. Expenditure reductions, particularly those associated with pension reform, should help stabilize expenses in the future. Maintaining the low millage rate of 1.18 while property values gradually increase in future years will allow greater flexibility in the financing of programs, services, and capital improvements with a modest impact upon property owners.

In conclusion, City Council has excelled in the stewardship of the City's services, programs, and capital improvements throughout a substantial recession. Your staff is able and willing to provide guidance and support throughout the development of the FY 2012-13 Annual Budget.

Respectfully Submitted,

A. William Moss
City Manager

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CITY OF NAPLES
FIVE YEAR CAPITAL IMPROVEMENT PROJECTS OVERVIEW
ALL FUNDS

	Request 2012-13	2013-14	2014-15	2015-16	2016-17
Public Service Tax/Capital Projects Fund					
City Clerk	0	0	0	0	0
Finance	200,000	19,300	0	0	0
Police	658,074	438,600	395,198	382,198	322,198
Fire	1,417,500	3,588,000	603,000	737,500	1,500,000
Community Services Department	1,221,800	726,800	501,800	461,800	461,800
Public Service Tax Fund	3,497,374	4,772,700	1,499,998	1,581,498	2,283,998
Water Sewer Fund	14,036,500	8,294,500	6,754,000	5,075,000	7,603,000
Building Permits Fund	105,000	245,000	120,000	20,000	20,000
CDBG Fund	170,000	101,000	101,000	101,000	101,000
East Naples Bay Taxing District	0	0	0	0	0
Community Redevelop. Agency (CRA)	455,000	0	350,000	0	0
Streets & Traffic Fund	1,080,000	885,000	916,500	994,550	1,079,210
Beach Fund	296,700	0	17,000	17,000	17,000
Solid Waste Fund	970,000	325,000	480,000	340,000	340,000
Dock Fund	0	75,000	750,000	0	0
Stormwater Fund	3,525,000	3,000,000	3,245,000	3,625,000	2,075,000
Port Royal Area Dredging Fund	1,645,000	0	0	0	0
Tennis Fund	0	0	0	0	0
Technology Services Fund	568,466	228,550	125,000	213,350	200,600
Equipment Services	0	68,000	80,000	35,000	45,000
TOTAL ALL CAPITAL PROJECTS	26,349,040	17,994,750	14,438,498	12,002,398	13,764,808

7

Five Year Total	\$ 84,549,494
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