Summary Minutes of the
ISLAMORADA, VILLAGE OF ISLANDS
VILLAGE COUNCIL BUDGET WORKSHOP

Founders Park Community Center
87000 Overseas Highway
Islamorada, FL 33036
Wednesday, August 4, 2021
3:00 PM

The Village Council Budget Workshop was open to in-person attendance and also utilized the Zoom video conferencing application for public participation.

CALL TO ORDER / ROLL CALL

Mayor Pinder called the meeting to order at 3:04 p.m. Deputy Village Clerk Stephanie Conde called the roll with the following Councilmembers being present on roll call: Mayor Buddy Pinder, Vice Mayor Pete Bacheler, Councilman Mark Gregg, Councilman David Webb. Councilman Henry Rosenthal was present via Zoom. Also in attendance was Village Manager Greg Oravec, Village Attorney Roget Bryan, Deputy Clerk Stephanie Conde and other relevant staff.

PLEDGE OF ALLEGIANCE AND INVOCATION

Van Cadenhead led the Pledge of Allegiance. Mayor Buddy Pinder provided the prayer.

PUBLIC COMMENT

Mayor Pinder opened public comment, there was none.

VILLAGE MANAGER PRESENTATION

Village Manager Greg Oravec thanked the council for participating in the prior day strategy workshop. He noted the COVID resurgence and stated Bob Eadie, Administrator and Health Officer with the Florida Department of Health in Monroe County, would provide an update at next council meeting. He reported that, with the assistance of Human Resources Manager Evie Engelmeyer, a COVID vaccine incentive program was developed that offered up to 12 hours of administrative leave time to Village staff. Mr. Oravec stated the exposure policy was reexamined, and masks were now required for non-vaccinated Village staff members. He asked if the Council was in favor of a mask policy for visitors to Village Hall. Councilman David Webb acknowledged individual choice but expressed support for a mandatory mask requirement. He suggested limited entry and any other safety protocols the Manager deemed appropriate. Vice Mayor Pete Bacheler noted the recent increase in first responder cases; that he believed masks should be highly suggested; and expressed support for restricting the number of people allowed in Village facilities. Councilman Mark Gregg expressed support for Village Manager's policy changes and suggested staff should conduct outdoor meetings when possible. Councilman Henry Rosenthal suggested making every effort to control the spread. Mayor Buddy Pinder expressed his support for wearing masks indoors; commented about individuals he knew that were vaccinated and contracted the Covid-19 virus; and suggested people should respect each other and wear masks. Mr. Oravec agreed to work with staff to make the appropriate determinations for Village Hall and other Village controlled indoor facilities.

Mr. Oravec recapped the group activities from the strategic planning exercise that had occurred at the previous day's workshop and provided the data analysis from the exercise. He reported the essence of Islamorada was identified as Islamorada being the crown jewel of the Florida Keys. It is a unique, beautiful island paradise that people are proud to call home or visit because of its tropical waters and natural treasures, which offer world-class fishing, boating and recreation, and has a friendly small-town atmosphere. Mr. Oravec provided the SWOT analysis results:

- Strengths included dedicated staff, great schools, wastewater system, parks and natural resources; pride and history, beauty and amenities.
- Weaknesses included overcrowding, overdevelopment, and overpriced, a lack of affordable housing, lack of workforce, traffic and parking problems, exposure to extreme weather and rising seas, and a lack of access to the water.
- Opportunities identified included conservation and sustainability, better public facilities, improved infrastructure, affordable housing and workforce retention, facilitate more youth activities, planning and growth management, public transit, leverage technology, leverage public-private partnerships, public engagement, branding and building on Village character.
- Threats included hurricanes and sea level rise, affordability, workforce, lack of socioeconomic safety net services, negative impacts of tourism, vacation rentals and overdevelopment, legislative preemption and imposition imperiled natural resources which included:
    - Declining water quality, especially because of inadequate stormwater management;
    - Loss of reefs;
    - Declining fisheries; and
    - Increasing Sargassum.

Mr. Oravec identified several questions for the Council to consider as we determined where we were going and how we would get there. He expressed hope that strategic planning and the national citizens' survey would be included in the FY 2021-2022 budget; and commented that the items would be carried out working with the citizens with the goal of deciding on a vision statement.

Councilman Mark Gregg stated that he enjoyed the process, the staff interaction and expressed hope that it would continue moving forward. Council David Webb liked seeing the agreement amongst various people. Vice Mayor Pete Bacheler hoped for community buy-in and the prospect of naming the forward momentum. Mayor Buddy Pinder appreciated the commonality amongst the group participants; and expressed that the plan had leadership and a charted course. Village Manager Greg Oravec commented about the importance of communication and the effort being community driven.

Mayor Pinder opened public comment.

Van Cadenhead stated the commonalities identified yesterday had changed very little since 1998 but noted the people driving the effort had changed. He suggested focusing on one problem at a time to emphasize progress not empty rhetoric.

Mayor Pinder closed public comment.

Mr. Oravec commented that the budget book should be considered as a rough draft that allowed for discussion and feedback with the goal of the Village Manager presenting a recommended budget at the first budget hearing in September. He noted rising property values and a growing fund balance that worked in the Village's favor; financial challenges included inflation and the rising cost of healthcare and insurance rates; and noted the Village received the healthcare insurance quote from the Florida Municipal Insurance Trust (FMIT) which reflected a 9% increase.

Mr. Oravec commented regarding the role of staff noting it was the single largest expenditure of any municipal budget; and pointed out that the current budget proposed some additional staffing.

He reported that based on what Monroe County and other municipalities were doing he was recommending a 5% cost of living salary increase for staff making under $100,000 and a 3% increase for staff making over that amount; funding of the Collective Bargaining Agreement (CBA) would be necessary, which was currently being negotiated; noted the law enforcement contract proposed a cost increase of 7.86% for sergeants and deputies and included the addition of two more deputies. Mr. Oravec reported that the Public Works Department requested an additional Field Crew Chief which would allow the Village to create a third field crew; the Building Department was still considering whether to use Village staff or contract inspectors and noted that he would like more time to evaluate that decision. He stated there was adequate funding to fund either option. Mr. Oravec stated the Fills had $200,000 budgeted for overtime, which was a placeholder, as he wanted to further analyze the situation as there were other options that may decrease the overtime. He noted the budgeted capital improvements to the decking and breakwater project at the Plantation Yacht Harbor Marina; identified various projects that had been budgeted for such as improvements to various parks, the derelict vessel program, canal restoration, infrastructure improvements, stormwater master plan, wastewater utility master plan, LiDAR mapping, public transit, bus shelters, hazard mitigation projects and software upgrades.

Village Manager Greg Oravec commented that the 2023 and beyond plan had been discussed, but that the basic facts were needed in order to start the community conversation. He stated he was calling it the 'Islamorada Forever Plan'; a land acquisition master plan was needed and suggested reestablishing the Land Acquisition Citizens' Advisory Committee to work on the 2023 plan. He suggested investigating the Federal Infrastructure bill, should it come to fruition, to obtain possible grant funds for shovel-ready infrastructure improvements. Mr. Oravec was hopeful that with the Council guidance it was possible to reduce the proposed 3.015 Millage rate.

General Fund

At 3:50 p.m. Finance Director Maria Bassett took over the budget presentation. She explained that the budget agenda books included a summary using the rolled-back rate of 2.849 mills and a summary using the proposed millage rate of 3.015 which represented a tax increase of 5.8% over the rolled-back rate. She noted the updated figures reflected $400,000 potentially coming from FEMA reimbursement, $300,000 in stewardship funds that was missed due to a formula error, and staff increases that were previously mentioned by the Village Manager. Ms. Bassett reported that with a millage rate of 2.849 (the rolled-back rate) the Village would be looking at using approximately $783,000 of Fund Balance at the end of FY 21-22; this would still provide for $7.6 million in Unassigned Fund Balance which was 44% of expenditures and noted the amount exceeded the recommended range of 25-35% for emergencies.

Village Manager Greg Oravec stated Monroe County Sheriff Rick Ramsay was present and asked Ms. Bassett to explain the process for procuring law enforcement services then allow for Sheriff Ramsay to address the Council. Ms. Bassett explained the Village contracted with the Monroe County Sheriff's Office (MCSO) to provide law enforcement services for a 5-year renewable term. Each year an amendment was made to the contract to agree to the MCSO proposed budget for the upcoming fiscal year. She reported that the budgeted amount under professional services for law enforcement for FY 21-22 was $2,308,000 and included everything except vehicle amortization which was accounted for in capital projects. She noted the proposed budget included two additional deputy positions which was requested by the prior Council.

Sheriff Rick Ramsay reported that there were currently 18 personnel assigned to the Village noting the number of positions had increased by one since contracting with the Village. He explained that the increased demand for service with no slow season had prompted the need to increase staff; two additional officers were being requested which were slated for the night shift noting that it was not uncommon to not have a single Florida Highway Patrol (FHP) Trooper assigned to Monroe County at night; there were limited resources to pull from at night compared to the various resources during the day; and noted that the primary responsibility for coverage of the US-1 highway belonged to the DHSMV, the FHP and the FDOT however 58% of the crashes were handled by MCSO because there were no troopers available. He explained that this increased the workload resulting in MCSO resources being pulled from other areas and noted that prior Councils had requested an increase in MCSO staff. Sheriff Ramsay reported that this year a 7.86% increase was built into the budget to cover extra unionized staff raises; a 5% increase was being requested for non-unionized members; and noted the $202,000 increase over Fiscal Year 20-21 was a result of the staff raises and the two additional positions.

Councilman David Webb asked how many vacancies the Sheriff had. Sheriff Ramsay stated there was one vacancy in Islamorada and noted the Corrections Department was short 30 positions. He attributed staff loss to the high cost of living. He commented about feedback he received from employees who loved their job, Monroe County and the citizens, but simply could not afford to buy a home and raise a family in Monroe County. He stated MCSO was the fifth highest paying county in Florida but had the highest cost of living in the state. Sheriff Ramsay commented about the calls per service and response times; the highest traffic congestion in Monroe County occurring between Mile Markers 80-90; traffic having surpassed the original capacity on US-1 and its associated negative impacts; traffic would back up more if the speed were reduced to 35 mph; and noted a push traffic light at Founders Park would be a bad idea as it would further slow traffic.

Councilman Mark Gregg expressed his gratitude to the MCSO. He asked if MCSO had plans to use electric vehicles. Sheriff Ramsay stated that they had a couple of hybrids in their fleet to try out; noted that the county's maintenance facility had no experience working on electric vehicles so repairs had to be outsourced; the vehicles, batteries and charging stations were expensive; and noted that the technology was not quite ready to be applied to a police force, but that he hoped it would be some day. Mayor Buddy Pinder and Vice Mayor Pete Bacheler complimented the Sheriff, command staff and MCSO employees.

At 4:26 pm Mayor Pinder requested a brief break; the meeting resumed at 4:46 p.m. Finance Director Maria Bassett resumed her presentation of the budget beginning with departmental budgets. She reported the Council had historically given donations to various organizations in the past. Mr. Oravec pointed out the difficulty associated with determining who receives a donation and who does not; noted while previously serving as an elected official, the city had a resolution prohibiting direct contributions to non-profit organizations; suggested the Village could enter into a contract with the non-profit identifying specific outcomes or deliverables; and suggested the funding requests would increase over time.

Ms. Bassett identified the donation requests that were received; Florida Bay Forever (FBF) requested a donation for signage and a handicap ramp at the Russell Cottage located on the Green Turtle Hammock property; and noted the Village had a lease with FBF and could work with them in lieu of a donation. She reported the Council had historically donated to Fair Insurance Rates Monroe (FIRM) noting that they lobbied in Tallahassee to control the insurance rates in Monroe County; the Good Health Clinic was given a donation last year towards local Coronavirus care and was requesting a donation of $10,000; and that Islamorada Conservation and Restoration Education (I.CARE) had previously presented to Council and was requesting $50,000. Councilman Mark Gregg spoke in support of donating to I.CARE and Florida Bay Forever; noted the importance of environmental education; and questioned prioritizing fireworks over environmental education and concerns. Fire Chief and Rotary President Terry Abel explained the funding efforts for the Fourth of July fireworks event. Councilman David Webb commented about whether the Council should be making the donations or leaving the decision to individual taxpayers and suggested more discussion was needed. Vice Mayor Pete Bacheler agreed with the current list of donation requests but did not want any additions to the list. Councilman Henry Rosenthal stated his support for the current list of donation requests. Mr. Oravec explained how deliverables could be attached to a funding request; suggested talking about what the return on investment would look like; and noted the Village did not receive grant funding without deliverables. Councilman Mark Gregg stated he was comfortable with the suggestion; noting his concern was that the non-profits would be left out of the budget completely; and asked if staff was going to come to Council at a future meeting with a creative solution involving a grant, contract or deliverable document. Village Manager Greg Oravec stated he would like to give it a try based on the Council's conversation and would include the current list. Mr. Oravec commented that Councilman Rosenthal requested an increase for holiday decorations which he would be inclined to make happen unless the Council opposed it; that there was an opportunity to work with Florida Bay Forever due to an existing lease agreement; and that the items would come back to Council in the next revision of the budget. Mr. Oravec stated his take-away from the discussion was that the majority of Council liked the current way decisions on donations were made with the opportunity to get better on the deliverables.

Finance Director Maria Bassett identified Lobbyist funding and noted the $30,000 in Legislative Aide compensation, which was part of the Village Attorney's compensation, was included in his salary. She commented that there was a placeholder for the Attention Media contract as it was an item that needed to be discussed and how best to provide the related services. She noted the $150,000 professional services line item was for outside counsel. Ms. Bassett identified various items in the Village Manager budget such as the derelict vessel removal program which would be funded through Stewardship Act funds; $85,000 for strategic planning, benchmarking and a citizens' survey; Freebee services; and the dissolved oxygen monitoring program which staff hoped to receive grant funding for. Councilman Mark Gregg stated he thought derelict vessel removal was the responsibility of FWC. Environmental Resources Manager Peter Frezza confirmed that it was; noted Monroe County was working with FWC to remove derelict vessels; and stated the Village had the funding available to them through the Stewardship Act noting that there was not much else the Village could use the funding for under the current agreement with FDEP. Mr. Frezza stated this was the simplest use of the funds; noted that if the Village wanted to use the remaining funds for another purpose the Village would have to ask DEP for an amendment; and the use of the funds had to be water-quality improvement related. Village Manager Greg Oravec asked if the funds could be used for land acquisition. Mr. Frezza commented that there was $339,000 remaining and an amendment would be needed. Discussion ensued between Mr. Oravec, Ms. Bassett and Village Attorney Roget Bryan regarding how Stewardship Act funds were used. Councilman Mark Gregg asked how many boats could be removed using the remaining project funds. Mr. Frezza reported they had identified 22 vessels within the nearshore waters of Islamorada which he estimated could be removed using the remaining funds. He noted it was about $400 per foot for removal; that the project was not definite yet; permitting with the National Marine Sanctuary had to be worked out; he was looking into the contracting aspect of the project; and that there was a chance the project would be too complicated if the Village could not utilize the assistance of Monroe County. Mr. Frezza noted that if the Village could not move forward with the program they would come back to Council regarding an amendment. Councilman David Webb expressed his support for the program noting the negative environmental impacts of derelict vessels especially on nearshore estuary waters. The Village Manager asked if the Council was okay with keeping the derelict vessel item in the agenda. The mayor replied yes. Councilman Henry Rosenthal commented that the budget for lobbying services deserved more consideration; noted the amount Monroe County paid for lobbying services compared to the Village; suggested the Village could advertise for another firm as he was not very happy with the current lobbyists; and noted the Council could talk about the topic at a later date.

Finance Director Maria Bassett explained items in the Village Clerk budget noting increased in Code codification fees, ADA remediation services, and a web accessibility software tool to aid in website compliance. She noted the Finance Department budget increase of $100,000 for Property and Workers Compensation insurance rates which would be revised once the final figures were received. The finance department was also looking into a web portal tool for the public to access financial information on their own without jeopardizing security. Councilman Mark Gregg asked why the GoDaddy fees were allocated to different department budgets. Village Manager Greg Oravec explained it was the department's pro rata share of email hosting services.

Ms. Bassett reported the Planning Department budget included $200,000 in anticipation of the Code rewrite and the upcoming 2023 issues; and $50,000 was budgeted for the Corradino Group planning support services. Councilman Mark Gregg asked about the previous requests for mapping the vacant land inventory for possible 2023 purchases. Mr. Oravec explained that the mapping project was being worked on by staff as well as outside entities and was moving forward.

Van Cadenhead noted the planning staff salaries and recent turnover in the department; suggested Council consider restructuring the department by adding more planners and eliminating the planning director position to save money and become more efficient. HR Manager Evie Engelmeyer clarified that the Village had placed advertisements for planners and the planning director position. Councilman Mark Gregg stated the planning department services were currently being supplemented by the Corradino Group in an effort to maintain the level of service.

Ms. Bassett reported that additions to the IT Department budget included upgrading the Village Hall phone system and cybersecurity upgrades. Vice Mayor Pete Bacheler inquired about the Solar Winds line item. IT Systems Engineer Ramon Navarro explained that the Solar Winds network monitoring software allowed for the department to monitor the Village network inhouse rather than outsourcing the effort to United Data Technologies (UDT) and noted it would result in cost savings.

Ms. Bassett reported that there were no substantial changes to the Code Compliance budget from the prior year; noted prior use of Host Compliance for vacation rentals; and continuation of Code Hearing Officer services. Councilman Mark Gregg mentioned Monroe County was successfully using a company to find code compliance violations that might be worth looking into. Village Manager Greg Oravec stated it was one of staff's working items and was included in the work plan for illegal vacation rentals.

Ms. Bassett reviewed the Law Enforcement budget identifying some of the reoccurring line items.

Ms. Bassett reported that the Fire Rescue budget reflected a decrease over the previous year due to lower overtime costs anticipated for FY 21-22 noting the overtimes costs associated with the Covid-19 pandemic during FY 20-21. She explained the increase to the Florida Retirement System (FRS) contribution rate, wage increase of 5%, repair and maintenance expenses for improvements to the buildings, and noted that the expenses associated with vehicle repairs was expected to increase significantly as the Village no longer had the staff person that previously provided those services.

Vice Mayor Pete Bacheler asked Chief Abel if the fire station roof was repaired. The Chief responded that it was repaired. Vice Mayor Bacheler asked when the construction of the safe room would occur. Chief Abel reported that the engineered plans were being reviewed by the Florida Department of Emergency Management (FDEM); once the approved plans were returned to the Village an RFP would be issued for phase two of the project which was the construction phase; and noted the Village permitting had occurred prior to submittal to FDEM.

Councilman Mark Gregg noted the revenue that was received by the Fire Department in relation to the services they provided. Chief Abel explained the department had 1,700 emergency 911-calls, 260 vacation rental inspections, and 417 commercial building inspections; and explained that the department billed out $412,000 the past year for cost recovery related to 911 calls, fire inspections, fire watches, and permitting for special events, fireworks and bonfires. He noted the calls for service from tourists had increased and noted there was a legal surcharge added to services provided to out-of-town visitors. Ms. Bassett noted that the revenue collected from cost recovery was approximately $200,000 and was reflected in the General Fund revenues under the charges for services line item. Chief Abel explained the medical billing and reimbursement process. Vice Mayor Bacheler expressed his gratitude to Chief Able and his staff. Mayor Pinder expressed his gratitude to the Chief.

Finance Director Maria Bassett identified various expenses in the Public Works Budget including $60,000 for repairs and maintenance for a culvert project on Lower Matecumbe; repair and maintenance for the existing canal air curtain canal project; and noted $200,000 was included in the budget to supplement staffing at the Fills. She explained that outsourced staffing was researched and found to be more expensive than paying overtime to existing staff; and noted that permanent positions could be considered for staffing of the Fills. Vice Mayor Pete Bacheler inquired about the location of the culvert project. Public Works Director A.J. Engelmeyer reported one culvert would be located on White Marlin Boulevard near Fire Station 19 and that there were a few additional culverts on Lower Matecumbe that would connect and help with the flow and water quality. Village Manager Greg Oravec stated staff would provide a map to Council identifying the culvert locations.

Councilman David Webb inquired about the effectiveness of the aeration technology used in the canal demonstration project. Environmental Resources Manager Peter Frezza reported aeration was determined to be ineffective; staff did not plan on using the technology again; noted the $5,000 identified in the budget was for biannual maintenance on the three air curtains that the Village operates; opined that the air curtains were very effective at keeping the weeds out; and noted that for the most part people were very happy with the air curtains. Village Manager Greg Oravec noted the difference between aeration technology and the air curtains. Mr. Frezza stated at the August 19, 2021, Council Meeting a canal restoration update would be provided and at the September 2, 2021 meeting a culvert project update would be provided to Council.

Finance Director Maria Bassett reported the Parks & Recreation budget projected higher personnel costs associated with the 5% wage increase, increase in health insurance premiums and the Florida Retirement System (FRS) rate increase. She noted that the department was not fully staffed during the Covid-19 pandemic during FY 19-20 and FY 20-21. Ms. Bassett explained the distribution of proceeds generated from contractors that provide program services at Founders Park; and noted the repair and maintenance costs included painting and fencing. This concluded presentation of the General Fund.

Special Revenue Funds

Ms. Bassett explained the purpose of Special Revenue Funds noting they had committed or restricted uses. She reported that the Village currently assessed $455.65 per residential unit for solid waste removal; Advanced Disposal/Waste Management was paid monthly on a per-unit rate; the budget projected an increase to 4,392 units; and noted that the maximum 3% CPI change to the rate was included.

Ms. Bassett explained that the Special Revenue Transportation Fund was set up to account for fuel taxes which were levied by Monroe County and noted that interlocal agreements identified the allocations. She reported that she and the Village Attorney would be meeting with Monroe County and the other municipalities in August to discuss the allocation of the fuel taxes. She reported that the use of fuel taxes was pledged for the $6 million loan the Village received for the asphalt overlay which was part of the wastewater project. The budget reflected a negative Transportation Fund Fund Balance due to expenses in FY 18-19 and FY 19-20 for repairs associated with Hurricane Irma damage; the Village had received about 50% FEMA reimbursement; and commented that there was an opportunity for the Village to obtain additional reimbursement from FEMA however there was a chance the Village would not receive additional funds.

Ms. Bassett explained that the Special Revenue Affordable Housing Fund accounts for the residential and commercial in-lieu of fees that are levied on new development; $800,000 would be transferred from the Affordable Housing Fund to the Capital Projects Fund to help pay for the purchase of the four vacant lots at Mile Marker 88.6 which were purchased for the purpose of constructing affordable housing units. She identified the various revenue sources for the current fiscal year; noted that approximately $850,000 had been given to Habitat for Humanity of the Upper Keys via funds or land donations; that a lot at 173 Orchid Street was purchased for $50,000; that lots at 292 Gardenia Street were purchased; and commented that the Village had received proposals responsive to an RFP for affordable housing development services. Councilman Mark Gregg inquired about the expense identified for Affordable Housing Monitoring. Ms. Bassett explained that $72,000 had been paid, to date, to the Corradino Group for a three-year period; noted the requirements and limitations associated with deed restricted affordable housing properties; and that the Corradino Group has been assisting the Village with establishing an affordable housing compliance monitoring program. She commented that this year the Corradino Group conducted an inventory of all of the deed restricted affordable properties; during the lien search process staff identifies whether the property is deed restricted affordable and provides relevant documentation if the property is restricted; and explained the lack of monitoring in the past.

Mayor Buddy Pinder called a brief recess at 6:13 p.m. The meeting reconvened at 6:37 p.m.

Finance Director Maria Bassett explained that the Special Revenue Building Fund was bifurcated from the General Fund this year; noted there was an allocation for a portion of various positions within the Building Fund; $173,000 was transferred into the fund as a result of education surcharges collected from building permits; noted that per Florida Statute the Village was able to maintain a fund balance at four times the level of expenses; and noted funds were budgeted for M.T Causley contract services.

Ms. Bassett explained that the Special Revenue Impact Fee Fund was created when Council established an impact fee schedule in 2004; noted an updated study was conducted approximately six years ago but no changes were made by Council; and noted that it was recommended that impact fees studies be conducted every four to five years due to changes in the economy and development impacts. She reported that Parks & Recreation impact fees were being used for improvements to the Plantation Tropical Preserve, Green Turtle Hammock and the Key Tree Cactus properties. She explained that the costs for the improvements to these properties were recorded in the Capital Projects Fund which is why a transfer was reflected in the Impact Fee Fund to the Capital Projects Fund which would occur as needed to cover the project costs. Ms. Bassett noted another project being considered was the construction of a storage building to house fire department generators. Staff had applied for a grant for the generators and a condition of the grant was the construction of the storage facility. She noted there had not been much use of the transportation impact fees which was something that needed more consideration in the future.

Finance Director Maria Bassett explained that the Capital Project Fund accounted for capital purchases and projects that were funded primarily by the Discretionary Sales Surtax which was the additional 1% included in the sales tax rate in Monroe County. She explained that the Discretionary Sales Surtax was restricted for specific purposes and uses primarily based on the referendum language when the tax was extended; and noted the primary purpose was for wastewater. Ms. Bassett stated that as an area of critical state concern, 10% of the surtax collections could be used for general purposes. She reported the budget projections reflected the same amount of discretionary sales surtax for FY 21-22 as the previous year which was about $2.5 million; staff was working on FEMA Hazard Mitigation Grant Program (HMGP) projects; and noted the HMGP projects were 75% reimbursable with the remaining 25% paid through the Capital Projects Fund with Discretionary Sales Surtax revenue. Ms. Bassett explained that for fire and police services the Village was able to use the Discretionary Sales Surtax directly due to the legislation that enabled the tax. She identified capital outlay of $125,980 for a station exhaust system in FY 19-20 and FY 20-21 noting $119,000 in grant funds were received leaving a balance of $6,980 which was paid from Discretionary Sales Surtax; and noted that the 10% allowed for general purposes tended to be used for capital expenses in the IT Department, Public Works and Parks & Recreation departments. Ms. Bassett stated the FY 21-22 budget reflected almost $4.4 million of unused Discretionary Sales Surtax and stated that based on updated information from the Village Manager, $3 million would be utilized if the purchase of the Walgreens property came to fruition leaving about $1.4 million for other uses.

Councilman Mark Gregg inquired about using the funds for land acquisition and conservation lands since the wastewater system was in place. Finance Director Maria Bassett confirmed that the funds could be used for the purchase of land. She expressed caution in maintaining appropriate funding for wastewater pending the wastewater rate study and the future needs of wastewater. She reported that a financial forecast was conducted in 2013 which included up to $1 million a year of Discretionary Sales Surtax going to wastewater to help with operations and paying down debt. Ms. Bassett stated the Village always needed to consider the needs of wastewater until such a time as the Village knew the revenues were adequate. Councilman Mark Gregg expressed agreement. He noted that per the Office of Economic & Development Research the funds could be used for affordable housing. Ms. Bassett noted that Discretionary Sales Surtax funds were used toward the purchase of the four parcels at Mile Marker 88.6. Mr. Oravec identified the possible uses for the Discretionary Sales Surtax funds; commented that he got excited when the Council identified opportunities and funding opportunities to address the priorities of the Village; the caveat being that it be flagged now; and noted the association with future strategic planning.

Ms. Bassett explained the Governmental Debt Service Fund utilized governmental revenue sources for debt instruments; there were two loans one that was for the wastewater asphalt overlay project which would be paid off in 2028; and a refinancing loan, that occurred a few years ago, which would be paid off in 2026. Staff was working with RBC Capital Markets regarding refinancing opportunities to allow for interest savings.

Enterprise Funds

Ms. Bassett explained that accounting for Enterprise Funds was much like a business.

PYH Marina Fund: Ms. Bassett reported the marina was doing very well financially; it brought in $500,000 in revenue over expenses; the projected pooled cash for FY 21-22 was approximately $1.2 million; capital outlay of $500,000 was budgeted for dock decking replacement; staff wanted to begin permitting for the jetty repairs; and noted there would be healthy reserves for repairs or ongoing jetty work. Ms. Bassett stated it was hoped the installation of the marina office would be completed by the end of 2021 and reported that electric permitting was occurring, then the old unit would be removed followed by foundation construction and placement of the new modular.

Wastewater Utility Fund: Ms. Bassett provided historical information regarding grant proceeds from the Florida Keys Water Quality Improvement Program (FKWQIP). She reported that this year staff submitted $1.7 million in FKWQIP reimbursement requests to the US Army Corps of Engineers (USACOE) but was informed there had been a change in their process so it was unknown when reimbursement would occur. She noted that this potentially affected the wastewater project as she had projected receiving approximately $1.6 million from FKWQIP in the FY 20-21 budget. Village Attorney Roget Bryan explained that the USACOE had an internal reporting requirement that had to be met before they could release the funds; the USACOE representative has been working with the Village for years on the project and was committed to doing what needs to be done to get the funding released for the project; and that he and the Finance Director were going to have a conference call with the Village's federal lobbyists and the USACOE to get a better idea on the time table. He stated the Finance Director was correct in that the Village did not want to rely upon when the funds would be available for reimbursement. He noted staff had been working with the USACOE on amending the project agreement to include stormwater projects; and noted the FKWQIP appropriations for next year were moving forward. Councilman David Webb commented that this was one of the purposes of the Village's federal lobbyists to ensure the Village was in the queue for these types of funding opportunities.

Ms. Bassett reported that despite the completion of the main wastewater system, wastewater needs were ongoing; noted the backflow preventor replacement sampling indicated that about 90% were bad and that funds were included in the FY 21-22 budget to complete the replacements of the backflow preventors. She identified the Hazard Mitigation Grant Program (HMGP) project in the budget for portable generators and floodproofing at the wastewater pump stations noting 75% was funded through the grant and 25% by the Village with estimated projects costs at $660,000. She explained that several capital purchases were budgeted in the FY 20-21 budget however were not received due to back logs and noted these purchases were included in the FY 21-22 budget. Ms. Bassett explained that with regard to the DEP Stewardship Act grant funds for the North Plantation

Key capital project improvements to address some of the fluctuation issues, staff had to advise DEP of the intended uses by the end of August. She stated staff was proposing that Council authorize staff to notify DEP that the Village would like to use the latest Stewardship Act funds for the projects at North Plantation Key Pump Station which could potentially include converting the station to a booster pump station. Ms. Bassett noted the project costs were estimated $4 million. Village Manager Greg Oravec noted the Public Works Director was working with Wade Trim on a wastewater master plan and noted staff would provide an update to Council at the August 19, 2021 meeting. Ms. Bassett explained the annual debt service for wastewater was over $7 million year; and that funds that were held in reserve as a pledge for the State Revolving Fund (SRF) loans had to be applied to debt balances since assessments were utilized to create the Fund.

Stormwater Utility Fund: Ms. Bassett reported that the Village levied an assessment of $32 per Equivalent Stormwater Unit (ESU); approximately $200,000 per year was received from the assessment; and a Stormwater Management Plan update was budgeted for FY 21-22. The Mayor and Village Manager thanked the Finance Director for her efforts.

ADJOURNMENT

Councilman Mark Gregg made a motion to adjourn. Vice Mayor Pete Bacheler seconded the motion. The meeting adjourned at 7:15 p.m.

Approved by Council September 30, 2021.

Stephanie Conde

Stephanie Conde
Deputy Village Clerk