Summary Minutes of the:
ISLAMORADA, VILLAGE OF ISLANDS
VILLAGE COUNCIL
FY 2020-2021 BUDGET WORKSHOPS

Islamorada, FL
July 29, 2020
3:00 PM

WORKSHOP OCCURRED VIA COMMUNICATIONS MEDIA TECHNOLOGY (CMT)
Pursuant to Executive Order No. 20-69 and the Centers for Disease Control (CDC) social distancing guidelines established to contain the spread of the COVID-19 virus, the July 29, 2020 Budget Workshop was conducted utilizing Communication Media Technology (CMT) via a Zoom video conferencing application. Additional information regarding options for viewing the meeting and participation through public comment was published with the agenda.

CALL TO ORDER / ROLL CALL

Mayor Mike Forster called the virtual meeting to order at 3:05 p.m. Village Clerk Kelly Toth called the role and the following Councilmembers, appearing virtually, responded on roll call: Mayor Mike Forster, Vice Mayor Ken Davis, Councilman Jim Mooney, Councilwoman Deb Gillis and Councilman Chris Sante. Also, appearing virtually were Acting Village Manager & Finance Director Maria Bassett, Village Attorney Roget Bryan, Village Clerk Kelly Toth and other relevant personnel.

PLEDGE OF ALLEGIANCE

Village Clerk Kelly Toth led the Pledge of Allegiance.

Announcement:
Mayor Forster requested an update regarding the impending tropical storm. Ms. Bassett reported staff had participated in a virtual meeting with Monroe County and that it was questionable whether the storm would actually develop into a hurricane. She noted that another meeting with the county was scheduled. The Mayor requested an email update after each meeting with Monroe County.

PUBLIC COMMENT
David Webb expressed gratitude to the Council for their efforts.

ITEMS FOR DISCUSSION
This item was heard at 3:12 p.m. Acting Village Manager and Finance Director Maria Bassett explained the purpose of the meeting and noted the two September Budget Hearings. She reported that at the July 16, 2020 Regular Village Council meeting the Council established a preliminary millage rate of 3.1 mills which would be reflected on the August TRIM notices; and noted that the rolled-back rate was 3.015 mills which was the rate needed to receive the same amount of revenue as the prior fiscal year.

Tab 1: **Village Staffing Levels and Proposed Employee Compensation**
This item was heard at 3:16 p.m. Ms. Bassett presented the staffing levels noting that there were no additions proposed to staffing for fiscal year 20-21; explained that the newly created Building Fund was now required under Florida Statutes; explained the reason some of the staffing salary allocations were represented in more than one departmental budget; and that after speaking with

the Building Official, they felt that 25 percent was a more acceptable allocation for the Planning Department which would also include operating expenses. Ms. Bassett reported that per the firefighter's Collective Bargaining Agreement (CBA) six Lieutenant positions would be created in the Fire Department and that the net effect on the staffing level was zero because the employees would move from a firefighter/paramedic position to a Lieutenant position. She stated there was no increase in the Full Time Equivalents (FTEs) going into the new fiscal year.

Ms. Bassett explained staffing compensation which reflected a proposed increase of 3.5 percent for general staff to match the 3.5 percent reflected for firefighters per their CBA; reviewed prior year increases to general staff of 2 percent; noted that bonuses to general staff were not given during the current fiscal year because reviews were not conducted due to several changes that had occurred. Ms. Bassett commented that she was not in favor of the bonus policy because she felt it was inappropriate for local government except in specific situations. Council discussed and agreed to a 1.5 percent COLA for general staff citing the economic situation created by COVID-19. Ms. Bassett expressed, on behalf of staff, gratitude to Council for not having directed furloughs or layoffs in response to the pandemic. She reported that per the CBA, firefighters received longevity bonuses; identified the FRS contribution rates; and noted that the final healthcare benefit rates for fiscal year 20-21 had not been received. Ms. Bassett pointed out that the correct total that should have been reflected on page ten of the staffing compensation was $10.2 million.

Mayor Forster opened public comment for Tab 1.

Robert Moser inquired about Council compensation. Ms. Bassett stated Council was compensated $1,000 each per month.

Mayor Forster closed public comment

Tab 2: General Fund

This item was heard at 3:42 p.m. Ms. Bassett reported that the beginning projected General Fund Fund Balance for Fiscal Year 2019-2020 was $4.1 million of which $3,483,200 was Unassigned; noted that $4.5 million in Hurricane Irma reimbursement had been received; that by year-end $2.5 million would be added to the General Fund Fund Balance; that $2.5 million was transferred to the Debt Service Fund to pay off the line of credit that was taken in response to Hurricane Irma related expenses; and projected by the end of the fiscal year there would be approximately $6.7 million in the Unsassigned Fund Balance which was 34 percent of the 2019-2020 fiscal year expenses. Ms. Bassett noted that the target percentage for Unassigned Fund Balance was 25 percent.

Ms. Bassett reported that the proposed budget utilized a preliminary millage rate of 3.1 mills; noted expenditures would exceed revenues by approximately $32,000; and that because expenses were lowered the Unassigned Fund Balance increased. She reported that if the Council elected to go to the rolled-back rate of 3.015 mills it would require a larger use of Fund Balance at year end; and that the projected Unassigned Fund Balance would be 38 percent of total expenses. Councilwoman Deb Gillis inquired about the net effect of reducing the millage rate by one-tenth of a mill. Ms. Bassett reported that, based on the current valuation, a 3.0 millage rate would have a net effect change of $382,900 and a 2.9 millage rate would have a net effect change of $765,800. Vice Mayor Davis inquired about the savings to a property valued at $500,000. Ms. Bassett stated that at 3.1 mills the amount was $1,550, 3.0 mills $1,500 and 2.9 mills $1,450. Council discussion ensued regarding possibly reaching rolled-back; choosing the appropriate millage to provide the new Council with the tools necessary to succeed; the existing healthy Unassigned Fund Balance; the difference in the General Fund Fund Balance between a 3.1 millage rate and the rolled-back rate of 3.015 was approximately $300,000; and by using the rolled-back rate there would be an Unassigned Fund Balance of 38 percent.

Mayor Forster opened public comment.

Larry Barr commented that the Council recovered the Unassigned Fund Balance after Hurricane Irma in record time and urged the Council to support the rolled-back rate of 3.015 mills.

Mayor Forster closed public comment.

Ms. Bassett explained various General Fund revenue accounts in the FY 2020-2021 proposed budget; noted the Village had paid out over $7 million for Hurricane Irma related expenses and had been reimbursed almost $6 million; that she had reflected 50 percent of sales tax revenue in the proposed budget given the effects of the current pandemic and noted the State had recently approximated 70 percent; and that the total projected revenues, based on a 3.015 millage rate, would be approximately $15.4 million.

Ms. Bassett reviewed the following FY 2020-2021 proposed General Fund departmental accounts:

Village Council:
Ms. Bassett identified the various professional services and explained the amount budgeted in the Travel & Per Diem account. She explained that there was $30,000 budgeted for the Rotary for fireworks as the organization was unable to use the $15,000 budgeted in the current fiscal year and planned to use it in the fall of 2020. Councilwoman Gillis suggested Ms. Bassett speak with the Rotary because they were most likely not going to have the fireworks display due to the COVID-19 situation. Councilwoman Gillis noted nothing was budgeted for FIRM. Ms. Bassett commented that she needed Council direction regarding the amount. The majority of Council agreed to budget a $10,000 contribution to FIRM. Ms. Bassett asked how much the Council wanted to contribute to I-CARE for reef restoration. Council agreed to budget a $5,000 contribution to I-CARE. Ms. Bassett stated she received confirmation from the Rotary to skip the fireworks contribution for the current fiscal year and to budget the $15,000 for fiscal year 20-21. Ms. Bassett noted that the $2,500 budgeted for the Turtle Hospital Foundation donation would most likely be paid out in the current fiscal year. Ms. Bassett noted that there was a prior suggestion by Vice Mayor Davis to contribute to the Good Health Clinic and asked if there was an amount the Council wanted to budget. Vice Mayor Davis suggested a $5,000 donation noting that the entity helped the local workforce. The majority of Council expressed agreement with the amount. The total budgeted for Council for FY 2020-2021 was $353,700.

Village Attorney:
This item was heard at 4:29 p.m. Ms. Bassett reviewed the various professional services noting the expenses paid to the Smith Hawks law firm for services related to the Bosworth case which was the administrative appeal for the 300 affordable units. She explained the various accounts in the Village Attorney's budget.

Village Manager:
Ms. Bassett noted the different personnel assigned to the Village Manager's budget and explained various accounts within the Village Manager's budget. She reported that $300,00 was budgeted for Freebee services which represented a year's worth of payments; that the Village had a nine-month commitment to Freebee; and that Freebee had purchased larger vehicles to enable the service to extend over the bridges. Councilman Sante stated Freebee was supposed to be selling advertising to offset the cost to the Village. Ms. Bassett stated she did not have advertising data, but reported the service had between 50-60 people that they serviced daily. Councilman Mooney noted the poor timing associated with the service beginning in Islamorada post Hurricane Irma.

Village Clerk:
This item was heard at 4:42 p.m. Ms. Bassett reviewed the various expenses within the professional services account noting the addition of document remediation services and explained some of the line items found within the dues and subscriptions account.

Finance & Administration:
This item was heard at 4:45 p.m. Ms. Bassett explained that workers compensation coverage for all employees was reflected in the Finance & Administration budget; explained some of the budgeted professional services; noted the utility services reflected in the budget were for Village Hall; and explained the insurance and dues & subscriptions account line items.

Planning & Development Services:
This item was heard at 4:51 p.m. Ms. Bassett reviewed the professional services account; and noted the total for personnel was less because of the allocation to the Building Services Fund. She commented that the amounts reflected would change with the updated budget due to a change to the percentage allocated to the Building Services Fund.

IT & Communications:
This item was heard at 4:55 p.m. Ms. Bassett reviewed some of the various budgeted line items; noted $10,000 was reflected for closed captioning, $35,000 was budgeted for AT&T phone services and $7,500 was budgeted for Dell Financial for computer leases.

Code Compliance:
This item was heard at 4:58 p.m. Ms. Bassett reported that she had budgeted for three Code Enforcement Officers noting there was one vacancy the Village was working on filling; 25 percent of the Code Enforcement personnel costs were allocated to the Building Services Fund for services related to unpermitted construction work; and reviewed some of the budgeted line items noting that Host Compliance services were eliminated.

Mayor Mike Forster opened public comment.

Robert Moser asked if the third Code Enforcement Officer would be assigned vacation rental enforcement responsibilities. Planning Director Ty Harris stated all code enforcement officers were responsible for vacation rental compliance.

Mayor Forster closed public comment.

Local Law Enforcement (MCSO):
This item was heard at 5:04 p.m. Ms. Bassett reported the bulk of the costs associated with the law enforcement budget were addressed in the contract with the Monroe County Sheriff's Office. Councilwoman Deb Gillis asked where the MCSO annual refund check was reflected. Ms. Bassett stated that if the Village received a refund check it would be reflected in the professional services line item as a credit to that account. Councilwoman Gillis confirmed that the additional overtime for items such as additional law enforcement coverage for the Fills was included in the professional services account.

Fire Rescue:
This item was heard at 5:07 p.m. Ms. Bassett reviewed some of the professional services expenses, communications expenses, and repair and maintenance expenses noting that Station 20 needed a new roof and windows. She reflected an increase to the operating expenses over the current year budget partially due to the coronavirus response.

Building Services:
This item was heard at 5:11 p.m. Ms. Bassett explained that she provided historical numbers for the Building Services departmental budget noting the FY 20-21 budget was reflected in the Building Services Fund.

Public Works:
This item was heard at 5:11 p.m. Ms. Bassett noted she had bifurcated the Public Works budget to reflect expenses related to the Fills; explained that the utility expenses were for all of the Village facilities and parks; and stated the repair and maintenance account pertained to the various Village facilities. Mayor Forster, with support from Council, stated it was not necessary for Ms. Bassett to explain the various expenditures as the Council would ask questions if additional information was needed.

Parks & Recreation:
This item was heard at 5:14 p.m. Founders Park Program Director reported the sports camps had done well during the summer and that staff was considering reinstituting small group programs that allowed for social distancing and were working on virtual park programs.

Public comment: Pete Bacheler suggested, for the benefit of the public, that the Council go through the budget more slowly.

Tab 3: Building Fund:
This item was heard at 5:17 p.m. Ms. Bassett explained that the Building Fund was created pursuant to F.S. 553.8; that to date, the Village had been able to demonstrate that revenues had not significantly exceeded expenses related to enforcement of the Florida Building Code; explained the maximum reserves that were permitted to be carried over to the next fiscal year; and noted that there was now a State reporting requirement to display the direct and indirect costs associated with enforcing the Florida Building Code on the Village website by December 31, 2020, which necessitated the need for the creation of the fund. Mayor Forster asked if staff knew the reason for the new requirement. Staff was not familiar with the State's reasoning. Ms. Bassett explained that the newly created Building Fund for FY 20-21 begins with zero funds in fund balance; identified the revenue sources noting that the Village had been accumulating more funds due to the Education Surcharge than it had been spending; and that the Accumulated Education Surcharge of $178,700

would be transferred from the General Fund to the Building Fund noting that this was the primary reason for the excess revenue in the fund. Ms. Bassett stated that due to the transfer from the General Fund, the Building Fund would have approximately $203,971 in excess revenue. She stated that she, the Building Official and Development Services Director would review the budget and refine it before it came back to Council for approval.

Tab 4: Solid Waste Fund
This item was heard at 5:25 p.m. Ms. Bassett reported the Council had recently agreed to a proposed solid waste residential service assessment rate of $455.65 per residence which would be reflected on the tax bills for next year noting that it was the same rate as the previous year. She explained that for budget purposes, she had included a 2% increase for Advanced Disposal Services, but noted the actual increase was based on CPI and that the actual increase would only be .7 %. She stated that as a result, the deficiency at year end would be approximately $15,000 to $20,000 as opposed to the $40,200 reflected in the budget.

Tab 5: Transportation Fund
This item was heard at 5:26 p.m. Ms. Bassett explained that in previous years the fuel tax revenues were used to offset costs associated with the Public Works Department and roadway maintenance but that the funds were now transferred to debt service and applied to the paving loan. She explained that she budgeted revenue from FEMA and FDEM reimbursement based on what the agencies had obligated; that the Transportation Fund reflected a deficiency until such a time as the Village received Hurricane Irma related reimbursements and began accumulating enough fuel tax revenue to cover expenditures; and that the Village borrowed from other funds to support the activity in the Transportation Fund.

Tab 6: Affordable Housing Fund
This item was heard at 5:30 p.m. Ms. Bassett explained the revenue sources; noted that the Village had a contract with the Corradino Group to provide affordable housing compliance monitoring services which was the majority of the expense identified in the professional services account; explained that the account identified as Grants & Aids to Private Citizens encompassed the First Time Homebuyers Loan Program and the Sewer Connection Assistance Program for people with affordable deed restricted properties and noted that there were no applications to either program during the current fiscal year; and noted there was a transfer for $250,000 from the Affordable Housing Fund to the Capital Projects Fund to contribute to the costs to purchase the 292 Gardenia Street property. Mayor Forster requested a discussion regarding the impact fees associated with the Habitat for Humanity Project at the July 30th budget workshop. Ms. Bassett stated that the Affordable Housing Fund Fund Balance was estimated at $270,760 for the end of the current fiscal year and was projected to be $322,800 at the end of FY 20-21. She commented that the Village had recently purchased three properties that were designated for affordable housing: 292 Gardenia Street, four contiguous parcels on the corner of Woods Avenue and Gardenia Street, and a parcel located on Orchid Street. Ms. Bassett reported that Sue Miller had emailed regarding language in the Comprehensive Plan that required the Village to review the vacation rental fee revenue compared to the cost associated with that function and that any excess funds were to be used to further the affordable housing initiatives. She stated this was something she would have to review (historically) to determine if there were excess funds that could be transferred.

Tab 7: Canal Debris Program Fund

This item was heard at 5:34 p.m. Ms. Bassett explained the fund was created when the Village entered into an agreement with Monroe County in response to funding from the NRCS grant program to help with costs associated with cleaning up the residential canals that contained Hurricane Irma debris and sediment; to date the Village was finished with the arrangement with Monroe County but was waiting on one reimbursement through the USDA NRCS grant; and that canal projects were now being funded by the FDEP Stewardship Act grant. She reported that $1,000,000 in Stewardship Act grant proceeds was budgeted for these projects which should be completed by the end of FY 20-21 at which time the fund would be closed out. Councilman Sante noted Key Largo was finished with their canal cleanup project and asked how long it was going to take before Islamorada was finished. Environmental Resources Manager Peter Frezza provided a timeline noting the bidding and approval process; stated dredging was expected to begin in November; that there were five canals remaining; and that the project should be completed in early 2021.

Tab 8: Impact Fee Fund

This item was heard at 5:38 p.m. Ms. Bassett reported that there was $2.3 million in impact fee revenue that was accumulated at the beginning of the current fiscal year; that approximately $2.1 million would be carried over to the next fiscal year; and that for the current fiscal year there was a transfer out of the Impact Fee Fund to the Capital Projects Fund to help with the Key Tree Cactus project; and that the next fiscal year there would be a transfer to the Capital Projects Fund for items associated with the Fire Rescue and Public Works departments. She explained that impact fees were committed to a specific use and could be used on capital projects that were needed to accommodate growth and development which was the reaseon the fees tended to accumulate.

Tab 9: Capital Projects Fund

This item was heard at 5:39 p.m. Ms. Bassett identified the primary revenue sources for the Capital Projects Fund; and explained that due to the effects of the pandemic she had budgeted $1 million in local government discretionary sales surtax revenue for fiscal year 20-21, but noted that the amount could be as high as $2 million. She reported that she budgeted $500,000 for FEMA reimbursement related to the Anne’s Beach project; identified projects that would receive FEMA Hazard Mitigation Grant Program (HMGP) proceeds noting the grant covered 75% of the project costs and the Village was responsible for the remaining 25%; and that she had reflected $1.2 million in FEMA HMGP proceeds for FY 20-21. Ms. Bassett stated she had budgeted $3.9 million in revenue for FY 20-21; that two vehicles were budgeted for Code Compliance however, if the Monroe County Sheriff’s Office turned in vehicles to the Village that were adequate, they would be used instead of purchasing new vehicles. She stated that she did not see moving forward with any substantial purchases until hurricane season was over.

Ms. Bassett identified $580,000 that she budgeted for the Fills Master Plan engineering and construction which included fencing and was subject to change. She stated it would be set up as a separate account in the final budget and not mixed in with Public Works. She noted that she budgeted $500,000 for transfers from the Capital Projects Fund to the Wastewater Fund. She stated a portion of the current fund balance was utilized on current year projects with the expectation of recouping those funds next fiscal year through grant proceeds. She estimated $2.9 million in the Capital Projects Fund Fund Balance by the end of FY 20-21.

Public comment: Larry Barr suggested forgoing the expense for the Fills for another year. Mayor Forster suggested Mr. Barr wait until the next meeting when the Fills project would be discussed before he made his mind up about how he felt about the budgeted expenses. Councilwoman Gillis noted that part of the expense was for fencing to eliminate the need for the placement of pylons.

Ms. Bassett stated that Sue Miller had asked why no revenues were reflected for the Fills. She stated it was too soon to budget revenue associated with pay-for parking. Councilwoman Gillis noted the upcoming FDOT restoration project in the area. Ms. Bassett noted that the Village had not yet received FDOT approval to charge for parking. Public Works Director A.J. Engelmeyer reported the FDOT would begin a shoreline stabilization project this fall that included the Fills and Sea Oats Beach; the Village's project would be dependent upon the completion of FDOT's project; and that the Village wanted to ensure that FDOT had access to the project areas.

Tab 3: Governmental Debt Service Fund

This item was heard at 5:54 p.m. Ms. Bassett stated that the Governmental Debt Service Fund reflected payments of principal and interest on Village debt instruments. She reported that beginning FY 20-21 the remaining balance on the Series 2013 paving loan was $3,780,000 which would be paid off in 2028; that the line of credit for Hurricane Irma was paid off with related reimbursement funds; and that there were two loans remaining.

Council decided to discuss the remaining tabs at the July 30th workshop to allow individuals that were interested in the stormwater fund to attend and potentially comment.

ADJOURNMENT

Councilman Chris Sante made a motion to adjourn. The meeting adjourned at 5:57 p.m.

Approved by the Village Council September 17, 2020.

Kelly S. Toth

Kelly S. Toth, CMC
Village Clerk