

NOTICE OF MEETING

**Finance and Budget Review Committee
Friday, January 22, 2010 at 2:00 PM**

**Commission Chambers at City Hall
155 Corey Avenue
St. Pete Beach, Florida**

FINANCE & BUDGET REVIEW COMMITTEE AGENDA

Call to Order

Roll Call

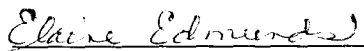
1. New Business
 - a. Approval of minutes
 - July 10, 2008
 - December 16, 2008
 - January 27, 2009
 - April 30, 2009
 - June 25, 2009
 - July 13, 2009
 - July 14, 2009
 - b. Review of Preliminary Financial Statements – FY 2009
 - c. Review of Quarterly Financial Statements – December 31, 2009
2. Other Business

Motion to adjourn

The public is cordially invited to attend.

In accordance with the Americans with Disabilities Act and F.S. 286.26, persons with disabilities needing special accommodation to participate in this proceeding should contact Ed Pickhardt at (727) 363-9243 no later than four (4) days prior to the proceeding for assistance.

If a person decides to appeal any decision made at this hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.


Elaine Edmunds, Finance Director

FINANCE & BUDGET REVIEW COMMITTEE MEETING

MINUTES

January 22, 2010

CALL TO ORDER

PRESENT

Joanne Melodayo
John Samorajczyk
Peter Uebelhoer, Chairman
Thomas Gadacz
John Phillips, Sr.

ALSO PRESENT

Elaine Edmunds, Finance Director
Theresa McMaster, City Clerk

APPROVAL OF MINUTES

A motion was made that the Minutes from July 10, 2008, December 16, 2008, January 27, 2009, April 30, 2009, June 25, 2009, July 13, 2009 and July 14, 2009 be approved as submitted. The motion was seconded and approved by unanimous roll call vote.

REVIEW OF PRELIMINARY FINANCIAL STATEMENTS – FY 2009

Chairman Uebelhoer called upon Elaine Edmunds to review the December 31st and September 30th statements. Starting with the September 2009 update, Ms. Edmunds reported that the City finished the year with \$500,000 excess revenue over expenditures. Looking at revenue, the City was about \$110,000 over what was budgeted in revenue; expenditures were \$400,000 under budget. Pending completion of the audit, Ms. Edmunds does not anticipate any major adjustments.

After discussion, a motion was made that this Committee express to the Commission, as to the employees of the City, the Committee's thanks for doing a superb job and specifically, any future reduction in manpower to support the City be seriously considered and weigh the risks of compromising the function of the City employees. The motion was seconded and unanimously approved by roll call vote.

Elaine Edmunds brought up the wastewater fund which, at the end of the year, had a slight deficit of \$31,000. The flow that is billed was down and after calling the county, realized that there are a lot of vacant homes and the hotel industry is also down. There

will be another rate increase beginning January 1st of 7 ½% that the residents will see on their bill and another 7 ½% next year. As to reclaimed water, that ended the year with a loss of \$113,000. The City has hired a consultant in fiscal year 2010 who is working on an increase on the reclaimed water rates too. A rate increase for unclaimed water will be brought to the Commission sometime in February.

Ms. Edmunds reported that on the Capital Projects Fund the Penny for Pinellas was \$100,000 less than what was budgeted, another result of the economy. A grant was recorded with the State for \$89,700 in the fiscal year 2009 for the police station; that money has not yet been received, but the check should be here within a month. The City did receive \$124,000 in donations for the Community Center from previous pledges. There is another \$124,000 pledged for fiscal year 2010.

REVIEW OF QUARTERLY FINANCIAL STATEMENTS – December 31, 2009

Elaine Edmunds reported that in the first quarter the City seems to be doing okay. One area that the Committee may want to discuss is the Recreation Center. Revenues were down last year and they are down about a \$1,000 this year. The pool revenue is down; revenues from the Community Center are something they will have to keep an eye on. Rentals on the Community Center are doing a lot better than last year. Last year they had \$16,800 in rent and this year it's \$36,000.

Ms. Edmunds was asked if she saw any declines in tax revenue and she responded that was going okay however, they did receive notice of quite a few people challenging their assessed value, both residential and business properties.

The present Fire Chief is retiring next week. They are promoting the current Operations Commander to the Fire Chief position and they are not going to fill the Operations Commander position.

Attorney's Fees is another area that they will keep an eye on. They are up to about \$115,000 for the first three months in extra legal fees; they budgeted \$200,000. Joanne Melodayo made the recommendation that the Committee look into the cost of having a full time attorney, notwithstanding having other costs that would be associated with contracting out services or specialized legal situations.

Thomas Gadacz made a motion that the Committee recommend to the City Commission that they investigate hiring a full time city attorney who specializes in handling of law suits against the City as a substitute to hiring an outside attorney. The motion was seconded and unanimously approved by the Committee.

Ms. Edmunds reported that in the Police Department, the overtime is about \$10,000 higher due to some vacancies in this Department the first quarter. Looking at the Fire Department, it is broken into two divisions, i.e. Fire Suppression and EMS. Comparing it to last year, everything was in Fire Suppression. Expenditures were higher than the previous year; there were a couple firefighters resign and there were some payouts associated with that.

Recreation budget is 7% over previous year. They purchased an outdoor portable screen for movies that cost \$6,800 in the first quarter and they also encumbered monies for pool chemicals for \$11,000, that's why their expenses were high in the first quarter.

Capital Project – Egan Park Land Purchase – There was the first payment and then there was an additional payment of \$9,050 the City had to pay. The City doesn't own the property, it's owned by Florida Trust for Public Land. Mrs. Melodayo asked about some grant monies that were supposed to be available. The City is hoping to get a \$200,000 grant but Ms. Edmunds didn't know the status of that right now. The City is committed to payments in 2011, 2012 & 2013 in the amount of \$195,000 each.

Pete Uebelhoer said that there has been discussion about the marina outside the Community Center again. Who is responsible for realistically assessing the cost to the City of putting a marina in? Ms. Edmunds hasn't heard anything about it.

Ms. Edmunds was asked if there was anything else that may be coming up that might be a problem that the Committee can do some preventive action on. She stated that she knows the City Manager is getting ready to gear up on the pensions. Some action needs to be taken on those and he has to meet with the City Commission first because that all has to be bargained with the unions, any changes in the pensions, and you will start hearing some talk of the pensions. The Police and General Pensions met yesterday; there was quite a bit of discussion on the assumption rate, that 8 ½% rate, at those meetings and they are still leery of lowering that rate. They did not make a decision on the assumption rate. Mr. Phillips stated that he is not sure that Foster & Foster are giving the police and fire Unions good advice. You may remember the discussion the Committee had with Mr. Williams, the actuary that the City brought in to take a look at our situation, and he was highly critical on several points. He had some very good specific points that Mr. Phillips thinks will certainly enter into these discussions when they take place. To sum it up, if you're going to give people these benefits over here, over here you have got to raise the money to do it. The City doesn't have the dollars to pay for it and the City's deficiency is growing. Right now the alibi is going to be the market, and that's a valid argument, but that wasn't a valid argument back in 2005 & 2006. It's a big issue that needs to be addressed soon.

Ms. Edmunds stated that she had the 1010-11 Budget Calendar. Copies were provided everyone on the Committee. We have been told by the Property Appraiser's office to minimally expect a 10% reduction in property values in 2011. Ms. Edmunds said she doesn't get the certification of values from the Property Appraiser until July 1st, so she is looking at the first week of July, the 5th through the 16th, as the time frame to schedule a Meeting.

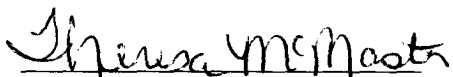
John Samorajczyk stated that it may be necessary to schedule a Special Meeting to discuss this pension problem. Theresa McMaster advised the Committee that they could watch the Pension Board Meetings from yesterday online and there was an actuary here from Foster & Foster. There were some recommendations made to the Board and the Board decided they would take those recommendations and get with City Administration first to discuss them because we all know their benefits are on the table at this point. They are waiting to see the impact of those recommended changes before they make any changes in anything. Lowering the assumption rate from 8.5 was discussed, change in mortality tables was discussed and change in turnover rate assumption was discussed. Ms. Edmunds said the mortality table is another thing that is going to adversely affect the pension plans. The position the City has, as far as the Pension Boards is concerned, is it's their fiduciary responsibility to worry about the pension, not their responsibility to worry about what the multiplier is or all the benefits. Their responsibility is to watch that the pension fund is sustainable. In her opinion, it's their responsibility to set an assumed interest rate that is more realistic because, as they all know, it's not being realistic as to what the true status, pension plans are 60 some percent funded, you lower that assumed interest rate to make it more realistic and put in the corrected mortality table and it's a lot less than 60 some percent funded.

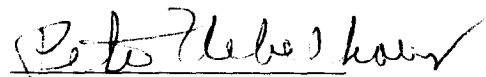
John Phillips stated that they might offer the Committee's services to Mike and to whomever in the City Administration they might need in this deliberation.

Ms. Edmunds said that they did get a response from the state on all three pensions questioning the assumed rate of return of 8 ½% and the mortality tables. The pension boards are required to submit them to the state.

ADJOURNMENT

A motion was made to adjourn the Meeting. The motion was seconded and unanimously approved by the Committee.


Theresa McMaster, City Clerk


Pete Uebelhoer, Chairman

Minutes approved on 5-6-2010