

**CITY OF TREASURE ISLAND, FLORIDA
BOARD OF COMMISSIONERS MEETING MINUTES
August 5, 2008**

The meeting was called to order at 6:08 p.m. by Vice-Mayor Bob Minning.

A. PLEDGE OF ALLEGIANCE: Led by Vice-Mayor Bob Minning

B. ROLL CALL:

Mayor Mary Maloof		Absent
Commissioner Phil Collins	District 1	Present
Commissioner Ed Gayton	District 2	Present
Commissioner Bob Minning – Vice Mayor	District 3	Present
Commissioner Alan Bildz	District 4	Present

C. PUBLIC COMMENTS:

Butch Ellsworth spoke regarding the City budget. He stated that he agrees with some of the Commissioner's comments, but also disagrees with some. He gave a list of suggestions on how to cut the budget and lower the millage rate.

John Burke thanked the participants in the recent Elnor Island cleanup, the people from John's Pass Marina, the Friendly Fisherman for providing the sandwiches, Vice Mayor Minning, Commissioner Collins, and Mayor Maloof. There were volunteers from outside the city. He hopes that they will continue with the clean ups so that the birds will return to the island.

Joe Roberts spoke regarding the budget. He stated that there were four men putting up the pirate. He felt that two men could have accomplished the job.

D. APPROVAL OF MINUTES:

The minutes of the July 15, 2008 meeting and workshop are available for approval. It was moved by Commissioner Bildz and seconded by Commissioner Collins to approve the minutes as printed. Upon roll call the vote to approve was unanimous.

Commissioner Gayton asked why items E-1 and E-2 were not workshopped before being placed on the meeting agenda. Mr. Silverboard explained that he had told the Commission about this during the budget workshops. They must be passed before September 1st. Commissioner Gayton stated that he knew that, but wanted the taxpayers to be aware of that.

E. ITEMS OF BUSINESS

1. Consideration of Ord. 08-08, Adjustment to Public Services (Utility) Tax (1st Reading)

It was moved by Commissioner Bildz and seconded by Commissioner Collins to approve the Ordinance as read.

Mr. Silverboard gave an explanation of this item. The City currently charges a tax on the various utilities that are provided. The maximum that is provided by state statute is 10%. Staff is recommending, and it is built into the budget, adopting an ordinance to increase the tax from the current 6% to the 10% allowed by law. Currently the Public Service tax on electricity generates about \$300,000 per year. That is what we are estimating that we will get in by the end of this fiscal year. The projected utility tax revenue for this year is \$72,000. This increase would be approximately \$179,000 more than our current revenues.

Statute requires that we notify the Department of Revenue of the rates by September 1 of this year in order to have the rates go into effect by January 1, 2009. Treasure Island is one of the few full service cities in the county that is not charging the 10% rate for utility taxes. The cities that are not charging it are the Town of Bellaire, Bellaire Bluffs, Bellaire Shores, Indian Rocks, North Redington Beach, Oldsmar, Redington Shores, Seminole, and Treasure Island. Treasure Island is the only one that has both a police and fire department.

Commissioner Bildz asked why the metered natural gas was left at 6%. Mr. Silverboard stated that he didn't think it was necessary. Commissioner Bildz stated that he would prefer to see the rates raised on electric and natural gas rather than water. He suggested that if they took the water off and put it on gas it might be close to even.

Commissioner Gayton asked why. They just went through the budget process and made cuts where they could. If they vote on this tonight that's it. They will get an increase. The businesses will get hit the hardest because they use the most water and electricity. This is on top of the increase in the ad valorem rate. This is another \$299,000 in taxes for people that are begging for help. Why are we taxing people when yesterday we received the general fund reconciliation, and the fund balance is going to be 16%? The 15% is a recommendation. It is tough times. A lot of cities can't reach that 15%. Why are we taxing to go another percentage point above the 15%? We have a non-producing asset in the Causeway House. Now is not the time to sell it. Is now the time to increase the taxes on the residents? We can sell the house and not increase any of these taxes. We could put it towards these taxes and eliminate these three taxes and at least reduce the burden on our taxpayers. He sees no reason why the Causeway House should not be sold immediately. It is not going to gain value. It is sitting there deteriorating. At least take the fund balance down from 16% to 15%. What is the difference now? Where do we get the required minimum fund balance? Do you want to increase utility taxes just to make our fund balance look great? He will not be voting for this ordinance. We have other things that we can look at in our budget that can be reduced.

Mr. Silverboard stated that the supposed 14% increase in ad valorem is incorrect. It is a 0% increase in ad valorem revenues. It is the roll back rate, which is the rate that produces the same amount of revenue as this year's budget. About \$60,000 additional revenue will come in due to new construction. The amount of additional property taxes to be collected from this community is 0%. What is going up is the difference between one number and another number. The revenue is staying the same.

He strongly urges the Commission to set aside the money from the sale of the Causeway House for future bridge repairs when it is sold. We have no money for major bridge repairs.

In terms of the 15%, it is a Commission policy. By not adopting this particular tax our fund balance will have a deficit this year of \$108,000 in our General Fund. If we do not pass the Communications Services tax that is another \$49,000. That is about \$160,000 deficit that is coming out of our Fund Balance. Our fund balance can not continue to support our city. Commissioner Gayton was right when he pointed out that it would be going to zero in a few years. By his calculations we will be down to \$79,000 in our fund balance by FY 12-13 if we do not do what we need to do to put the city on a firm financial footing. This year we will need around \$300,000 from fund balance. At that rate we will not have a fund balance after just a few years. If we do everything that is now on the table we will increase our fund balance by about \$70,000. The following year we will be using \$50,000 and about \$120,000 the year after. This is part of the process to get the City's general fund back on firm footing. The tolls allowed the city to have a very low millage rate for a full service city. That was a little more than a million dollars per year to support those services. When we did the new bridge there were expenses to operate, but we lost the revenues. That is part of the problem. The rest of the problem is the shared revenues that we get from the state are just not there this year. They have recently announced that they are looking at even deeper cuts this year. Right now we were looking at a \$360,000 deficit for this year, but it may be higher. He knows that it is painful to do this, but they have to set the general fund on a firm footing, and not with a one time fix. It is not a prudent business-like practice. Whether or not they get rid of the Police Department, shut down Treasure Bay, the golf course and tennis courts, those are the types of decisions that we have to make.

Commissioner Gayton clarified that the 14% increase that he discussed was the increase in the millage rate alone. He is not talking about the millage rate here, or how much money we got from the bridge. It is time to give the residents a break. We can talk about what is going to happen in the future with bridge repairs, or we can talk about prudent business decisions. When he was in business and we had a piece of equipment that wasn't being used we put it up for sale. Is it prudent to put the causeway house up for sale? He thinks so. Taxing to make the fund balance look great is not the right thing to do. He will not be voting for this ordinance.

Commissioner Collins stated that he agrees with what Reid said about what to do with the revenues from the sale of the causeway house. He has mixed feelings about what was said about the taxes. He can see validity on both sides.

Commissioner Bildz stated that he agrees with Commissioner Gayton, and thinks that they can get \$300,000 for it. They could put this tax increase off for a year. It is a short term fix, but people need help. If the City Manager wants to put the fund on sound financial footing, but what will happen when everyone moves out?

Commissioner Collins stated that we should not put too much into what the house will bring. We all have houses in our neighborhoods that haven't sold. In the meantime, nobody likes to pay taxes, but he agrees with Mr. Silverboard on that.

Commissioner Minning stated that he agrees that the money from the house should go into a reserve for the causeway. He doesn't believe that a one time or short term fix is what they should do. He agrees with Mr. Silverboard that we need to get the city back on a sound financial footing. We should continue to look for ways to reduce the budget. If you look at the big ticket items, 70 something percent goes to Police, Fire, and other

employees. If we are going to make any long term significant dents we have to address the big ticket items. He has heard from people that they are willing to pay for police and fire. He agrees with Mr. Ellsworth that blame should be placed on citizens. They don't hear from many people. They as Commissioners need more feedback. He is making a plea to the people in the audience and at home to give them their feedback. When he does the math on these tax increases it adds up to about nine cents per day for the average parcel here in Treasure Island. We have looked high and low during the budget hearings for ways to decrease our spending. We have not come up with a silver bullet that will get us on a sound financial footing. He is willing to support nine cents per day to move this city forward.

Commissioner Bildz commented that the short term fix keeps getting thrown around. If we sell the house it will be a short term fix for whatever fund the revenues will go into. It is more prudent to put it in the general fund. Mr. Silverboard stated that it would become a designated account in the general fund. Commissioner Collins stated that he refers to it as a short term fix to open up an account to repair the bridge. It is going to cost us approximately \$250,000 to maintain the bridge per year. We don't know how quickly the house will sell, so where is the money going to come from? Commissioner Gayton stated that the \$250,000 is for the bridge tenders, it is not for repairs. Mr. Silverboard clarified that it includes repairs as well.

Commissioner Gayton stated that when he looks at his utility bills this will cost him over \$100 per year. It is tax after tax. Of course we want the city on firm ground. We are now collecting almost 4 times the amount that we collected in 2001. We have to stop spending. The only good thing about this is that it will be the maximum. What happens next year? Where are we going to get more taxes? How much is it going to cost the businesses?

Commissioner Bildz asked Commissioner Gayton if he was confident that they could find \$190,000 in spending cuts. Commissioner Gayton stated that his first recommendation would be to cut \$90,000 from the fund balance. His next recommendation would be to change the collection to 97%. He believes that they can find the money in their budget. Mr. Silverboard stated that we will not be collecting 97% of our tax revenues. Ms. Chapman recommended changing it to 95%. He is the one that recommended changing it to 96% against her advice. He presented the Commission with some budget projections that he put together to demonstrate where the fund balance goes without these taxes. Next year we will be down to 14% in reserve funds. The 15% is a guide that we should be shooting for. As they can see, we will quickly, within the next few years, run out of money in the general fund. Combine that with the Communications Services Tax and we run out of money faster. As a new City Manager coming in, the last thing that you do is recommend tax increases. He would rather do other things, but for the financial well being of the City we need to take these steps. They are painful and unpopular. We are not like the other cities in Pinellas County. We had a 9% reduction in our ad valorem last year, and we have a decrease in our assessed values. That is why we have the roll back rate.

Commissioner Gayton stated that he knew that it was hard for the manager to come in with increases. If our expenditures were less it would be different. Mr. Silverboard stated that we started talking about that this year. We talked about removing the marine patrol, and they put it back in. We are not talking about two people here. The kind of money we are talking about is farming out our police or fire department. The County will

try to force us into a fire district next year. We are talking about shutting down parks. Those are the things that are left. Commissioner Gayton stated that we have not talked about those things. To be fair to the Commission, Mr. Silverboard stated that we were going to eliminate the Marine Patrol, but then it was going back into the Police Department. If we are not going to save money we will keep the Marine Patrol. We talked about overtime. Let's have a study on the Police Department and see how we can reduce that. Mr. Silverboard stated that part of the negotiations with the Police Department this year involves overtime and how it is calculated. We have to negotiate that.

Commissioner Collins stated that we were all in agreement on the budget. Commissioner Gayton stated that he wasn't in agreement with a lot. Commissioner Minning stated that they spent three days discussing the budget. What is in front of us is \$300,000 in taxes. He doesn't know where they can find \$300,000 in cuts that wouldn't take into account Police and Fire. They are not readily available. If they were we would take them out now. Commissioner Collins stated that he could think of half of it – the Library, the Police boat, and the Commissioner's salaries.

Upon roll call the vote to approve was tied at 2-2 with Commissioner Bildz, no, Commissioner Collins, yes, Commissioner Gayton, no, Commissioner Minning, yes. Ms. Kiefer explained that they have to have a tie breaking vote. It was agreed to hear it again at the next meeting, and if it is voted in the affirmative to move it forward hold a special meeting before the deadline. This ordinance will move forward to the August 19, 2008 meeting for first reading again.

2. Consideration of Ord. 08-09, Adjustment to the Communications Services Tax (1st Reading)

It was moved by Commissioner Bildz and seconded by Commissioner Collins to approve the Ordinance as read. Commissioner Minning proposed that they treat this the same as the first ordinance. Commissioner Bildz asked what services this covered. Mr. Silverboard stated that it covered telephone, cable, satellite television and mobile phones. It is not a tax on the internet. The Communication Services Tax was a result of legislation passed around the year 2000. This is part of the deregulation that the legislature had for cities regulating cable service. What they did was calculate how much money the state was getting from each of their taxes, as well as what each local community was getting. This was to make the cities whole. The state legislature set the tax rate. For the City of Treasure Island they set our rate at 2.20%. In addition, if the city agrees not to charge a permit fee they would add an additional 1.12%, making the City's rate 3.32%. That was set by the state, so the Commission didn't have to pass the tax. The law allows the city to charge up to 5.22% when the additional 1.12% is added on. He then read a list of what other communities are charging.

The toll revenues allowed us to have a full service city at a very low tax rate without charging these taxes. We now have to have another source of revenue to continue to offer these services. There are four types of taxes that the city can charge, and the amount is regulated by the state. We are currently getting revenues of \$160,000. Under this proposal our revenue will go up to \$280,000, an increase of \$120,000. Staff urges that the Commission pass this for all the reasons stated previously. Mr. Silverboard provided them with the revenue projection. Commissioner Bildz asked if the 5.22% was the maximum rate. Mr. Silverboard answered in the affirmative. Mr. Silverboard

provided information on the affects of the fund balance if this is not passed. Commissioner Bildz stated that those figures are assuming no cuts in expenditures. Mr. Silverboard gave them the predicted increases.

It was moved Commissioner Bildz and seconded by Commissioner Gayton to table this item until the next meeting on the 19th. Upon roll call the vote to table was unanimous.

3. Consideration of Res. 08-75, Signature Authority for Interim Finance Director

It was moved by Commissioner Bildz and seconded by Commissioner Gayton to approve the resolution as read. Commissioner Bildz stated that he was glad that Hal Bruce agreed to act as Finance Director. Upon roll call the vote to approve was unanimous.

G. ADJOURNMENT

The meeting was adjourned at 7:20 p.m. by Vice-Mayor Minning.

Mary Maloof, Mayor

Phil Collins – District 1

Ed Gayton – District 2

Bob Minning – District 3

Alan Bildz – District 4

ATTEST:

Dawn M. Foss, City Clerk