

**FINANCE COMMISSION MINUTES**  
**Tuesday, December 29, 2020 – 9:30 a.m.**  
**City Hall, Council Chambers, Vero Beach, Florida**

**PRESENT:** Chairman, Robert Jones; Members: Gene Waddell and Kathryn Barton **Also Present:** Finance Director, Cindy Lawson; City Attorney, John Turner and Deputy City Clerk, Sherri Philo

**Excused Absence:** Scott Nuttall

**1. CALL TO ORDER**

Today's meeting was called to order at 9:31 a.m.

**2. ELECTION OF OFFICERS**

**A) Chairman**

Mr. John Turner, City Attorney, called for nominations for Chairman of the Finance Commission.

**Mrs. Barton nominated Mr. Jones for Chairman of the Finance Commission. Mr. Waddell seconded the nomination.**

**There were no other nominations.**

**Mr. Robert Jones was unanimously appointed Chairman of the Finance Commission.**

**B) Vice Chairman**

**Mr. Waddell nominated Mr. Scott Nuttall for Vice Chairman of the Finance Commission.**

Mr. Turner noted that Mr. Nuttall was not present to accept or decline the nomination. He recommended that the Commission nominate a member who is in attendance for Vice Chairman of the Finance Commission.

**Mr. Jones nominated Mrs. Kathryn Barton for Vice Chairman.**

**Mrs. Kathryn Barton was unanimously appointed Vice Chairman of the Finance Commission.**

**3. APPROVAL OF MINUTES**

**A) December 18, 2019**

**Mrs. Barton made a motion to approve the minutes of the December 18, 2019 Finance Commission meeting. Mr. Waddell seconded the motion and it passed unanimously.**

**4. PUBLIC COMMENT**

None

**5. FINANCE DIRECTOR'S MATTERS**

**A) Review of FY 19-20 Final Budget Amendment**

Ms. Cindy Lawson, Finance Director, went over the FY 19-20 Final Budget Amendment with the Commission members (on file in the City Clerk's office). She reported that the City received about \$1.1 million worth of hurricane revenues that were two (2) or three (3) years old and they also received about \$1.6 million more than their original estimate for interest earnings. She reported that the City's 10-year investment return on idle cash hovers around 1% and that is what she budgets. This past year it was almost 4%, which is the reason they see this huge bump in revenue. She explained that she only budgeted for 1% for the coming fiscal year going forward. She said although that is not likely to reproduce itself, what it did do for the City was some great things at year end. She explained that the adopted budget in 19-20 has the second year of the five (5) year glide path (soft landing) where they appropriated about \$1.8 million in the Fund Balance to balance the budget. They did not have to use the \$1.8 million and they added another \$2 million on top of that to the Fund Balance. Therefore, the City's unassigned Fund Balance at this point contains enough funds for the final three (3) years of the glide path and they have an additional \$2 million on top of that.

Mrs. Barton said there were several projects that were scheduled and not done. She questioned if they were re-budgeted.

Ms. Lawson reported that this information is located on pages two (2) and three (3) the Five (5) Year Capital Improvement Program (CIP) book, which is on file in the City Clerk's office.

**B) Review of FY 20-21 Adopted Budget**

Ms. Lawson went over the FY 20-21 adopted budget with the Commission members (on file in the City Clerk's office). She reported that as a result of the pandemic there was a lot of uncertainty about what the State Revenue Sharing sources would be. Those sources represent \$3.6 million or about 14% of the City's total General Fund revenues. To compound the problem, there is a State agency, the Office of Economic Demographic Research (EDR), that prepares the estimates for cities for the State Revenue Sharing. She reported that normally the City receives their estimates in June so they can prepare a budget for the July workshop meetings, but these estimates were delayed. Therefore, when staff brought the budget to the City Council in July, they had balanced

the budget with the State revenue sources at last year's level and recommended to Council that once they receive the estimates for the decrease that they use the Budgetary Stabilization Reserve they already have set aside in their Fund Balance Policy to fill the gap of a downturn of State revenue sharing if necessary and the City Council agreed. In August, they received the official EDR estimates and it looked like they were going to have to use about \$229,000 from the Budget Stabilization Reserve and then by the time they got to the September budget hearing the EDR produced updated State Revenue Sharing estimates that not only went down a little bit, but the City also received their final Florida Municipal Insurance Trust (FMIT) insurance renewal quote and the final Other Post Employment Benefits (OPEB) report and it turned out that they didn't have to use any of the Budget Stabilization Reserves and actually ended up with an \$88,000 unappropriated surplus.

### **C) Discussion of FY 20-21 Finance Department Projects**

Ms. Lawson went over the FY 20-21 Finance Departments upcoming projects with the Commission members. She reported that she is completing her financial analysis and is getting geared up for debt issuance for the Waste Water Plant project. In January she will be requesting a Request for Proposals (RFP) for a Financial Advisor (FA) and anticipates bringing a Recommendation for Award to the Finance Commission in late February or early March and then to the City Council.

Ms. Lawson reported that they need to start the process of selecting a new auditor in March and the Finance Commission will need to select a Finance Commission member to serve on the Auditor Selection Committee. She gave a rough timeline of the process with the hope of presenting a recommendation of award to the City Council in August or September.

Mr. Jones asked do they need to select a member to serve on the Auditor Selection Committee during today's meeting or should they schedule a meeting in January or February to do that.

Ms. Lawson said based on her timeframe for the RFP for the FA and kicking off the process of choosing an auditor, she would suggest that they schedule a meeting in late February or the first week in March.

Ms. Lawson reported that when the City Council decided that they were not going to be able to decide on a plan for the Three Corners project in time to put out a referendum, however because of COVID they reconstituted the Three Corners Steering Committee and asked them to look at all the plans that were submitted to formulate a final one (1) and also to look at the City's goals and objectives again. She reported that the City's Consultant for the Three Corners project stated a number of times that the City had \$21 million to put towards the project and staff has corrected that misconception. She explained that the City has \$21 million set aside for capital projects, but it was not for the Three Corners project. The bigger issue from staff's perspective with the Three Corners development is not the initial capital investment, but the ongoing operating costs. Staff has consistently stated as a goal that it be revenue neutral. The reconstituted Steering Committee

met and relooked at the various goals and planning premises and amended them. She said the very first goal stated, “*pursue the best and highest use of the public property*” and the Committee added to that goal, “*that is financially sustainable for the City.*” The idea at this point is that the Steering Committee will finalize the preferred community plan and once that is done a financial analysis of that plan and possibly one (1) or two (2) of the alternative plans to see if they meet the goal of being revenue neutral and sustainable. Once that is completed it would go back before the City Council with the goal of holding a referendum next fall.

Ms. Lawson reported that the City Council voted in December to adopt a Notice of Intent Resolution to levy a stormwater assessment for the tax bills beginning in November, 2021. It is a non-binding Resolution that simply preserves the City Councils right to levy a non-ad valorem assessment. She reported that there will be workshop meetings, public hearings, notices, assessment resolutions, etc., and if the City Council decides to move forward, the final public hearing would be held in August or September.

Mr. Jones asked are there any developed budgets that are depending on that levy.

Ms. Lawson explained that staff needs to go before the City Council in January or February to get some clarification on the expenditure of funds. She noted that currently they have about \$580,000 worth of stormwater projects in the CIP each year so staff needs to know if they should move those funds into the stormwater utility or if they want to keep them where they are and add more projects.

Mr. Keith Drewett, of the Board of the Clean Water Coalition of Indian River County, spoke on the issues of the Lagoon with the stormwater runoff. He said there is a misconception that the assessment would go up each year. He said the City Council would set the assessment each year during the budget process as they do with all other assessments and taxes. He said it is very common for an assessment to remain the same, to be less if the projects are not there, and in some cases at zero.

Ms. Lawson reported that they are about to approve the planning and development engagement for the Marina. Based on the work authorization that she has seen, there would not be any construction until February, 2022 at the earliest. Therefore, it is not a concern for the coming fiscal year. The coming fiscal year would be for the design, engineering, and planning.

Ms. Lawson reported that online bill paying for the Water and Sewer Utility was brought on last spring; Staff is finishing up the implementation of a brand new point of sales system at the Marina, and they are on task to put a point of sales system at Leisure Square and some of the other Recreation facilities.

## **6. CHAIRMAN’S MATTERS**

Mr. Jones asked where do they stand with regards to grant funding for the Airport.

Ms. Lawson reported that the City Manager and Interim Airport Director have been meeting with Legislative Aides to discuss the potential legislative solution. She reported that the Florida Department of Transportation has agreed to keep all the projects that are currently in the Airports Five (5) year plan at the 80/20 percent funding level. She noted that Airport staff has done a great job at leveraging more Florida Aviation Administration grants to fill the gaps.

Mr. Jones said that he mentioned this because it caught him by surprise. He felt it would be good for the Finance Commission to be made aware of significant downside issues, such as this.

## 7. MEMBER'S MATTERS

None

## 8. CLERK'S MATTERS

### A) Annual Report

Mr. Jones asked would their meeting of December, 2019 be included in the Annual Report.

Ms. Sherri Philo, Deputy City Clerk, noted that their meeting of December, 2019 was included in the Commission's 2019 Annual Report. What the Commission would have in this year's Annual Report is the information provided to them in the draft report, which would also include what occurred during today's meeting if that meets their approval.

Mr. Turner said the motion would be to have the summary report submitted to the City Council.

**Mr. Jones made that motion (that the Commission approves the Annual Report with the addition of what occurred during today's meeting). Mrs. Barton seconded the motion and it passed unanimously.**

## 9. ADJOURNMENT

Today's meeting adjourned at 11:09 a.m.

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