



**CITY OF RIVIERA BEACH, FLORIDA
CITY COUNCIL BUDGET WORKSHOP
COUNCIL CHAMBERS
July 13, 2015 at 6:30 PM**

(The following may contain unintelligible or misunderstood words due to the recording quality.)

I. CITY CLERK CALLS TO ORDER

CHAIRPERSON PARDO: Okay. So we have a City Council Budget Workshop. All right. Madam Clerk, roll call, please.

II. ROLL CALL

CITY CLERK ANTHONY: Mayor Thomas Masters? Chairperson Dawn Pardo?

CHAIRPERSON PARDO: Present.

CITY CLERK ANTHONY: Chair Pro Tem Terence Davis?

COUNCILPERSON THOMAS: Yes. I mean, here.

CITY CLERK ANTHONY: Councilperson --

COUNCILPERSON THOMAS: I said yes. Here.

CITY CLERK ANTHONY: Councilperson Bruce Guyton?

COUNCILPERSON GUYTON: Present.

CITY CLERK ANTHONY: Councilperson KaShamba Miller?

COUNCILPERSON MILLER: Here.

CITY CLERK ANTHONY: Councilperson Cedrick Thomas?

COUNCILPERSON THOMAS: Here.

CITY CLERK ANTHONY: City Manager Ruth Jones?

CITY MANAGER JONES: Present.

CITY CLERK ANTHONY: City Clerk Claudene Anthony is present. City Attorney Pamala Ryan?

CITY ATTORNEY RYAN: Present.

CHAIRPERSON PARDO: Thank you. Hey, can you guys please take your conversation outside? Thank you. All right. Let's stand once again for a moment of silence followed by the Pledge led by Miss Miller.

III. INVOCATION AND PLEDGE OF ALLEGIANCE

(Everyone stood for a Moment of Silence with the Pledge of Allegiance being led by Councilperson Miller).

CHAIRPERSON PARDO: Okay. Miss Jones, I will turn it over to you.

IV. DISCUSSION - RUTH JONES, CITY MANAGER

Budget Workshop to discuss various impacts to the FY2016 budget.

CITY MANAGER JONES: Thank you, Madam Chair. I would like to ask the council's consideration, and due to the lateness of the hour, that we had about four things and you've got several tabs in your book. But I would like to concentrate first on the millage discussion and then on the parking at Ocean Mall. And that'll be all we'll do tonight. We'll move the other items to other subsequent meetings. But the millage is important 'cause I really need to set the budget. Unless I know what I'm dealing with, I really can't do that. And so we would like to talk about the millage. Please know that I heard this council very clearly last year when they said in setting this year's budget, the number one priority would be the reduction of the millage. The reduction of the millage, if you'll turn to tab number 3 in your information, we've given you a chart that will show you what the dollar values would be based on different percentages of reduction. And I would like to ask Randy Sherman, the Director of Finance, to go over that chart, as well as some other information that will assist you in making your determination of how much we want to reduce the millage for the 2015/'16 budget.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Ready, Chair?

CHAIRPERSON PARDO: Ready when you are.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay. Thank you. Good evening. Randy Sherman, Director of Finance & Administrative Services.

CHAIRPERSON PARDO: Good evening.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: All right. Oh, that didn't work. Why didn't that work? There we go. And hopefully you can -- hopefully you can see that. And this is a -- this is an Excel spreadsheet. And I really wanted to try to do some of this live so you could understand what the impact of -- of the millage changes was. But -- so before we get to the -- the document that -- that's actually in and I walk you through that, I just wanted you to see where we are today. And we talked about this slide a little bit at the last meeting. But what we have here, I've actually taken this from '16 all the way out to '23 because what decisions you make today on millage is actually going to impact the City going forward and into the outer years. So right now where we are in 2016, our expenses are right around \$60 and a half million. And I know, you know, the city manager hasn't actually submitted her proposal yet. But that's where we are today. The revenues at this point, which includes all the property taxes at a millage rate of 8.952, which is your current millage, is sitting at 66.3 million. Which means what we need to get some direction on is how you would like us to handle, in essence, the surplus between the two items, which is this \$5.8 million. So what we have to work going forward, and again, we're going to try to do this -- this live here, is --

COUNCILPERSON THOMAS: Madam Chair?

CHAIRPERSON PARDO: Yes.

COUNCILPERSON THOMAS: Mr. Sherman?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: I just want to make sure that I'm following this properly.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON THOMAS: 'Cause this -- this surplus keeps going from 9 to -- I think it was 6 and now it's 5.8. I want to know exactly what that surplus is.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. And actually this number is a little bit higher than what you saw at the last meeting because we've actually gotten some confirmation on some of our state revenues which -- which have changed the revenue function. Again, what this is is this is the -- the difference between what we're currently seeing for revenues, so it would be all your nonproperty tax revenues --

COUNCILPERSON THOMAS: Uh-huh.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- and property tax revenues based on the current millage. So we would take the \$4.5 billion of value --

COUNCILPERSON THOMAS: Uh-huh.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

-- taxable value, and multiply that times 8.952, 'cause that's where your current millage rate is. Okay? So this doesn't represent any reduction in the millage rate yet, and that's kind of, you know, what we're trying to get some direction on, how you would like to do this. The FPL number --

COUNCILPERSON THOMAS: Uh-huh.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- if you remember, we walked through that the last time.

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

-- was actually \$6.8 million.

COUNCILPERSON THOMAS: And not 9?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Not -- our

total property tax revenues went up \$9 million. 6.8 of it is because of FPL. The other 2.2 is just because of general -- general --

COUNCILPERSON THOMAS: Okay. So it's not 9. It's actually --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

-- (inaudible). Correct.

COUNCILPERSON THOMAS: -- the FP&L --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

-- was 6.8.

COUNCILPERSON THOMAS: -- 6.8. Okay. So that's the number that we need to be looking at when we're talking in terms of sharing whatever. It should be the 6.8?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, with

the exception -- and -- and again, these -- these expense numbers, you know, can -- can change. What the city manager has directed us to do at this point in the expenses, we've put some additional money in to address salaries and benefits. And we've put some additional money in to address some of the maintenance issues. Okay?

COUNCILPERSON THOMAS: Okay. And what is that number after that?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: The 5.8.

COUNCILPERSON THOMAS: So --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: The 5.8 that's on the slide.

COUNCILPERSON THOMAS: -- it's -- okay. So you took a million of that --

COUNCILPERSON GUYTON: (Inaudible).

COUNCILPERSON THOMAS: -- no, just one.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah, a million of the 6.8 --

COUNCILPERSON THOMAS: -- to the -- of what -- right. So it's just a million.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
-- salary is -- correct.

COUNCILPERSON THOMAS: So let's -- let's clear this up so everybody understands. The -- the FP&L revenue that came in was 6.8. Because of the other properties that increased in value was the -- was the 2.-- you -- you following me?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: -- you -- was the extra 2 point whatever million that brought it to 9.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON THOMAS: But the actual money that would have gone to the CRA had it been there, would have been the 6.8?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON THOMAS: Okay. I just want to make sure that I -- that I'm understanding that correctly. So you took -- or for right now, for a placeholder position, you took a million from that 6.8 to go ahead and do the salary stuff and whatever maintenance and whatever else that you put it in.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON THOMAS: Okay. So what did we do with the 2 point whatever million, the rest of that 9?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Two -- 2 -- 2.2 -- the other 2.2 million and the other increases in revenues that we had is what's covering your salaries and -- and benefit increase for your contracts, your normal increases in utility bills and, you know -- and maintenance. It's -- it's just your -- your normal increases in -- in your operating expenses.

COUNCILPERSON THOMAS: Okay. Well, this is where I'm having the difficulty in understanding.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON THOMAS: If that total number including the increase in property values, not -- notwithstanding the -- the FP&L -- so let's add them together.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON THOMAS: What is that number?

COUNCILPERSON MILLER: I think it should be 2 but --

CHAIRPERSON PARDO: Brings you to 7, yeah. Wait. So you bring --

COUNCILPERSON MILLER: Yeah.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay.

CHAIRPERSON PARDO: -- them to 7.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: I lost you.
Go ahead.

COUNCILPERSON THOMAS: The --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Ask me
another --

COUNCILPERSON THOMAS: -- what is that --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: -- what is that number? We -- you -- you broke it up
originally say I only -- out of the 9 million, only 6.8 came as a result of the FP&L.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON THOMAS: But I want to know what that total number is.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Total
number of property taxes?

COUNCILPERSON THOMAS: The -- the -- the increase. The total number of
increase.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Would be the \$9 million.

COUNCILPERSON THOMAS: Okay. So it's \$9 million?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: Out of the 3 million -- let's just use whole numbers here for a minute.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay. Okay.

COUNCILPERSON THOMAS: The 3 million, which would be the City's portion of just the regular property values that went up and not the FP&L TIF --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: -- with that 3 million, where did you put it?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: It's covering -- again, it's covering the -- the -- the normal increases in your operating values. So health insurance is going up. Your -- your utility costs are going up. Your -- you know, you -- there are some increases in your pension costs. Plus again you have all four union contracts that have settled.

COUNCILPERSON THOMAS: So the entire --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Those dollars are -- are covering that.

COUNCILPERSON THOMAS: -- the entire 3 million went to those things?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Went to those items.

COUNCILPERSON THOMAS: Okay. Let me ask you this question.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: What would have happened had this been 2014 and those costs still came in but the FP&L didn't come in? What -- what would we have done?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, again, prior to May 22nd when we had got the numbers, we pretty much had a -- a balanced budget.

COUNCILPERSON THOMAS: Uh-huh.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Again, so then once we get the -- the 6.8 million that we weren't, you know, really expecting to get -- and I say that because the -- the 2.2 property taxes was pretty much anticipated. You know, I mean, just knowing how things --

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- are going. So the budget was pretty much -- pretty much balanced at that point. So when we got the 6.8, we took the million dollars and again took care of some of those issues such as the salaries and the -- and the maintenance type issues. And that's why we're here with this 5.8 million that -- that's remaining, to -- to decide how that 5. million is gonna get divvied up.

COUNCILPERSON THOMAS: Okay. I -- I think I understand you. Go ahead.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: All right? Okay. Now, what you have in front of you, okay, is -- and hopefully you have this sheet and I can actually pop this sheet up and hopefully it'll come up. What we did is we went and we looked at how much your property tax revenue would decrease based on a number of scenarios for reducing the millage rate. So the first line across the top is if the millage rate is -- we decide to reduce it 1 mill, to go from 8.952 to 7.952, okay, the revenues the first year would drop \$3.7 million. Okay? The next year it's a \$3.8 million drop. It's not a new 3.8. It's dropped to 3.7 the first year. But it's going to continue to drop because, again, the FPL number goes down every year. Okay? They are -- they're depreciating about 4 percent a year.

COUNCILPERSON THOMAS: One more quick -- Madam Chair?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON THOMAS: One more question. I just need to understand this as we're going through it just so it's live in my mind. How are you getting these reductions and numbers? How -- how do you know now what -- what FP&L is going to be reduced by?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Because that -- that's a -- that's a standard calculation that they use that you can get from the property appraiser.

COUNCILPERSON THOMAS: I get it. But we've gone through this property appraiser stuff already --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: -- one time before. How can we assure ourselves that these numbers are -- are accurate?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, what you -- what -- what -- we're basing it on the number that was new this year. Now, they may add new next year. They may -- they may take something off of the property. You don't know that. But really it's based on the \$807 million that's coming on this year and then depreciating that.

COUNCILPERSON THOMAS: So you're using a 3 percent number, 6 percent, 4 percent?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Four percent.

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Four percent.

COUNCILPERSON THOMAS: And we're getting that because that is the industry standard?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: That's -- that's the industry -- and -- and I looked at Cape Canaveral. We looked at the plan of Cape Canaveral and you can see that it's coming down that same 4 percent.

COUNCILPERSON THOMAS: Four percent?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: Okay. All right. Keep -- keep going. I just want to make sure I'm understanding.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: So again, what we have here is we have a number of different scenarios going down the page. If you want to reduce, you know, three-quarters of a mill, then this year we would take a hit of 2.8 million. So that 5.8 million that you saw on that Excel spreadsheet would actually now drop down to you'd only have a \$3 million surplus remaining if you reduced it by three-quarter. So again, we gave you the half mill. We give you a quarter mill. We gave you 1 mill over four years, which would be a quarter mill, quarter mill, quarter mill, quarter mill. Then we did a third mill every year and then we did a half and a half. So there's a number of different scenarios that we've -- we've provided here. And again, the reason we wanted to go out to 2023 -- and there's no magic in that number. We could have gone '24, '22; it didn't matter. But we wanted to make sure again we were taking a long-term look at this to make sure that we weren't making decisions today that were going to cause us problems down the road.

COUNCILPERSON THOMAS: Okay. Let me ask you this question. Why are we not doing a reduction in total property values? Why are we only just doing it for FP&L?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Oh, no. This -- this here would be the impact on all property values.

COUNCILPERSON THOMAS: So are we not thinking that properties are going to continue to appreciate? Are you saying that our properties are going to depreciate?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: I don't -- no. We actually have -- what I built in here is taking out the FPL every year but then increasing it at a 3 percent level every year, as well. So the base would go up 3 percent and then you'd subtract out the -- the FPL deduction.

COUNCILPERSON THOMAS: So we're going to be at a negative 1 percent every year?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No. Because the FPL -- the FPL's 4 percent is not 4 percent of the citywide total. It's only 4 percent of 800 million. Not 4 percent of 4.5 billion.

COUNCILPERSON THOMAS: Okay.

CITY MANAGER JONES: Yeah.

COUNCILPERSON THOMAS: Okay. I know what you're saying.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: So it actually -- it actually grows. I mean, your values actually grow.

COUNCILPERSON THOMAS: But this -- these numbers look like they get larger.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Because again, you're -- this is 1 mill, and every time you -- you raise your values, the 1 mill is going to be a higher number. So if I -- if I've taken 1 mill on \$100, that's \$1. If I take 1 mill on \$200, it's \$2. So again, while you're growing, the impact of taking out that mill will actually grow and then when you also then back out FPL, it becomes a higher number.

COUNCILPERSON THOMAS: Okay. And then how -- we -- we originally thought that 1 mill was representative of about \$3 million. How did it go up another 700,000?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: 'Cause we added 800 million that we didn't know was gonna be -- so -- so 1 mill on 800 million would be \$800,000.

CITY MANAGER JONES: It would have been 3 mill just the way we were without it.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: Oh.

CITY MANAGER JONES: But the additional money was that 800,000.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Again --

COUNCILPERSON THOMAS: So --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- you reduce that mill, FPL gets a benefit, as well.

CITY MANAGER JONES: Yeah. They get a benefit when you reduce the millage.

COUNCILPERSON THOMAS: Okay. Got it. I'm sure I'm the only person up here that needed that explanation, though. Yeah. No. No, let -- let me -- let me ask you this right here. So the 1 mill over four years --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON THOMAS: -- the -- the impact will be 917?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: In year one.

COUNCILPERSON THOMAS: Right. And then it doubles in year two?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: And actually a little bit more but, yes, it doubles plus. But, yes.

COUNCILPERSON THOMAS: Why?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Again, because you -- you have to back out the FPL depreciation that is impacted in there, as well.

COUNCILPERSON THOMAS: Okay. Okay. All right. No, that's all -- that's all for me in understanding that.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay. Let me -- I'm going to jump back to the spreadsheet real quick here. And I just want to kind of give you a scenario that we put together. And again, this is nothing magical to it, but we wanted to show -- wanted to show a number of moving parts that we have and how we want to, again, try to give us some direction on really where you want us to use this. So what I did in this scenario -- and if you look at the box that is outlined in red, that is your new balance once you make the changes that are in here in

yellow. So down in the yellow section what I did is I reduced the millage by a half a mill. Provided the CRA assistance starting at \$2 million. Funded the IT master plan at a million dollars and then had another million dollars left over for neighborhood projects. What the --

COUNCILPERSON THOMAS: Okay. But Mr. -- I'm sorry.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: Mr. Davis? Mr. Chair?

CHAIR PRO TEM DAVIS: Go ahead.

COUNCILPERSON THOMAS: The -- the -- the -- the -- the CRA assistance was supposed to be at 2.5.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, and again, this is just a scenario. And that's why I wanted to do this on an Excel so we can move this. I can easily change that number to 2.5. Yeah. Okay? And then -- now again, that means --

COUNCILPERSON THOMAS: But let's do it one more time. Just take it to 3 million right now just so we can see how that goes. Just let's -- let's -- let's just go on a -- on a higher number. Okay. Now let's -- let's go.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay. Now what -- now what I'm going to do is this -- see this right here in the red box?

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: This number has now changed. So the \$5.8 million surplus is now a \$993,000 deficit.

COUNCILPERSON THOMAS: Now, why does that happen?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: If you want to -- because by taking out a half mill, by giving CRA \$3 million, by funding the IT master plan and by funding neighborhood projects, we're over. Now, if you want to turn around and say, Okay. Well, we won't fund any neighborhood projects. Boom. Now we're now back. And that's -- that's the issue is we need to try to get some direction on whether you want us to fund a half a mill reduction, a mill reduction. How much do you want to give to the CRA, how much you want to go into capital projects. You know, it's -- it's very hard for us to -- to give you that final budget recommendation if we don't know how you want to use this \$5.8 million. And again, the issue here is, okay, we've made the -- the first year balance, but now if you go out and look at the subsequent years they're still all in the deficit. So we would have to, again, make adjustments in the future years to get those future years to be back in line.

COUNCILPERSON GUYTON: Madam Chair?

CHAIRPERSON PARDO: Yes, sir.

COUNCILPERSON GUYTON: Mr. Sherman, the scenario you're giving us with the various millage rates, on an average after the first year, how much would the millage rate -- I mean, how -- if the millage rates stay consistent if -- if we were to change it, what would be the dollar (inaudible) in the change each year subsequent to that? The first year it'd be 3.7, you said? And --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: For -- for 1 mill it was 3.7.

COUNCILPERSON GUYTON: -- that was for -- and I'm just using that for --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON GUYTON: -- for -- for discussion. And the next year it'd be 3.8?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON GUYTON: So that mean there's really only \$100,000 difference

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: -- as we proceed in subsequent years?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON GUYTON: So it's not millions each year that we're going to --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No.

COUNCILPERSON GUYTON: Okay.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No. They -- they -- they're all building on each other.

COUNCILPERSON GUYTON: Only 100,000 once that first hit. And I only use the 1 mill but the --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: -- half a mill and subsequent mills would have a corresponding increase as I read this. It's looking like that it's gonna just start being a hundred mill difference each year.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: Okay. I want to put that into context because just seeing all these --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON GUYTON: -- big numbers make you think that somehow there's going to be a big, big reduction. The -- the other thing that -- that I -- I have a question about is we had discussed the CRA reconfiguring its debt. Where are we on that?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. Mr. Brown and I had that conversation. He was going to put together a proposal. And then, you know, we would obviously have to respond to that. But the \$3 million that we have on -- on this slide right now or -- or 2 million, whatever numbers we decide, that can come in a number of different forms. You know, if --

COUNCILPERSON GUYTON: Okay. Okay. Okay.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- call back -- yeah.

COUNCILPERSON GUYTON: And -- and let me -- let me stop you right there.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON GUYTON: My position is the form that that amount come in is gonna be in dollars.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON GUYTON: Whether it's 2-5, whether it's 3.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: It's dollars. It's not taking away from other things to make that happen. So that's my position. That's -- that's dollars.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: So the CRA agreed to do a number of different things in anticipation of the FP&L funds falling on that side.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: There was an agreement on the docks, as well, if I'm not mistaken. Was -- did the marina agree to pay 2 million or some fund on the docks or the marina, something to do with the marina?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. They -- they paid two and a half million dollars to go towards their rent.

COUNCILPERSON GUYTON: They already paid two and a half.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: But that's all paid and -- and -- and a million and a half of that was actually city services that --

CITY MANAGER JONES: That they didn't get the first two years.

CHAIR PRO TEM DAVIS: Wow.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: That they didn't pay the City. They put the money into the docks. Right.

COUNCILPERSON GUYTON: They put it into the docks?

CITY MANAGER JONES: Yeah.

COUNCILPERSON GUYTON: Okay. Let me ask you this. How many -- I know that the land lease was one of the deals that was used in order to generate some funds back on the city's side.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Uh-huh.

COUNCILPERSON GUYTON: Were there any other deals that were agreed upon so that the CRA can pay the City on this side without violating Chapter 163?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Not really. I mean, there -- there's some debt arrangements. Again, there's -- the City refinanced the CRA debt 10 years or so ago. That -- that debt is still outstanding. So City pays the debt. They pay us back. The other large one is the Ocean Mall.

COUNCILPERSON GUYTON: Ocean Mall?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. With -- with the -- you have the \$10 million debt.

COUNCILPERSON GUYTON: Okay. Okay.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: But -- but since then it's -- the land lease is the --

COUNCILPERSON GUYTON: Okay. Of that we -- there were about 6 -- 6.8 mill that came in on FP&L side.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Uh-huh.

COUNCILPERSON GUYTON: Which we thought was going to drop on the CRA side.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: That actually wasn't a problem. We got it over here, and now we don't have to figure out how to get money to the City. And then the City got 2 more million or 2.2 from the City's side on properties.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: Which made it 9 million. One thing that we often do is discuss the CRA and City like they're actually in different universes. They're both in the City. If that CRA fail, the people up here --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON GUYTON: -- look bad. There is no difference. There's no sin when Mr. Brown messed up or that one mess -- no, no. We're the policymakers. And we can ensure that both sides have the funds that they need in order to fund the programs that each side has. That's our decision. Am I right?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. No, you're right. It -- it's all -- it all stays in the City and it's all good.

COUNCILPERSON GUYTON: So -- absolutely. But sometime we talk about the CRA and the City and, like, they're a whole bunch of -- like they're in two different moons. So the -- we're all in one city. There would be no CRA if there was no city. Because you need a governing body pursuant to Chapter 163 to create a CRA. It can be municipal or county. Am -- am I correct in that?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: (No audible response).

COUNCILPERSON GUYTON: That you need a governing body to create a CRA?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. Yes. To create it. That's true.

COUNCILPERSON GUYTON: So it can't be a CRA without the City.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON GUYTON: We're still all interconnected here. I'm going somewhere with this, because sometime we talk like -- and I just said this, that we're all separate and that's their problems and the City -- no, no, no, no. We're all in this together. So I say that to say that we, the CRA, the City, whoever, got 9 million total.

The CRA didn't get that money. It fell on the City's side. The City now has different programs that we're trying to fund. Before they got that money, before we realized it was going to fall on this side, you just said that the budget was balanced before the 6.8 fell on -- on the City's side.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON GUYTON: The -- so our debts, it was balanced. We paid and whatever we needed to do that year, it was already factored in. Is that how I'm understanding it?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: We had a balance budget. There is still a long list of items that aren't funded.

COUNCILPERSON GUYTON: Mr. Sherman?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON GUYTON: Every year in every municipalities --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON GUYTON: -- there are a lot of things that are not funded --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: -- that the City wants to do. But as it relates to balancing the budget, it was balanced?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: The operating budget was balanced, yes.

COUNCILPERSON GUYTON: Okay. And -- and -- and now we got some additional funds so we're trying to fund some additional things. The CRA now didn't get the funds on their side so now we've got to make sure that the programs on that side, in my opinion, are funded.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON GUYTON: 2.5 mill out of 6.8 leaves the City how much?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: 4.3.

COUNCILPERSON GUYTON: 4.3. So if we gave the CRA 2.5 mill and not conditioned on whether the taxes go up or nothing like -- no. Just this is to ensure that the programs on that side survive.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

Uh-huh.

COUNCILPERSON GUYTON: It's not conditioned upon anything in my opinion. That's -- that's not my position. The -- the other thing now in addition to that, what I would like to see, 2.5 to the CRA and the reconfiguration of the debts. That's really what I want to see, in addition to the 2.5. And I want to know when are you and the CRA going to get together and bring us something back so we'll know what the CRA is requesting and whether we are inclined to agree with that reconfiguration of the debts, 'cause that's going to impact everything else, too. Am -- am I correct?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Oh, it's not only going to impact that. It's going to impact your bond rating, your ability to borrow in the future.

COUNCILPERSON GUYTON: Okay. Right. Mr. Sherman --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: And it's going to destroy your balance sheet. I'm just telling you.

COUNCILPERSON GUYTON: -- wait. And Mr. Sherman --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: That's what's going to happen.

COUNCILPERSON GUYTON: Okay. I don't need the scare tactics.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: I -- it's -- it's not.

COUNCILPERSON GUYTON: Okay.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: It's -- it's not.

COUNCILPERSON GUYTON: Hey, hey, Mr. Sherman, all you have to do is document in your opinion --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

Uh-huh.

COUNCILPERSON GUYTON: -- what you feel it's going to impact, and we will deal with that.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: When I --

COUNCILPERSON GUYTON: I don't think it's going to be as bad as you're projecting it to be. All you have to do is document your source --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

Uh-huh.

COUNCILPERSON GUYTON: -- and where you're getting it from so that it can be corroborated. Data, documents and evidence.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

Uh-huh.

COUNCILPERSON GUYTON: This agency or this entity says that if we do this, this is going to happen. I don't mean you speculating. Provide something documented that if we do this, our bond rating gonna change. Document it. Are you with me?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: I'm with you.

COUNCILPERSON GUYTON: Okay. That's all I need.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON GUYTON: I know we can sit here and verbally --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: What -- uh-huh.

COUNCILPERSON GUYTON: -- say what's going to happen and how it's going to impact it. I would like to have something documented from an impartial agency that says if you reconfigure this debt like this, your bond rating is going to be impacted like that. And that's what I want. Can you get that for me?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Basic answer is probably not. And I'm going to tell you why. Because -- because the rate --

COUNCILPERSON GUYTON: So we'll just go on your speculation, then?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No. No. What I'm going to tell you is the rating agencies operate in a black box. And it's not A results and B. It -- it -- it's not that simple. But they're going to look at every component that you have. And they're going to look at why they gave you your A rating, and they're going to decide whether what you've done is going to change it. Is it going to be an automatic? No. But it's going to -- it's going to cause you -- and I'm -- I can't tell you it won't happen, but it's also going to cause you to -- to draw concern and to put light on -- on the situation that -- that you have, and it may not be tomorrow.

COUNCILPERSON GUYTON: Okay. I -- I get it. I understand. I understand.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: But it's gonna go.

COUNCILPERSON GUYTON: I understand. But all I'm saying is show me something --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON GUYTON: -- that this is the process by which they determine that if you do this, that is going to happen. That's all I'm saying.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON GUYTON: If -- if that's the case, it's the case. So -- so it -- what you're saying no, I can't get anything in writing, but I can tell you that they do it XYZ. Well -- well, show me -- give me something where you're getting that from. That's all I'm saying.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: When -- when I get the proposals from Mr. Brown, then we can respond to it. But at this point I don't have written proposals.

COUNCILPERSON GUYTON: Okay. All right. And -- and just -- just -- just bring it to me.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON GUYTON: And give me some DDE, some data, document and evidence, and then we'll have a discussion. Thank you, Madam Chair.

CHAIRPERSON PARDO: I'm sure there's other cities out there that went through this so you can really -- before you --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh. We'll --

CHAIRPERSON PARDO: -- get the stuff from Mr. Brown --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

CHAIRPERSON PARDO: -- yeah. I agree. You know, the bond rating agencies are going to go through the --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: They're going to go bonkers, yeah.

CITY MANAGER JONES: (Inaudible).

CHAIRPERSON PARDO: Yeah. And you can -- you'll lose your -- you'll (inaudible).

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: They will.

COUNCILPERSON THOMAS: Well, it's not a scare tactic to me. I'm concerned.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No.

COUNCILPERSON THOMAS: So if that's really what's going to happen --

CHAIRPERSON PARDO: It will.

COUNCILPERSON GUYTON: Just show it. Just show it.

COUNCILPERSON THOMAS: -- then -- okay. Hold on, Mr. Guyton.

CHAIRPERSON PARDO: But it's true. That's just what happens in the bond markets.

COUNCILPERSON THOMAS: I -- I --

COUNCILPERSON GUYTON: Show it. It's data, documents, evidence.

COUNCILPERSON THOMAS: -- okay. Hold on. Madam Chair, can I have the floor, please?

CHAIRPERSON PARDO: Sir, go right ahead.

COUNCILPERSON THOMAS: Thank you. If the financial people -- Miss Pardo being one of them and you being another one -- say that this is what's going to happen, I have to go with that's what you're saying. I get it. I want to know why you're saying that. I mean, I -- I could assume --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

Uh-huh.

COUNCILPERSON THOMAS: -- which I don't try to do often, that it's based on your training and experience. But if -- if our bond rating is going to go down, how does that affect, what does that affect, is what I want to know. Not if it's going to do it.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

Uh-huh.

COUNCILPERSON THOMAS: I believe that it's going to -- it's going to happen. But I want to know if it's going to do that. If it's going to do that. Then I also want -- I -- I don't want it just to be a, Mr. Brown needs to get us this. I wanted to hear the City's position, as well, on, Here's some things that we can do. What can we do? How is

this going to affect it? Because I'm not just saying City fix everything for CRA. I'm -- and I'm not saying City leaves CRA out there. That's not going to happen. But I want to know both sides 'cause CRA did obviously have to get some increase, as well, on their side. Did they not?

CHAIRPERSON PARDO: Yes, they did.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yes.

COUNCILPERSON THOMAS: Okay. Do we know what the CRA got on their side as far as increase?

CHAIRPERSON PARDO: A half a mill.

COUNCILPERSON GUYTON: About 700 (inaudible).

CHAIR PRO TEM DAVIS: Eight hundred (inaudible).

COUNCILPERSON THOMAS: Right. I'm just -- yeah.

COUNCILPERSON GUYTON: (Inaudible) mill.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Half a million.

COUNCILPERSON THOMAS: And they got about a half a million? Okay. I -- I get it. So those are the things that I want to see. But I don't want it to be driven from this council. I want staff to go back and give us recommendations on where we can go. Because the way that we're doing it, if we're saying, Okay. We want to give you 2, 2 and a half million dollars or \$3 million or whatever it is, that's just us just giving a raw number. But we don't know how it's going to affect -- this is the first time I seen how this is going to affect the other side. So if you're saying we gave 2.5 million and you take out all neighborhood projects, it's still going to be a deficit of 500,000?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No. Again, what this shows is a half mill reduction, 2 and a half to CRA and then the IT master plan and we still have a half a million dollars left over. That's -- that's this number up here. But next year --

COUNCILPERSON THOMAS: Okay. Well, it says revised surplus shortage. So that's what -- that's what's kind of confusing me. It says -- it says revised shortage.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right. If -- if it's in -- if it's in parentheses it's a shortage. If it's not in parentheses it's -- it's still a surplus.

CITY MANAGER JONES: It's in the positive (inaudible).

COUNCILPERSON THOMAS: Okay. But you don't have anything for neighborhood projects down there.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No, I don't.

COUNCILPERSON THOMAS: Right. So that's what I'm saying.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: If you -- what was the number that you originally had for neighborhood projects?

CITY MANAGER JONES: A million.

CHAIR PRO TEM DAVIS: One million. Right.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: A million dollars. Now -- now you have a shortage.

COUNCILPERSON THOMAS: Okay. So basically what you're saying is we have to determine if we stay like that, where we want to take the shortage to.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON THOMAS: So my concern is, at the 2.5, is that going to make the CRA solvent or whole to get through?

COUNCILPERSON GUYTON: I think that's (inaudible) --

COUNCILPERSON THOMAS: I -- I -- I'm -- that's who I'm asking. I'm asking Mr. Brown.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. I -- I --

COUNCILPERSON THOMAS: No, I'm looking for Mr. Brown to either shake his head yea or no.

COUNCILPERSON GUYTON: Get up to the mike.

COUNCILPERSON THOMAS: Okay.

CHAIR PRO TEM DAVIS: (Inaudible).

COUNCILPERSON THOMAS: And -- and where -- where does -- where does the CRA need to be?

CHAIR PRO TEM DAVIS: About 5 million.

COUNCILPERSON GUYTON: He can't talk about it.

COUNCILPERSON THOMAS: What? The man is an adult. Jeez.

COUNCILPERSON GUYTON: (Inaudible). What you -- (inaudible).

COUNCILPERSON THOMAS: What --

CRA DIRECTOR BROWN: To put it in -- to put it in perspective, Mr. --

CHAIRPERSON PARDO: Please state your name for the record.

CRA DIRECTOR BROWN: Tony Brown, CRA Director, Riviera Beach. We have a net \$1.2 million payment going to the City to lease the marina and Bicentennial Park.

COUNCILPERSON THOMAS: Okay.

CRA DIRECTOR BROWN: So us -- and -- and in order to keep the City's bond rating solvent, we need to maintain that lease payment.

COUNCILPERSON THOMAS: Okay.

CRA DIRECTOR BROWN: So 1.2 million is coming to the City. At 2.5, we're still at net 1.3. And of that 1.3 I'd mentioned is we have CAM-related expenses and others that we have to fund as a result of taking the marina operations. So what I'm --

COUNCILPERSON THOMAS: Right. But you don't -- you don't do that this year, right? And are you adding that 500,000 that you did get extra into that?

CRA DIRECTOR BROWN: Yes.

COUNCILPERSON THOMAS: Okay. So --

CRA DIRECTOR BROWN: We are.

COUNCILPERSON THOMAS: -- add --

CRA DIRECTOR BROWN: So --

COUNCILPERSON THOMAS: -- so we're working off a number of 3 million without the City doing 3 million. Just the 2.5 from the City and the 500,000 that you got in addition?

CRA DIRECTOR BROWN: I'm working on a proposal that if the City provided the 2 and a half million, net a million 3, million 2 --

COUNCILPERSON THOMAS: Okay.

CRA DIRECTOR BROWN: -- and restructured our debt --

COUNCILPERSON THOMAS: Okay.

CRA DIRECTOR BROWN: -- I think we would be solvent because what I would also expect that as we are -- become more successful in doing private development at the marina, then the City's support to the CRA should reduce over time.

COUNCILPERSON THOMAS: What -- what -- what do you mean, the City's support to the CRA?

CRA DIRECTOR BROWN: Well, because -- because what we -- what Mr. Sherman and I have structured, that a bulk of the assistance, nearly a million dollars of that 2 and a half million is going to come in the form of the City providing assistance to cover common area maintenance. They're going to pick up all the maintenance for Bicentennial Park, for instance. They're going to pick up the share of the maintenance that's assigned to the event center.

COUNCILPERSON THOMAS: Okay. But is that in this -- Mr. Sherman, is that in this projected reduction of mill rate amortization you have here for us, picking up the CAM and --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: It would have been in the -- in this case the 2 and a half million.

COUNCILPERSON THOMAS: Okay. So let me just make sure that I understand that. I don't understand what y'all are saying. You're saying 2 and a half million dollars is --

COUNCILPERSON GUYTON: He's gonna give it all (inaudible).

COUNCILPERSON THOMAS: -- is -- okay. Hold -- just hold on, please. Let me just get this. Two and a half million dollars will go to the CRA. 1.2 is coming for payment for the --

CITY MANAGER JONES: Lease.

COUNCILPERSON THOMAS: 1.3 for the lease.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: The lease.

COUNCILPERSON THOMAS: Which nets what, 1.7 or something like that?

COUNCILPERSON GUYTON: 2.3.

CHAIR PRO TEM DAVIS: 3.--

CITY MANAGER JONES: 1.2.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No, 1.2 --

COUNCILPERSON THOMAS: One point--

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- to the CRA.

COUNCILPERSON THOMAS: Okay. The CAM-related expenses, what does that equate to?

CRA DIRECTOR BROWN: Close to a million dollars.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: Okay. So then we -- we're at about 300,000.

CITY MANAGER JONES: Uh-huh.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: Okay. 300,000. The CAM expenses that the CRA is going -- I'm sorry, that the City is going to pick up in, I guess, next year or next budget year, that's going to remain at a million?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Oh, I would assume it's going to go up over time.

COUNCILPERSON THOMAS: I'm trying to figure out how you are -- how you're saying that you're going to -- how -- how's the City going to pick up the CAM and not account for it somewhere. So I'm looking at this reduction over all these years. I just want to make sure that that's picked up in what you've provided for us.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, again, when we presented the budget at the last -- or the CRA, when we had our joint meeting --

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay. We gave you \$2 million worth of expenses that the City could pick up on behalf of the CRA. Whether we pay them directly, we pay it to them and they pay it. That included a number of CAM items. CAM for the event and Bicentennial and (inaudible) --

COUNCILPERSON THOMAS: Okay. So you say that that \$2 million is either -- or \$2.5 million is either picked up in whatever related expenses or it's going cash to the CRA to do --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Or it's going cash.

COUNCILPERSON THOMAS: So -- so that means the plan is not for the City to pick up the CAM? The 2 and a half million is to go to the CRA budget to do what they need to do for their programs?

COUNCILPERSON GUYTON: No. No.

COUNCILPERSON THOMAS: Please let him answer 'cause I want to understand.

CITY MANAGER JONES: We would prefer that it goes for something designated and not just into the coffers for them to do anything they would like with it. We would like for the CAM to be taken care of out of it and the lease.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: Okay. So this is -- this -- this is what the issue is. Somebody needs to get somewhere together and figure out the plan that you want to give us, because from what I'm understanding, Mr. Brown is not looking at the 2.5 the same way you all are looking at the 2.5. You know? And I -- I just want to make sure that we get on one accord with which way this 2.5 goes. You know? That's going to be the only way that we can do this. So if you're saying you need a number that you need to work with, that's fine. But if it takes care of the -- the CAM-related expenses, I mean, then the CRA is not really getting anything after they pay the -- after they pay the -- the -- the lease payment and the CAM-related expenses. Then they're going to get a net of 300,000.

COUNCILPERSON GUYTON: That's it.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right. But it's relieving them of 2 and a half million dollars of payments.

CITY MANAGER JONES: Expenses.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: So whether -- whether we pay the CAM or we paid it into the business loan program or -- or, you know, job grants or whatever, it still is a relief to their budget of 2 and a half million dollars or 2 million or 3, whatever number we decide on. But --

COUNCILPERSON THOMAS: Okay. So the -- the -- and if you'd just give me one more second.

COUNCILPERSON MILLER: Yeah. Go ahead.

COUNCILPERSON THOMAS: I know you really haven't had a lot of time to speak. I'm -- I'm just trying to figure out, so the additional 4.2 million --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON THOMAS: -- how does that -- how -- how does -- how does that not come to relieve some of this pressure that we're seeing here for all of these other -- all these other neighborhood projects, IT master plan, millage reduction? How -- how does that not go toward that?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, it -- it does.

CHAIRPERSON PARDO: It depends on your --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: But these four items here add up to 7.3 million.

COUNCILPERSON THOMAS: But we got 9.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: But we only -- I'm sorry. That's 7.3. No, I --

COUNCILPERSON THOMAS: No, you said 9.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- I'm -- I said 7.3. I had it right. It's 6 -- this adds up to 6.3. Okay? And just for these here. I have 5.9 to spend, which I allocate out. This is adding up to over 6.

COUNCILPERSON THOMAS: See, now, this -- but see, this -- this -- this is where the problem is going. It's like a -- it's like a play on numbers here.

COUNCILPERSON GUYTON: Uh-huh.

COUNCILPERSON THOMAS: If we got 9 --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: -- then I -- I want to -- I want to make sure that I understand the allocation of the 9 there. If you -- if we got 9 and that only adds up to 6.4 --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right. Right. But these -- but these four are coming out of this 5.9, because out of the 9 we've already done salaries, benefits, you know --

CHAIRPERSON PARDO: Is 2, right? So you took --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
-- other -- other operating expenses.

CHAIRPERSON PARDO: Right. So you have 2 million.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Those are all --

CHAIRPERSON PARDO: You took -- you had \$9 million. You took 2 million for health care and all of that. Right? So that brought you down to 7 and a half million.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

CHAIRPERSON PARDO: Okay? Then you're giving the CRA --

CITY MANAGER JONES: No, that's 5.8.

CHAIRPERSON PARDO: Okay. Right. And then you're giving the CRA, what are we saying? Two and a half million?

CITY MANAGER JONES: Two and a half, yeah.

COUNCILPERSON GUYTON: And then (inaudible) --

COUNCILPERSON THOMAS: Yeah. But we --

CHAIRPERSON PARDO: Then you --

CRA DIRECTOR BROWN: What makes (inaudible) million.

CHAIRPERSON PARDO: -- are deciding what to do with your millage, if we go a half a mill --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

CHAIRPERSON PARDO: -- then deduct 1.8 million from that. Or if you're doing 1 mill then deduct what? How much? Three and a half million?

COUNCILPERSON THOMAS: Okay. So we're really just saying --

CHAIRPERSON PARDO: 3.7 million.

COUNCILPERSON THOMAS: -- CRA, we're only giving you 300,000. The rest of the money, we're telling you what we want to be done with it.

CITY MANAGER JONES: Yes.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

CHAIRPERSON PARDO: With the exception of the 2 million for --

CITY MANAGER JONES: Two million.

CHAIRPERSON PARDO: -- you know --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right. And -- and -- and let me --

CHAIRPERSON PARDO: -- health care and employee and stuff.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- just -- I'm -- I'm sorry.

CHAIRPERSON PARDO: I'm sorry.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: And let -- let me try to explain another issue -- area of concern that I have. You're not allowed to use property taxes to pay for debt service unless you've done -- issue -- you know, had a referendum.

COUNCILPERSON THOMAS: Uh-huh.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: And the -- and the people -- okay.

COUNCILPERSON THOMAS: Right. I'm aware of that. Uh-huh.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: So what you don't want to do is give the impression that because we get an extra \$6.8 million of property taxes, all we're doing is using that \$6.8 million to pay our debt service. Okay?

COUNCILPERSON THOMAS: Okay. All right.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: So -- so --

COUNCILPERSON THOMAS: Now, that makes a big difference.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- it -- so this is why we're saying it would be better for us to say, Here's 2 and a half million dollars of items that we can pay for out of property taxes. We give that money to the CRA. The CRA uses that 2 and a half million to pay for those items. Then when we're getting our debt payments back from the CRA, it's not -- the money just kind of cycles back around.

COUNCILPERSON THOMAS: I get it. So --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: We've -- we've tried to compartmentize [sic] it a little.

COUNCILPERSON THOMAS: -- I get it. I get it. I understand you. And that -- I -- I understand exactly what you're say. But -- so why is it doom and gloom if we talk about restructuring the debt for the CRA?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Because the debt is -- the debt is up here.

CRA DIRECTOR BROWN: You haven't -- you haven't seen my --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay. My debt expenses are up here. The -- the money coming back from the CRA is already in here. Okay? Now, when we went out and issued \$22 million worth of bonds, okay, they looked at it and I'll give you the credit rating report that says, Okay. We're concerned over the amount of debt that you have. We're concerned over your cash balances. We're concerned over your Amount Due To's and Due Froms because they're high. Okay? However, what we see is they're paying back 10 -- the \$10 million. They're paying back the \$6 million that they have at Wachovia. They're going to pay back \$8 million of the 22. So they said, you know -- they added all those things up and said, Okay. Yeah, your ratios are all tight, but we've got the CRA over here that is kicking in some dollars. Now, we did that less than a year ago.

CHAIRPERSON PARDO: Right.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: And now what we're saying is you want to go back to the rating agencies and say --

CHAIRPERSON PARDO: Gonna forgive it.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- we just -
- we changed our mind. We've restructured that and that's -- you gave us a nice A plus rating.

CHAIRPERSON PARDO: Yeah.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: But our story is all changed. And that's the issue.

COUNCILPERSON THOMAS: I -- I get it. But why would we be going back to the -- to the debt ratio people? Why would we be going back to the bond companies? Why?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
They --

COUNCILPERSON THOMAS: I mean, are we thinking about getting another --

CITY MANAGER JONES: (Inaudible).

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: You are. You have an item on Wednesday night's agenda to go back to the rating agencies.

COUNCILPERSON THOMAS: I thought that that was two different things, though.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No. No.
As a matter of fact, I have --

CHAIRPERSON PARDO: We're still going out for bonds.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- a rating agency call tomorrow. But even if we weren't issuing debt --

CHAIRPERSON PARDO: We're still going out --

COUNCILPERSON THOMAS: For that. (Inaudible).

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
-- they review you every year.

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: It -- they -- they're going to look at it every year.

COUNCILPERSON THOMAS: So -- okay. So the \$10 million that went into the -- to the sand over on the beach area, that was --

COUNCILPERSON GUYTON: For the City.

COUNCILPERSON THOMAS: -- for the City --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
Uh-huh.

COUNCILPERSON THOMAS: -- they're saying if we do something to restructure that --

CRA DIRECTOR BROWN: In the next --

CITY MANAGER JONES: Yeah.

COUNCILPERSON THOMAS: -- then we -- we -- we're going -- our -- our credit is going to drop.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, again, it's going to depend on the magnitude. Okay? We talked about, in essence, just writing it off and saying they don't have to pay anything. That's a huge hit. If all we say is, Okay. We'll give them maybe a lower interest rate or, as you said, no interest rate, and the principal doesn't have to start for -- till 2020 instead of '27, that's probably not fatal. Okay? But it's all going to depend on the magnitude. Because again, they're going to look at your -- your cash flow. They're going to look at how much cash we have in the bank at the end of the year. Remember last year, we were at 23 days' worth of cash, you know, at the end of September. You know, so

they're going to look at all of those -- those issues and -- and try to figure out, Okay, this is what we rated you on. Today this is what you are. And is that enough to knock you down?

COUNCILPERSON THOMAS: Okay. So does any of these plans that you have that are coming out, does any of it say put some of this cash into our reserve?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Where you're going to get reserve is when you budget \$60 million and only spend 59 and a half or when you budget 66 in revenues and you -- you know, revenues like this year now --

COUNCILPERSON THOMAS: No, I'm saying straight up on a line item right there --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- I -- no.

COUNCILPERSON THOMAS: -- says to go to reserve. Why do I not see a million dollars, half a million dollars or something to -- to -- to -- to go into reserve?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: We could do that. But that's not what we've planned at this point. Again, you want -- you know, you want to have enough in your cash and enough in your fund balance so when something happens -- heaven forbid you get another storm coming through here -- you have enough reserves to take care of it.

COUNCILPERSON THOMAS: My -- my point exactly. So if you're saying we're --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: -- only at 23 days' worth of money --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Days.

COUNCILPERSON THOMAS: -- then why don't we make that 60 days or 90 days or something right off the bat?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: Versus -- okay.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. And -- and we could.

COUNCILPERSON THOMAS: I'm --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: I mean, if that's -- you know, we could take that action. That's --

COUNCILPERSON THOMAS: Well, I just want to make sure that we're understanding the totality of the circumstance here with what's going to happen with the CRA's money that we want to send over there, what's going to happen with the debt, what our cash reserves are, how can we make that, as well as neighborhood projects, IT master plan and all of those things. 'Cause all of those may need to take a little trim so that we can put something in the reserve.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Exactly.

COUNCILPERSON THOMAS: Okay. I'm done, Miss -- Miss --

COUNCILPERSON MILLER: Thank you.

COUNCILPERSON THOMAS: -- Miss --

COUNCILPERSON MILLER: Are the -- the IT master plan and neighborhood projects, are those the only two that we're looking at needing to -- to fund? Because it seems like every time we have a -- every week we come up with a new -- something else that needs more money. So are we saying those are the only two that we need to worry about, or are there some other things that are coming down the pipe or that we haven't accommodated for that could probably take us lower than where we are right now?

CITY MANAGER JONES: We -- we have anticipated some of -- like, the maintenance, we know it's increased maintenance on the buildings and those sorts of things. And that is already a part of that 60 million.

COUNCILPERSON MILLER: Okay.

CITY MANAGER JONES: Those increases are already in here.

COUNCILPERSON MILLER: Uh-huh.

CITY MANAGER JONES: We did not want to get new money and not do something in the neighborhoods.

COUNCILPERSON MILLER: Okay.

CITY MANAGER JONES: So there's always the --

CHAIRPERSON PARDO: And that's every neighborhood?

CITY MANAGER JONES: Yeah. So there's always the unfunded stuff the department heads ask us for that have not yet been funded as a part of their original budget request.

COUNCILPERSON MILLER: Okay.

CITY MANAGER JONES: But these were just big-ticket items that we knew would have an impact and it was a sustained impact, 'cause we didn't want to do it one time and not keep up doing neighborhood programs and those sorts of things.

COUNCILPERSON MILLER: Okay. I -- I just want to make sure that, you know -- 'cause I know when we talked about the 2.5 to CRA, I believe there was some other things that came on after that that we had to take in consideration. And maybe had we, you know, known that, we may not have agreed to the 2.5. I'm just saying, you know, sometimes when you know one thing you might decide to do something different. So with the -- sticking with that and looking at the two items that we have on there, I just want to make it -- make sure that I'm clear that those are the only two that we're going to have to bring -- that we really need. I know the department heads come with a lot of requests. But what is mandatory and what is very, very dire emergencies that we put into this budget to make sure that we cover while we're sitting here saying we're going to go ahead and do the 2.5?

CITY MANAGER JONES: Your IT master plan is essential.

COUNCILPERSON MILLER: Okay.

CITY MANAGER JONES: Your system cannot continue.

COUNCILPERSON MILLER: I agree.

CITY MANAGER JONES: So that one. Neighborhood programs is just my hearing you and all -- you know, each of you and knowing that we need to be doing some work in our neighborhoods and that's why those two came out to be priorities.

COUNCILPERSON MILLER: Okay. And with our -- was it the stormwater and the advanced meters, all those are under different budgets or --

CITY MANAGER JONES: Totally different budgets. This is just general fund.

COUNCILPERSON MILLER: And so that is all? Just want to make sure.

CITY MANAGER JONES: When you say "all," what?

COUNCILPERSON MILLER: That is all that we need to consider right now that comes with a big-ticket price, the IT master plan and neighborhood projects?

CITY MANAGER JONES: Those are your largest ticket items, I believe. Is there anything else big ticket?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Unless you wanted to address some of the fire station issues.

CITY MANAGER JONES: Yeah. We wanted to redo fire stations. That's the other capital --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

That --

CITY MANAGER JONES: -- that you could do.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

-- those are the expenses.

COUNCILPERSON MILLER: And how much -- how much was that?

CHAIRPERSON PARDO: It's like 400 a station.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: I want to say they're around 4 million apiece, something like that, for -- 2 million?

COUNCILPERSON THOMAS: Four million apiece?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Wasn't that the -- wasn't --

CITY MANAGER JONES: Well, he --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Two million apiece?

CITY MANAGER JONES: -- 2 or is it -- what is it, Chief?

FIRE CHIEF DUREN: Four million.

CITY MANAGER JONES: Four million apiece?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. Okay.

CITY MANAGER JONES: So you got four. That's \$16 million.

COUNCILPERSON THOMAS: Let me ask you this question. The -- the money that we are having here, I mean, can we leverage it?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: You have - - you have some borrowing capacity. Again, you can't use the property taxes to borrow against. Okay? There is some capacity left in the nonproperty taxes. And I can -- I'd have to go back and I can have some numbers run if -- if you want us to take a look at that. But it's getting -- you know, it's getting tighter and -- it's getting tighter and tighter.

COUNCILPERSON THOMAS: Well, you know, the -- the half a mill reduction is 1.8. The CRA says it's 2.5. The IT master plan is a million and neighborhood projects is a

million. What was the amount of money that we needed to put into the IT master plan this year?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: A million 2.

COUNCILPERSON THOMAS: So why is it -- why does it not say a million 2 there?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: It took a haircut to -- to get this balance. And next year was 2.8 million so we cut that down, as well.

COUNCILPERSON THOMAS: Well, that's -- that's what I'm trying to point out. I'm just saying we're still not going to have -- if it's a million 2, then you need to put a million 2, 5 or whatever, some form of contingency over there. And you know, I don't know if we need to go a quarter of a mill reduction or -- I mean, I don't know what needs to happen. But obviously if you're not putting the money in that we're going to need, we're going to still be in this situation anyway. 'Cause you're going to have to make other cuts. If you're saying we're going to get -- the IT master plan is the -- the -- the top thing that you want to do, well, then, let's fund that totally and then look at the other things and try to take some, you know -- some haircuts on those.

COUNCILPERSON GUYTON: Madam Chair?

CHAIRPERSON PARDO: Sir?

COUNCILPERSON GUYTON: I'd like to hear from Mr. Brown. But this conversation is leading, in my opinion, that whatever we're doing on the CRA side, they have to sacrifice. And we're not saying that everybody need to come together so that all of these programs can be funded. In a municipality, you can never fund everything that everybody wants. So before we start saying that we got to do everything on one side and this side -- that's us, too. If we don't do those things on the CRA side, that's our problem. So we're going to have to deal with it over there. So I mean, and this money wasn't even coming to the City's side and now it's all being spent over here. And I have a concern about that. It wasn't even going to come over here. And -- and now it's over here and, Well, the CRA -- just let -- let us struggle over there. It doesn't matter. I'm not with that program. We all need to take some sacrifices on both sides and not just the CRA take the biggest haircut over there. But I'd like to hear from Mr. Brown about his opinion about all these discussions we're having about what we're doing here.

CRA DIRECTOR BROWN: Well, to not just get in a debate with the City's finance director -- he and I have had these conversations, and he's yet to see my proposal for a debt restructure. And it will clearly be done in consultation with our financial advisor in a manner that will not impede and adversely impact the City's bond rating. I will assure you of that. The second thing is, if the City is going to give back into neighborhood services, then we need to get out. We only created our Neighborhood Services program when the City eliminated its department. Its division. If the City's going to get back into neighborhood projects, as I've shared with the city manager, then we need to get out. So if that is the direction that the city manager wants to go,

then I will have conversations with each of you as it would impact our Neighborhood Services group and -- and any other support we provide, for instance, to the Riviera Beach Community Development Corporation. We both do not need to do this.

CITY MANAGER JONES: Madam Chair, I disagree with him just a bit.

CRA DIRECTOR BROWN: Well, I didn't --

CITY MANAGER JONES: Because --

CRA DIRECTOR BROWN: -- Mr. -- Mr. Guyton asked me my opinion.

CITY MANAGER JONES: -- we had -- yeah. I -- and I -- and I'm --

CRA DIRECTOR BROWN: But I didn't -- I didn't finish.

CITY MANAGER JONES: -- so I'm letting him know mine. There's a difference in the neighborhoods outside of the CRA and the one that's in the CRA. And if you think of all of our neighborhoods outside of Riviera Beach Heights, that million dollars really won't go far with what we need to try to accomplish. Even if he continues to do what he's doing in Riviera Beach Heights.

COUNCILPERSON GUYTON: Okay.

CITY MANAGER JONES: It's a supplement.

COUNCILPERSON GUYTON: Okay.

CITY MANAGER JONES: That's a -- that's an area we don't have to cover.

COUNCILPERSON GUYTON: I understand. Could -- could we let him finish?

CHAIRPERSON PARDO: Okay. Mr. Brown, go ahead.

CRA DIRECTOR BROWN: Before John Green was terminated, the CRA was into discussions of buying those services from Mr. Green. The CRA does not need -- should not be a Neighborhood Services business if the City will be in Neighborhood Services businesses. We only stepped up when there was a void. So I think in general there's two -- two areas in which that I'm focused to keep the CRA solvent. As I mentioned, the marina enterprise, which is where the FP&L money was to subsidize is where I'm asking the City to put the bulk of the \$2.5 million assistance. Secondly, as I've indicated, beginning in 2017, 42 percent of the CRA's debt service is for debt that did not occur on my watch, is for debt that did not occur on your watch, and it's for debt that did not create a TIF. I will be asking the City to restructure -- I will be asking the City to restructure the Ocean Mall debt in a manner that won't affect its balance sheet. The -- as I mentioned to you, that we will maintain the marina lease payment. There is one tranche of debt there Mr. Sherman did not mention, and that was when we agreed to do the marina debt, we agreed to take an additional allocation to repay the 8 to \$10 million that the City have put into the

marina. I will submit to you that our lease payment, our ground lease payment is more than sufficient to cover the total \$22 million debt. The City does not need to take an additional \$500,000 from us for increased debt service for money because it cannot repay its debt early. So why take from our coffer to put in their coffer when they can't prepay debt early? It is not callable. It's not call -- you can't prepay it early. So that will be the justification of asking the City and you as city council and then subsequently you as CRA commissioners to eliminate the extra debt payment that we agreed to do when we thought we would be the recipient of the FP&L money. So I'm -- I'm convinced that the proposal that we'll give the City will not affect its bond rating. It will be able to articulate that it had a 32 percent increase in its tax base and a substantial windfall in ad valorem that was not contemplated when they got a bond rating over a year ago. So that is the CRA's position. We have always looked to find ways to be -- and create real value to our city. And even with this reversal of fortune, I will still submit to you that we will look for ways in which to keep an ample level of funding for development that will not adversely affect the City's rating. So that will be the principles to which we will make our recommendation to the City.

CHAIRPERSON PARDO: Okay. Well, I'm a little disappointed that we didn't have this conversation when we had the joint budget meeting between the CRA and the City. We didn't talk about Neighborhood Services at that meeting and I -- you know, it's neither here nor there, but I'm just a little disappointed that some of this stuff is coming out now. All right. So do you want to continue?

CRA DIRECTOR BROWN: And I'm seeing that number for the first time, as well.

CHAIRPERSON PARDO: Okay. You want to continue, Mr. Sherman?

V. FISCAL YEAR BUDGET DISCUSSION

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, I would just -- again, if we can look at the fiscal --

CHAIRPERSON PARDO: All right. And I noticed that you started changing numbers.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, I did 'cause, you know, based on what Mr. Thomas said, I -- I put the IT master plan at what the report came in at, which bumped that up to a million 2. And then I put the millage down to a quarter mill reduction, which left me 200,000, and I threw that back into the neighborhood projects. And again, it gives CRA 200 -- 2 -- I'm sorry, \$2.5 million.

COUNCILPERSON THOMAS: I don't have a problem --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: And other than --

COUNCILPERSON GUYTON: Uh-huh.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

-- other than '17, for the most part every other year is still, you know, balanced. And this is -- the reason this one's so out is 'cause this jumps up to 2.8. Which is why we took it and spread a million dollars a year over the full seven years.

CHAIRPERSON PARDO: Right. And we'll have a new project over on Singer Island which is going to bring in substantial, you know, property taxes.

CITY MANAGER JONES: (Inaudible).

CHAIRPERSON PARDO: Right.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. And -- and it's tough 'cause when -- when you're looking at the property tax values, I did increase them 3 percent every year.

CHAIRPERSON PARDO: Uh-huh.

COUNCILPERSON THOMAS: Well, do we have time to look at parking revenue and Waste Management?

COUNCILPERSON MILLER: No. She said we weren't going to do that.

COUNCILPERSON THOMAS: I mean, because that -- that could affect how we're thinking about this.

CITY MANAGER JONES: Your Waste Management is already built in to this. The parking, the first year you're going to be putting out money. You won't be taking in money 'cause you got a capital outlay of at least about a million dollars before you can start taking in any money.

COUNCILPERSON THOMAS: Okay. So is that built into that next year's --

CITY MANAGER JONES: No.

COUNCILPERSON THOMAS: So you're looking at another million to add to that. Okay. But what about Waste Management? They're coming up for negotiations soon. Can we negotiate early and maybe lock them in?

CITY MANAGER JONES: And that was what we were -- I was wanting direction from tonight. That contract expires in 2016. And as we all know, if you go out on the street, that is at least a year's process. And I was going to recommend that we exercise the option to renew for the first renewal and that -- or either we can --

COUNCILPERSON THOMAS: Does that lock in the price?

CITY MANAGER JONES: It -- it's -- it --

COUNCILPERSON THOMAS: Does that lock in?

CITY MANAGER JONES: -- keeps it all -- yeah.

COUNCILPERSON THOMAS: So then we can guarantee that we won't have that type of increase for the next five years?

CITY MANAGER JONES: Right.

CHAIRPERSON PARDO: Correct.

COUNCILPERSON THOMAS: I think that that would be prudent if we -- if we -- if we're able to do that, if the agreement says that. I don't see it's right here.

CITY MANAGER JONES: But I think there's a 3 percent escalator in the contract.

COUNCILPERSON GUYTON: Madam Chair?

CHAIRPERSON PARDO: Well, hold on. Let her --

CITY MANAGER JONES: So --

COUNCILPERSON GUYTON: Okay.

CHAIRPERSON PARDO: -- finish. Go ahead, Miss Jones.

CITY MANAGER JONES: And so -- but I believe the money that we get stays the same as it relates to what our revenue is. And that was what I was saying. We didn't change that figure in that.

COUNCILPERSON THOMAS: Okay. Okay.

CHAIRPERSON PARDO: Right.

DIRECTOR OF PUBLIC WORKS JOHNSON: Brynt Johnson, Director of Public Works. The manager's correct. That number stays the same. The franchise fee that we get annually stays the same. But it does adjust just like the normal monthly rate. It adjusts based on CPI.

COUNCILPERSON THOMAS: Right. Okay.

DIRECTOR OF PUBLIC WORKS JOHNSON: So we'll lock in that 1,128 or whatever it is now but it will go up every October 1st or down. But usually up.

COUNCILPERSON THOMAS: I get it. Right. Okay. So what about the Ocean Mall parking? After the first year of that, then where -- where -- where does that put us in terms of projected revenue?

CITY MANAGER JONES: Well, that was where it's -- it's a little hard to say. I would say your revenue is running anywhere between a half a million and 750,000 a year, because you don't know what your flow is going to be like, and you're talking about an annual figure with your holidays.

COUNCILPERSON THOMAS: And are they going to -- can we pay as we go with that, or do they want upfront finance -- or upfront money or can we finance it basically?

CITY MANAGER JONES: For the actual equipment and all of that?

COUNCILPERSON THOMAS: Right. Yes.

CITY MANAGER JONES: I think you're probably -- I don't know whether you can finance any of the meters or pay as you go.

CRA DIRECTOR BROWN: Madam Chair?

CITY MANAGER JONES: Can you?

CHAIRPERSON PARDO: Well, perhaps there's other ways of going about it. Go ahead.

CRA DIRECTOR BROWN: Well, we -- we came tonight thinking that the conversation was going to talk about parking, and it's not just the surface lot that's needed at the Ocean Mall. The surface lot provides sort of a management control to deal with the demand you have now by making people pay who are parking there that shouldn't be or who are parking to stay there all day to go to the beach and not providing sufficient parking spaces for the tenants. And then there is still a shortfall of parking when you consider the beachgoers and the need to making an investment in a parking garage at the Ocean Mall; otherwise, that development's going to get strangled. And we need to make an investment in a public parking garage at the marina. So we came prepared tonight and in consultation with the City to say that the City, by virtue of two high-end projects, Ocean Mall and the marina, will need to look at creating a parking business plan to get into the parking business and that the capital investment will likely be close to \$45 million between fiscal year 2017 and 2020.

COUNCILPERSON MILLER: Oh, Madam --

COUNCILPERSON THOMAS: And when are we supposed to get this?

COUNCILPERSON MILLER: -- are we -- are we speaking as CRA or --

CHAIRPERSON PARDO: Wait, wait, wait. One at a time.

COUNCILPERSON MILLER: -- a city right now?

CHAIRPERSON PARDO: One at a time.

COUNCILPERSON MILLER: Are we CRA or City right now? 'Cause I'm getting a little confused.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No. This -
- this would be -- this would be a City --

CHAIRPERSON PARDO: City.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
-- City enterprise fund so, like, you have the marina's an enterprise fund. It, you know, should be self-sufficient. So when you talk about the revenues coming in, they really wouldn't even affect this, because again, it would be on a separate balance sheet.

COUNCILPERSON MILLER: Uh-huh.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: You know, it would be a separate set of books. And eventually -- and this is part of what we've talked about, you know, \$45 million is -- is a big nut to swallow. But eventually the revenues should be able to support the debt. There may be some subsidy that's needed initially but again, the plan of -- you know, if you're going to create a parking enterprise, the -- the plan would be that it would be self-sufficient.

COUNCILPERSON MILLER: Right. So in --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Including all of its capital.

COUNCILPERSON MILLER: Right.

COUNCILPERSON THOMAS: So the only thing that we can lock in now is the Waste Management agreement but nothing for parking for now?

CITY MANAGER JONES: You can't. Not for next year. Your parking --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Not for next year. Yeah.

CITY MANAGER JONES: -- (inaudible) revenues --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. We looked at that and --

CHAIRPERSON PARDO: Need a plan and --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- we figured that -- that you may get it open towards August/September next year but --

COUNCILPERSON THOMAS: Yeah.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:

-- probably not until '17.

COUNCILPERSON GUYTON: Madam Chair?

CHAIRPERSON PARDO: Yes, sir?

COUNCILPERSON GUYTON: The Waste Management, I think we need to make a decision or give some direction tonight.

COUNCILPERSON THOMAS: I think we ought to go.

CHAIRPERSON PARDO: I say we go, exercise the option.

COUNCILPERSON GUYTON: I'm -- I'm ready to exercise the option, as well.

COUNCILPERSON MILLER: I'm not ready to go on that right now.

CHAIRPERSON PARDO: Want to make a motion?

COUNCILPERSON GUYTON: I move that we exercise the option with Waste Management.

CHAIRPERSON PARDO: Oh, wait. We're in a workshop right now.

CITY MANAGER JONES: Well, I would have -- we'd have to bring back a resolution.

COUNCILPERSON MILLER: Exactly.

CITY MANAGER JONES: It's not that --

CHAIRPERSON PARDO: Yeah, well, wait, wait, wait. We're in a workshop right now. So we can't vote.

CITY MANAGER JONES: Okay.

CHAIRPERSON PARDO: But we can give you --

CITY MANAGER JONES: The --

COUNCILPERSON GUYTON: Direction.

CHAIRPERSON PARDO: -- direction.

CITY MANAGER JONES: 'Cause I have to know how to write the resolution.

CHAIRPERSON PARDO: So what's the consensus?

COUNCILPERSON MILLER: Can we take a vote on that?

COUNCILPERSON GUYTON: I'm ready to exercise the option.

CHAIRPERSON PARDO: We can't. We're in a workshop.

COUNCILPERSON THOMAS: No, we can't vote.

CHAIRPERSON PARDO: But we can give consensus to the manager.

COUNCILPERSON MILLER: Well, then, how -- oh, we can take a consensus?

CHAIRPERSON PARDO: So Mr. Guyton, you're okay with it?

COUNCILPERSON GUYTON: Yes. I'm ready to exercise the option.

COUNCILPERSON MILLER: Miss Miller is not.

COUNCILPERSON THOMAS: We're bringing it to -- okay. But we're going to bring it to the agenda, is what you're saying?

CHAIRPERSON PARDO: Yeah. Not to --

CITY MANAGER JONES: Yeah, I'll put it on the regular --

COUNCILPERSON THOMAS: You're going to put it on the next agenda and then everybody can discuss it and --

CHAIRPERSON PARDO: Okay?

COUNCILPERSON THOMAS: Okay. I'm good with it.

CHAIRPERSON PARDO: Right. So you'll bring it to council?

CITY MANAGER JONES: Yeah. To exercise the option.

CHAIRPERSON PARDO: Right.

CITY MANAGER JONES: Okay. Thank you. Now back to this one.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: A little sidebar there.

COUNCILPERSON MILLER: We're doing too much here. (Inaudible).

CITY MANAGER JONES: 'Cause we -- you know, we really need to know --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. Right.

CITY MANAGER JONES: -- whether we're working with a full mill, a half mill or a quarter mill so that we can actually finish the budget. But --

CHAIRPERSON PARDO: All right. Well, I'll tell you how I am staying on this. I would like to see a half a mill because, you know, I wanted to see a full mill, but I can go along with the half. The residents in this city need some relief. The other thing is neighborhood projects, what are we up to? 1.2 million or is it 1.3? I can't see.

COUNCILPERSON MILLER: 1.2.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Sorry.

CHAIRPERSON PARDO: Okay. 1.2 million for neighborhood projects. I don't have a problem with that as long as every district is going to get something. You know, I -- I don't want to see all of that money going to one or two districts. I want to make sure that every district gets something. And I feel very strongly about that. And with that said, that's the only way that I'll support, you know, going down to a half a mill.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay. So I -- I put the half mill back. And again, what that does is now we have this \$900,000 shortfall up here. So something else has to give --

CITY MANAGER JONES: Yeah. And then these three.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- in these other numbers.

COUNCILPERSON GUYTON: Madam Chair?

CHAIRPERSON PARDO: Sir?

COUNCILPERSON GUYTON: I'm -- I'm okay with the half a mill as long as we're not sacrificing the CRA projects and programs over there. I'm -- I'm -- I'm still a little perplexed that we're sitting here like we're not the CRA Board.

CHAIRPERSON PARDO: I'm fine with the two and a half.

CITY MANAGER JONES: Yeah.

CHAIRPERSON PARDO: I'm fine with the two and a half. I'm ready (inaudible).

COUNCILPERSON GUYTON: Yeah. All right. Well, I'm okay with the half if we keep it at 2.5 over there and the restructure of the debt. Because that's going to be on our backs over there. And we're not a different city. We have to make those projects work, those programs work over there.

COUNCILPERSON MILLER: Madam Chair?

CHAIRPERSON PARDO: Yes, ma'am.

COUNCILPERSON MILLER: So Miss Jones, if we were to cut off the IT master plan, what would we have to sacrifice in that spot and what would he sacrifice in the neighborhood projects since we have to cut somewhere. But you know, CRA is --

COUNCILPERSON THOMAS: Well, we don't have to go that --.

COUNCILPERSON MILLER: Huh?

COUNCILPERSON THOMAS: You know --

COUNCILPERSON MILLER: You're saying not go the half mill?

CHAIRPERSON PARDO: And you know, why can't we do line by line?

COUNCILPERSON MILLER: Line by line on what?

CHAIRPERSON PARDO: Of, you know -- of the actual budget. You know? Go down and, you know -- we don't have to do it tonight but go down and look at, you know -- have a presentation so we know, you know, why Fire needs, you know, \$45 million or whatever. God forbid. But you know what I mean.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, and -
- and --

CHAIRPERSON PARDO: You know, and maybe we can then come up with the money.

COUNCILPERSON MILLER: Like from the expenses?

COUNCILPERSON THOMAS: Also we need to look at -- we're -- we're saying reduce it a half a mill. I think we ought to do a quarter mill. But you're saying reduce it a half a mill, but you're also going to reduce the neighborhood projects.

CHAIRPERSON PARDO: Right.

COUNCILPERSON THOMAS: So that's almost one and the same, you know? If you're saying, Okay. We want to -- we want to lower the -- the taxes overall -- what does that -- what does that represent to a -- an -- an average household, that half mill?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: A half mill?

COUNCILPERSON THOMAS: Yes.

CHAIRPERSON PARDO: Okay. Wait a second. Let's define average.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Average.

CHAIRPERSON PARDO: Because average on the mainland is totally different than average on the island.

COUNCILPERSON THOMAS: We -- we -- we understand that. Do it on -- do it for both revenues.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, if you're -- if you're going to take a \$100,000 home, that's \$25.

COUNCILPERSON THOMAS: And if we want to take a --

CHAIRPERSON PARDO: Half a million.

COUNCILPERSON THOMAS: -- half-a-million-dollar home?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: \$900. Does that come out right, Karen? A half-a-million-dollar home at a half a mill? You do that? Okay.

COUNCILPERSON THOMAS: Still, the neighborhood projects, while she's getting that number, and the mill in reduction has to go hand in hand some type of way.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Well, I -- yeah. And I just -- maybe this is -- and I apologize if this confuse -- this is a reduction of revenue.

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: This is actually spending. So when I'm reducing my revenues, that's going to affect that. And when I spend on these three items it's going to affect that. So that -- that's why they're all in brackets. This isn't spending a million two less on neighborhood projects. That is spending a million two.

COUNCILPERSON THOMAS: Right. We understand that.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay. Okay. Okay.

COUNCILPERSON THOMAS: But I'm saying they still have to go hand in hand. If you're saying, Okay. We want to reduce your millage but we also are -- in reducing your millage, we're not going to -- to do as many neighborhood projects.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: And I mean, and that could be what, you know what? The -- I'll -- you know, I'll take it to the streets in my district and find out what -- what they want.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Oh, I -- I see what you're saying.

COUNCILPERSON THOMAS: And maybe everybody should do that, of which they prefer, but -- and I get it that if you got a more -- of a more expensive home, you -- you're going to -- you know, that reduction means much more to you. I -- I understand that. But you can't just keep saying we're -- we're going to do this IT master plan. And you -- it's like we're -- we're -- it's like we're saying six and one and a half a dozen another. At one point we're saying, well, the budget was balanced before this money came. You know, now that the money is here, well, we ought to give CRA some. But we also want to reduce that -- that millage. And we've tried to reduce it every year, as well. You know, I'm just saying, you know, a quarter of a mill is better than no reduction at all, and it still allows us to get some neighborhood projects done, which should be spread out across the entire city. Every district should get some. But it also gives us a chance to get our master, you know, plan up and running. So although we can't do everything, we could do those four things at some type of rate that we have up there. We could do that. The money's there. We can do that. I mean, for me, you heard me ask that we put a signature amount, at least a couple hundred thousand --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Reserves.

COUNCILPERSON THOMAS: -- over into reserves so that we're not at 23-day reserves and we're at least at a month, if not two months. So I mean, I would like to see that, too. So I mean, if everybody gives a little on their position we can get something in every aspect that we have up there, including, you know, getting some of the -- some money in the reserves to at least go to a month or, you know, 60-day reserves. So that -- that's -- that's my input on it.

CRA DIRECTOR BROWN: Madam Chair?

CHAIRPERSON PARDO: Go ahead.

CRA DIRECTOR BROWN: I'm -- I'm -- not to -- not to question Mr. Sherman's numbers, but it -- he indicated that the expense number did not include any growth. But looking at his prior budget submittal, I think it does include total expenses projected in the fiscal year 2016 budget. But the revenue item does not include the additional 2 million or the total 9.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: The what?

COUNCILPERSON THOMAS: Say that one more time.

CRA DIRECTOR BROWN: It looked like the revenues are understated and the expenses are -- are, you know -- are fully loaded. I'm just looking -- I'm doing the budget comparison. You had --

COUNCILPERSON THOMAS: It's going up.

CRA DIRECTOR BROWN: Yeah, but the revenues is -- is -- doesn't -- I think your revenue number's only reflecting the FP&L increase and not the total 9 so --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No.

CITY MANAGER JONES: He wanted to see what (inaudible).

COUNCILPERSON THOMAS: Mr. Sherman, is -- is that a valid statement that he's saying?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No, it's not.

COUNCILPERSON THOMAS: I kind of figured you were going to say that.

COUNCILPERSON GUYTON: Well, where's the other 2 million that you said was already spent? Are they in these numbers?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. The 2 million would be in that 60.5.

COUNCILPERSON THOMAS: Okay. But what about the next year?

COUNCILPERSON GUYTON: The 60.5, that's where the 2 million is?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right. And then next year again there's salary increases and --

COUNCILPERSON GUYTON: But -- but wait, back up. Sixty --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
-- there's --

COUNCILPERSON GUYTON: But wait, wait. 60.5 is the expenses.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: No. I'm -- I'm talking about revenue.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON GUYTON: Where -- where are the 2 million that's already spent? Where is that on this?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: It's in the 66 million. I mean, that --

COUNCILPERSON GUYTON: It's in the 66?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Sixty-six million, right.

CRA DIRECTOR BROWN: So it does include the total 9.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

CITY MANAGER JONES: Uh-huh.

CRA DIRECTOR BROWN: 'Cause you said it does.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No, it does. No, it includes the total 9 in there.

CRA DIRECTOR BROWN: But -- it's clarified for me. Thank you.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

VI. CITY COUNCIL'S COMMENTS / DISCUSSION

CHAIRPERSON PARDO: Okay. So what else do you have to tell us?

COUNCILPERSON GUYTON: I'm getting ready to go home.

CITY MANAGER JONES: Okay. On the -- at the -- are we --

COUNCILPERSON GUYTON: I'm taking all these candies.

CITY MANAGER JONES: -- is a half going to be --

CHAIRPERSON PARDO: When's our next --

CITY MANAGER JONES: So are we --

CHAIRPERSON PARDO: -- when's our next budget meeting?

CITY MANAGER JONES: -- basically -- this millage -- August. We've got three.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: August 3rd.

CITY MANAGER JONES: August 3rd.

COUNCILPERSON THOMAS: Okay. Do we have any other things --

CITY MANAGER JONES: Before the September --

COUNCILPERSON THOMAS: -- that we could discuss that will -- we can lock in revenues other than Waste Management -- well, and the parking, we can't really lock

that in, you're saying. Is the solid waste and recycling executed contract the same part as the Waste Management, I'm assuming?

CITY MANAGER JONES: Yes, sir.

COUNCILPERSON THOMAS: You just got it on a different line. Okay. Anything else that we could lock in? Any -- any other fees, anything coming from the -- the -- the radio towers or, you know, security that we're doing on the outside or anything?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: They're -- they're -- they're all in there at this point, yeah.

CITY MANAGER JONES: We have tried to stretch revenues --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah. Yeah.

CITY MANAGER JONES: -- and --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: The only -- the only things that aren't in here, there's a couple more state revenue numbers that we're waiting on from the State. And then depending on what you do Wednesday night as far as the pension obligation bonds will change these numbers, as well. But --

COUNCILPERSON THOMAS: So that's -- this is not in anticipation of those pension revenue bonds?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No, it is not.

CITY MANAGER JONES: No.

CHAIRPERSON PARDO: What's going on -- what's going on with the property over on -- what is it, 22nd Street that we own? Have we thought about doing something with that instead of it, you know, just sitting there vacant? Have we thought about maybe going out for RFP and seeing if we could get a developer to come in and build a substantial project, either partner with them or sell them the property? Have we thought about that?

CITY MANAGER JONES: We have -- we have had discussions with the CRA, and as they are looking at going out for developers along the Broadway corridor, that we would also include the City properties as potential properties to be developed. So it would be the old City Hall lot as well as the property on Avenue E.

CHAIRPERSON PARDO: Okay. But we're going to wait for the CRA to determine when they're going to go out? We're not going to --

CITY MANAGER JONES: We can go out separately. It's just the value of those properties compared to partnering with the CRA and the (inaudible) courts.

CHAIRPERSON PARDO: Okay. All right. That's fine. I just don't want to lose anything.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

CITY MANAGER JONES: Yeah.

COUNCILPERSON THOMAS: It --

CHAIRPERSON PARDO: You know, we heard that something's going on --

COUNCILPERSON THOMAS: -- are the numbers --

CHAIRPERSON PARDO: -- in another little city just north of us. And you know, if they can do it why can't we do it?

COUNCILPERSON THOMAS: Oh, I didn't hear.

CITY MANAGER JONES: Who is that?

CHAIRPERSON PARDO: Lake Park. Someone approached them to build a condominium.

COUNCILPERSON THOMAS: Oh.

CHAIRPERSON PARDO: On Broadway.

UNIDENTIFIED SPEAKER: Yeah.

COUNCILPERSON THOMAS: Oh, okay.

CHAIRPERSON PARDO: All right? And here we are --

COUNCILPERSON THOMAS: Are the revenues for the Public Services building in this? What's going to be needed, that 400,000 shortfall or whatever it was?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No, 'cause this isn't the capital dollars.

COUNCILPERSON THOMAS: Okay. I get it. Is there some deficiencies in all of these other things? 'Cause I don't want to be thinking that this -- this is along the lines we're going on, and then we get over there and say, Well, we don't enough for this capital, this or this. It -- I mean, is that -- do we know where we're getting that capital money from?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Part of it was coming from Avenue L., sell -- selling the Avenue L. And then the other part of it is pretty much equal to the furniture budget, and maybe that's something that we can look into getting some financing help or -- or something in that (inaudible).

COUNCILPERSON THOMAS: Okay. I need y'all to stop doing that. Please put it all out here so we know what we're dealing with. You can't say, Okay. We're going to take from the furniture and build a building. They don't have furniture.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No. But that --

CITY MANAGER JONES: No.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: -- and -- and if you recall, I -- at the last meeting, again, I gave you that list of about \$39 million worth of projects. That \$4 million is the shortfall and that project is in 2017. And it's in the -- it's in the capital side. But that -- that was a discussion we had when we decided that we're going to move forward on that building and we had that \$4 million hole. But that's all going to be in 2017. Won't be in 2016. So I mean, I hear what you're saying, but you know, I -- I was trying to focus on '16 so we could -- would get the direction on -- on how to bring the budget back.

COUNCILPERSON THOMAS: Whoa.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: But it --

COUNCILPERSON THOMAS: I'm -- I'm -- you lost me. I was trying to process what you just said.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON THOMAS: So that means that we're not going to work on the Police building until '17?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: No, no, no. No. There -- there's funds to start the Police building. It's just where that shortfall is going to fall, it'll be during the fiscal year 2017. You're not going to finish the building in -- in one fiscal year.

COUNCILPERSON THOMAS: Why does it take a -- over a year to build a building?

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: We haven't even put out for -- for the bid yet. I mean, there's -- they have to go through and do the redesign. Then we've got to go out and do the bid and then we'll, you know, we'll -- they'll start the construction on (inaudible).

COUNCILPERSON THOMAS: Mr. Sherman, I'm -- I'm --

CITY MANAGER JONES: And some of that, sir, was your FF&E that was --

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

CITY MANAGER JONES: -- not in that original calculation. And your FF&E is not going to come till the back side of your project.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: I get it. I just want to make sure that we're not kicking this can down the road and we're moving on this. When I'm starting to hear not 2015 but -- not even 2016 but 2017, it's starting to cause me some concern here. And --

CITY MANAGER JONES: It's '16.

COUNCILPERSON THOMAS: -- I -- I get it. But you know, in order for us to retain some level of trust that you're giving us accurate information and this is what we're doing, we gotta clear some of this stuff up, or everybody's going to have a conspiracy theory, you know? And that's -- that's an issue. But I'm -- I'm -- I'm done for the night. That's it.

COUNCILPERSON GUYTON: Madam Chair, did we give them direction on the millage rate and which they've been trying to get all night long?

COUNCILPERSON MILLER: No.

CHAIRPERSON PARDO: No.

COUNCILPERSON MILLER: Is -- is it possible to get all of this --

CHAIRPERSON PARDO: I've told you where I stand.

COUNCILPERSON MILLER: -- like -- like Councilman Thomas is saying, that you know, some things keep coming up. Next week something else will come up. Is it possible -- I know we have probably several binders with different information and different amounts. Can we just kind of get it all compiled together based on what's there and so we know as Miss Pardo was kind of stating somewhat where we can go through line by line? I -- I don't want to do that. Believe me, I'm not trying to be here a whole 'nother 10 hours.

CITY MANAGER JONES: You can go line by line --

COUNCILPERSON MILLER: But I just don't know --

CITY MANAGER JONES: -- (inaudible) department.

COUNCILPERSON MILLER: But this is the thing. Mr. Sherman, you know, he keeps coming up with different things of what we still may need to do or -- we can't

see it just looking at these numbers here. At least I can't. Maybe you all can. But I just don't -- you know, maybe we need to give more direction on what we should cut back on instead of just saying it's just going to be these two to focus on. Maybe it's something up there we need to focus on. So how do -- how can we do that?

COUNCILPERSON THOMAS: And we need to come up with a consensus on what the millage rate --

COUNCILPERSON GUYTON: Right.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: -- reduction is going to be.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN:
That -- that would help.

CITY MANAGER JONES: 'Cause that's the critical thing.

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES SHERMAN: That would help.

CITY MANAGER JONES: 'Cause once we know what that is, we know how to do the other adjustments.

COUNCILPERSON MILLER: But are we gonna decide that before we really know what numbers we're working with?

CITY MANAGER JONES: Which numbers, ma'am?

COUNCILPERSON MILLER: In just the expenses and -- the expenses that we're talking about. Are we just -- just going to blindly say, Okay. We're going to go ahead and do a half a mill, and then just adjust from there? Or are we going to see what we really, really need and then make our decision on the millage rate from there?

COUNCILPERSON GUYTON: The millage rate gonna determine how much we have to work with.

COUNCILPERSON MILLER: Right. But we may decide not to do a half mill. We may decide to do no mill. I'm just saying depending on what we have to do --

COUNCILPERSON THOMAS: Right.

COUNCILPERSON MILLER: -- we may need to --

COUNCILPERSON THOMAS: Well, that's the chicken or the egg thing there.

COUNCILPERSON MILLER: -- (inaudible) I don't --

COUNCILPERSON GUYTON: Madam Chair?

COUNCILPERSON THOMAS: Yeah. That's just what's coming first that, you know -

COUNCILPERSON GUYTON: And Madam Chair, I'd like to make --

COUNCILPERSON THOMAS: -- what --

COUNCILPERSON GUYTON: -- a suggestion 'cause I think that -- I know my colleague, Councilman Thomas, said a half a mill.

COUNCILPERSON THOMAS: I said a quarter.

COUNCILPERSON GUYTON: And -- a quarter mill. And you and I said a half. Could you all bring back a half and a quarter and then --

COUNCILPERSON THOMAS: Well, Miss Miller, you got any -- you -- you got a number that you want to throw out there so that they can work on that, too?

COUNCILPERSON MILLER: Not if we keep coming up with different expenses that we haven't figured out yet. I mean, it'll be between a quarter and a half.

COUNCILPERSON THOMAS: Okay. Well, then --

COUNCILPERSON MILLER: Either the -- either two.

COUNCILPERSON GUYTON: So bring a quarter and a half back and we'll have to select one. And now -- and -- and one thing that -- not -- not on this side but on the CRA side, there are always going to be things that are needed that we will not be able to fund. We just have to determine what we want to fund, 'cause the -- we -- we're going to keep having things that we need that we're not going to be able to fund. So it -- at some point we have to decide we're going to do this this year and maybe something else the following year. But they're always going to come up with something that is needed, because there is always something that's needed. Not just here, on other sides. That's not going to stop. It's not going to -- the requests are not going to stop coming. And -- and we don't have enough funds to cover everything that everyone wants.

COUNCILPERSON THOMAS: I'm okay with your suggestion, bringing back -- bringing them back both.

COUNCILPERSON GUYTON: Okay.

CHAIRPERSON PARDO: Okay. And then, Mr. Sherman, I really want to see -- I want line by line, each department revenue and expenses. And that includes employees -- we used to get this and I don't, past four years or so we stopped getting it. Employees, how much, you know -- what their salary is. I want to see everything line by line. Please.

CITY MANAGER JONES: You want position, titles?

CHAIRPERSON PARDO: I want everything.

COUNCILPERSON MILLER: Yeah, I agree.

CHAIRPERSON PARDO: Everything. I want to see it. I want to see it all line by line. Expenses and revenues.

COUNCILPERSON THOMAS: Well, can you get that to us before meeting?

COUNCILPERSON MILLER: Yes. Way before the meeting.

COUNCILPERSON THOMAS: I want to be able to go through it before the meeting.

CHAIRPERSON PARDO: Yeah. Yeah. Definitely. I want it --

CITY MANAGER JONES: Next meeting --

CHAIRPERSON PARDO: Yes.

CITY MANAGER JONES: -- is the 3rd and so we'll make sure --

CHAIRPERSON PARDO: At least --

CITY MANAGER JONES: -- we get that out a minimum --

CHAIRPERSON PARDO: -- a week before.

CITY MANAGER JONES: -- of a week before.

CHAIRPERSON PARDO: Okay? All right. So now we have Walker Parking.

COUNCILPERSON GUYTON: What? (Inaudible).

CHAIRPERSON PARDO: Okay. Who's paying him? He's been sitting here all night.

COUNCILPERSON THOMAS: Well --

COUNCILPERSON GUYTON: What, we got a parking consultant here?

CHAIRPERSON PARDO: Oh, yeah. He's been here.

COUNCILPERSON THOMAS: Well, what -- nobody told us that. We should have got all the paid people up first.

COUNCILPERSON GUYTON: Yeah, really.

CHAIRPERSON PARDO: -- other -- yeah. To have him come back and do the spiel, or if you want to give us something more than what we've got (inaudible)?

CITY MANAGER JONES: Yeah. I think the key really is more -- because there's so many other steps once the decision is made, that the study that we currently have is just a teaser and that we really need to look and make the decision about the enterprise or the authority. Once we do that, then we know which -- what direction we're going to go in. And so that's the critical decision. I don't know if the report dealt with establishing an enterprise fund or an authority. It -- it didn't. It didn't go in that direction.

COUNCILPERSON MILLER: Okay. 'Cause I -- I -- I actually did kind of question us doing this during the city meeting, dealing with the CRA's -- well, the Ocean Mall and here at the city versus it being a CRA meeting. Are we -- is that because of the enterprise, you're saying?

CITY MANAGER JONES: It's because it's our property.

COUNCILPERSON GUYTON: The Ocean Mall is a city property.

COUNCILPERSON MILLER: The --

CITY MANAGER JONES: City property.

COUNCILPERSON MILLER: -- is in the -- in the CRA (inaudible)?

CITY MANAGER JONES: In the CRA -- it's like the marina. It's in the -- but it's -- it actually is ours so --

COUNCILPERSON MILLER: Okay.

CRA DIRECTOR BROWN: And -- and by creating a parking enterprise fund, the CRA can make contributions towards the debt service payment. And so we would be looking at how tax increment is created by the investment in a parking garage which should spur private development. And that private development can help pay for the parking.

COUNCILPERSON MILLER: Uh-huh.

COUNCILPERSON THOMAS: Okay. Can we leave now?

CHAIRPERSON PARDO: Yes.

COUNCILPERSON THOMAS: All right.

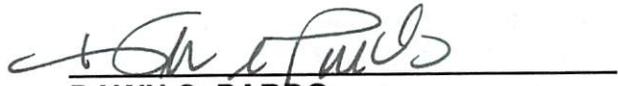
COUNCILPERSON GUYTON: Move to adjourn.

CHAIRPERSON PARDO: There's no need to. Okay. Thank you, everyone, for staying with us tonight.

There being no further business, the meeting was duly adjourned at 9:41 p.m.

APPROVED:


THOMAS A. MASTERS
MAYOR


DAWN S. PARDO
CHAIRPERSON

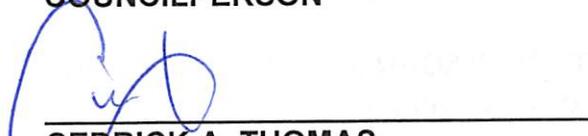
ATTEST:


CLAUDENE L. ANTHONY
CERTIFIED MUNICIPAL CLERK
CITY CLERK


TERENCE D. DAVIS
CHAIR PRO TEM


BRUCE A. GUYTON
COUNCILPERSON


KASHAMBA L. MILLER
COUNCILPERSON


CEDRICK A. THOMAS
COUNCILPERSON

MOTIONED BY: T. DAVIS

SECONDED BY: B. GUYTON

D. PARDO AYE

T. DAVIS AYE

B. GUYTON AYE

K. MILLER AYE

C. THOMAS AYE

DATE APPROVED: 0819/15