



MINUTES

BOARD OF COMMISSIONERS BUDGET WORKSHOP MEETING MAY 24, 2023 4:00 P.M.

The City of Madeira Beach Board of Commissioners held a budget workshop meeting at 4:00 p.m. on May 24, 2023, in the Patricia Shontz Commission Chambers at City Hall, located at 300 Municipal Drive, Madeira Beach, Florida.

MEMBERS PRESENT: James "Jim" Rostek, Mayor
Ray Kerr, Vice Mayor/Commissioner District 2
Eddie McGeehen, Commissioner District 3
Anne-Marie Brooks, Commissioner District 4

MEMBERS ABSENT: David Tagliarini, Commissioner District 1

CITY STAFF PRESENT: Robin Gomez, City Manager
Clara VanBlargan, City Clerk
Thomas Trask, City Attorney

1. CALL TO ORDER

Mayor Rostek called the meeting to order at 4:00 p.m.

2. ROLL CALL

City Clerk Clara VanBlargan called the roll. Commissioner Tagliarini was absent.

3. PUBLIC COMMENT

There were no public comments.

4. TOPICS FOR DISCUSSION

ICMA vs. Florida Retirement System (FRS)

City Manager Robin Gomez said the item had been moved from the April 26, 2023 Budget Workshop Meeting for discussion. They are looking to switch the employees' retirement benefit plan from ICMA, a 401(k)-type plan to the Florida Retirement System (FRS). The document put on the dais before the meeting shows the associated costs and how it would look going forward.

The City Manager reviewed the document distributed:

From: Karen Paulson, Payroll/Financial Coordinator – Updated 5/19/2023

Cost to Buy Back FRS

Based on the percentages provided below from FRS (including the 6.5% interest), buying back eight (8) years (going back to Oct. 2015) for current full-time employees is \$221,557.03 more than the City has contributed through ICMA.

How will the payments be made?

Suppose the agency does not wish to pay the entire cost immediately. In that case, a 10% down payment is required, and the balance must be paid in yearly installments amortized over a period determined by the following formula:

The average age of the employees of the municipality, independent special district, metropolitan planning organization, public charter school, or public charter technical career center joining the system is subtracted from the normal retirement age for a Regular Class member of the Florida Retirement System as defined in Section 121.021(29), F.S. The difference shall be the maximum number of years, not to exceed 15 years, over which the payments may be amortized.

Requirements to join

From the date of rejoining FRS, all employees (full and part-time) enrollment in FRS is compulsory. It does not include seasonal employees. Employees would begin contributing 3% to their retirement, and the City would contribute 11.91% to the General FRS pension. (This contribution rate changes annually on July 1)

What is the current Employer contribution to General FRS? (This will change on 7/1/2023)

11.91% and changes annually on July 1

How many full-time employees are eligible for the buy-back?

44

How many part-time employees are eligible to join?

10

Are employees allowed to join FRS or stay with ICMA?

Yes, but only current employees. Any new employee must enroll in FRS. Anyone willing to remain with ICMA (now MissionSquare) must sign an election ballot indicating their chosen plan.

What are the vesting schedules?

- FRS = 100% after eight (8) years of service.
- MissionSquare (formerly ICMA) = 25% vested after two (2) years, 50% vested after three (3) years, 75% vested after four (4) years, and 100% vested after five (5) years of service.

For consideration if not switching to FRS - Increase the regular employer contribution to ICMA to match the regular employer contribution for those that were grandfathered into FRS.

- Regular Employees in ICMA is 9%
- Regular Employees grandfathered in FRS is 11.91% (rate changes on 7/1/2023, may be higher or lower, history has been trending higher each year)
- Firefighters in FRS is 27.83% (rate changes on 7/1/2023, may be higher or lower, history has been trending higher each year)

The City Manager responded to questions and comments from the Board:

- The cost would be about \$221,000 to switch the plan and buy back eight years for full-time employees. It can be financed and paid overtime or included in the FY 2024 budget to pay at once. To finance the plan, the interest rate would be 6.5%, about \$14,000.
- The majority of employees want to switch to the FRS.
- The City would be contributing 97% and the City employees 3%.
- Unless there is a significant issue with the FRS, which he does not see happening, the 3% contributions would be gained over time. They would be guaranteed a higher rate than the current plan because of just market conditions over time.
- With the 401 (k) plan, there is a much bigger loss than seen in a pension type system.
- New employees after a certain date would not have the option to be in FRS, so over time, everyone would be in FRS.
- They would be more similar to other cities in offering the benefit of making the switch because it is a pension plan and could attract more people to want to work for the City.

Mayor Rostek said if they agreed to the switch, they would have the expense for the buyback, but what concerns him more is that they would not have the dependent and family health care coverage, which is paramount to keep their good employees. That would be another cost to talk about in the budget. The City Manager said it would not be as much as the \$221,000. That would be another benefit that would help with the hiring.

Vice Mayor Kerr asked if the \$221,000 was a one-time cost to get back into the program and if it would increase the annual cost to the FRS versus the ICMA. The City Manager said it was a one-time cost, and based on what they know now, it is about the same. There is an employee contribution that would potentially lower the employer contribution.

Vice Mayor Kerr said that employees with a pension through the FRS are guaranteed a certain monthly income based on their income level in the previous three years with cost-of-living adjustments versus the 401 (k) plan. The ICMA is based on how much is saved in their bucket. The City Manager said it was also based on the plan chosen in ICMA and its performance. With FRS, employees would get a monthly check after retiring. He does not think FRS offers employees to get all their money upfront upon retirement like they would with the 401 (k) plan.

Vice Mayor Kerr said the FRS would be more beneficial if he were a long-term employee. It would not be a hard sell across the board. He could see the \$221,000 as an investment to the City and a great employee benefit. They also have to look at the other costs like dependent and family health care costs.

Mayor Rostek said with his quick calculations it would be about \$5,035 per person to buy back. They must remember their employees are the most asset. Other things could be cut from the budget, but they must protect their employees. As the Mayor, he is for it.

Commissioner Brooks said she was for it and that if a majority of the current employees want it, it is definitely a long-term better plan. They are not hiring people to stay five years; they want them to stay and make Madeira Beach their home and the job they want to come to every day. It is an added benefit. They will figure out how to pay for the switch to FRS and the health care benefits.

Commissioner McGeehen said it was a great option, especially if a majority of current employees said they were willing to change.

The City Manager said he would incorporate it into the operating budget and bring it back at the next budget workshop meeting.

Mayor Rostek opened to public comment.

Jerry Cantrell, 13322 1st Street East, said he was a member of FRS. There is a deferred retirement option plan that has not been mentioned. The employee could get an extension to continue working an additional five years after retirement. They continue to make a salary, and the state accrues the payments over those five years. It allows people to make extra money.

Mayor Rostek asked the City Manager if he knew that. The City Manager said he would have to research because there have been changes over the years. It does not apply to every position but mainly for first responders and teachers rather than city and county administrative employees. The employees would be eligible for whatever FRS offers. There are other options available, and that is one of them.

A. FY 2024 Budget – May '23 Workshop Deliverable

The City Manager said they included all the information from the prior meeting. He reviewed the following and explained each capital item proposed for FY 2024. He and staff responded to questions and comments by the Board.

FY 2024 Capital Improvement Plan (p. 54 of the agenda packet and p. 52 of the document).

- **Archibald**

Vice Mayor Kerr said that at the last meeting regarding the pocket parks, there was a question on whether they could actually do the work. The City Manager said they can if it is available to the public, and they do not impede or remove anything currently available. For example, the 133rd Avenue park completed several years ago. If you compare that today to the others, it has paved parking, a walkway, and enhanced landscaping features. It did not change the usage or the character. There are still available parking spaces and areas available to the public with walkways, whereas before, it was all grass. Now it is grass with a paved walkway.

Vice Mayor Kerr asked about the restrictions on parking and if there were more discussions on the one the resident is using as an entry. The City Manager said they would provide an entry and exit for that resident, and it will improve the park.

The City Attorney explained why he sent an email after the last meeting about it. They must keep in mind that in everything they do, there is access to both the water and the properties on each side. That can be accomplished. They just must be careful not to, for example, cut it off and put bollards across it so there would be no access whatsoever.

Vice Mayor Kerr asked if that was what they did to the one on 133rd years ago. The City Manager said they could still walk to the water. Vice Mayor Kerr said they could still walk but not drive because of the bollards. The City Attorney said they must make sure they do not do that for the next set of parks. As far as taking those out, he would not suggest they make any changes there. If there are public outcries to remove them, that could be a possible avenue to fix that. Whatever the improvements are, they must keep in the back of their mind that it is a street and will always be a street.

Commissioner Brooks said what they are doing today is making the funding available. They can then hash out later what to do. The City Manager said they could proceed or not proceed with it. It is just for the availability of the funding to potentially proceed.

Vice Mayor Kerr asked how many trucks they had and the requirement for a new truck. Public Works Director Megan Wepfer said she has two staff people and one truck. The new one provides the other with a vehicle, so they are not always together. They can get more accomplished if both have a vehicle.

- **Building**

Mayor Rostek asked if they had just purchased the boat and would be replacing the motor. Building Official Frank DeSantis said they bought a 2008 boat with multiple hours because no new one was available. Marina Manager Brian Crabtree said the boat is in good shape with 400 hours on it. If they can buy something new or more efficient with a warranty, it will save them in the long run.

Mayor Rostek asked how many hours they expected to put on the boat a year. Building Official DeSantis said he had no idea. Code Compliance and Public Works would use it. The Mayor asked if the boat could also be used as a backup to the Fire Department and was told yes. Building Official DeSantis said the boat will be accessible for any department.

Commissioner Brooks asked if the funds would come from the Building Fund or the General Fund. The City Manager said the Building Fund.

- **City Manager -the Military Honor Court**
- **Fire/EMS**

Commissioner McGeehen asked if they replaced the 2014 Polaris Ranger, would they still be keeping it for the Fire Department. Executive Administrative Assistant to the Fire Chief said she did not see a need for it in the Fire Department, but it could be handed down to another department that might need it.

Mayor Rostek asked if the quick response vehicle they will purchase would be used to run the medical calls versus running the million-dollar ladder truck up and down the road to save them wear and tear. The City Manager said he was sure they could. They could equip it to respond to medical; about 87% of the calls are medical related.

Mayor Rostek asked if there were any thought processes for applying for a SAFER grant for any staffing. The City Manager said that was discussed with the Fire Chief and will be coming back to the Board to explain how that might work. It would not be just for staffing but also equipment.

- **John's Pass Village**

Director Wepfer said the mill and resurfacing project will be moved to 2025 so they could participate in a joint participation grant with Pinellas County to save money.

- **Marina**

Mayor Rostek asked about the enclosed old boat ramp item for 2025. Mr. Crabtree said they closed down the old boat ramp when they built the new one. The land is not being used as a ramp. They are not allowed by the grant accepted for the new boat ramp. They would make that into a washdown area and add more vehicle parking where the current washdown area is.

Vice Mayor Kerr asked Finance Director Andrew Laflin if he could make a line above each subtotal. Without it, it is hard to determine each line item. It looks like a line item and not a subtotal.

Mr. Crabtree explained there was a definite need for boat slips in the area and explained what they needed to do to get more points to get grants. Commissioner Brooks said they needed more boat docks.

- **Parking Management**

- **Public Works**

- **Recreation**

Mayor Rostek said the initial number for the improvements to the dog park was \$200,000. The City Manager said they budgeted \$300,000 for the current year for a dog park. The estimate for the current year was without the fixtures. That came about at the public meetings held to include whether they keep it as grass or convert it into synthetic turf, add shade, and expand the footprint of the dog park. It will be discussed in more detail later in the next meeting tonight.

- **Sanitation**
- **Stormwater**

Commissioner McGeehen asked about the process for replacing the two 2016 Chevy Silverados. Director Wepfer explained they purchase off the annual Florida Sherriffs Association bid.

Commissioner Brooks asked for the grant amount for the generator. Director Wepfer said they applied for a grant for about \$100,000 or \$125,000. It is at least a 50% match.

Director Wepfer explained how they apply for grants for the Area road projects. They will apply for state appropriations and look for grant funding for future projects.

Vice Mayor Kerr said they need to look at underground utilities in the residential areas at some point. They need a plan for that. The City Manager said that is where they look for state and federal funding. Director Wepfer said it is included in the Areas, so when they have them planned, she already started talking to Pinellas County and Duke Energy, especially with those areas coming up soon to start the planning projects. Area 6 is already with Duke Energy. She is waiting for their cost and to give her their fee for starting the binding cost estimate. It is not specifically listed, but it is included in those Areas.

Commissioner McGeehen said when they had a storm a couple of weeks ago, 145th was under water and 144th was not. He asked how they pick the areas or zones that will be worked on first and last. Director Wepfer said the watershed management plan they will be getting would have the stormwater master plan included. That helps to pick the next area. An emergency is something unexpected and unplanned, such as a collapsed storm drain or collapsed inlet. They keep funding in there just in case they should have an emergency.

The City Manager welcomed feedback from the Board on any changes, additions, or subtractions they would like made now or at another budget workshop.

Vice Mayor Kerr asked if the calculations had been done assuming they got the grants or how they would pay for it. What would be the plan to do it if they were incurring debt? Do they take the steps now or later? \$23,000,000 is a lot of money. The City Manager said they funded for the year they will be spending it, so it will be from incoming revenues. Some had been deferred from the current year, and a majority have been funded. Once the budget is compiled, the Board will see that. They have ARPA funds and grants they have received or grants plus state appropriations. That comprises several million dollars of it.

Vice Mayor Kerr said he understands it is not a true \$23,000,000. He wanted a feel of where they are to know if they could afford to do it all in 2024.

Mr. Laflin said they have a variety of funding sources from grant revenue that specifically funds it. They have dedicated parking revenue for the parking garage. In stormwater they have unspent debt proceeds from the 2019 issuance they have not spent down. They have accumulated fund balance over the years because the capital expenditures have not been very high over the last few

years. Page 4 of 56 shows the fund balance in the General Fund as of September 30, 2022. They did some comparative analysis of other cities. The fund balance is healthy. They are 218% of the fund balance compared to total personnel and operating. He is not advocating they whittle the fund balance down. A lot of the projects do not relate to the General Fund. The \$23,000,000 is the initial need they are proposing. Some projects will probably be deferred.

Mayor Rostek said it is just the capital improvement plan. It does not include the personnel services and FRS, which must be added above that. They do not know the final numbers yet. Keep in mind that he still wanted them to run the numbers. They have \$23,000,000 in the bank, and to keep the millage rate the same, they could decide what to cut to do that and what to cut to bring it down to 2.50, 2.25, and 2.0 mills. He wants to see the numbers run to see if doable because the citizens deserve a tax decrease. They have to watch what they do so the residents do not have the perception they are spending frivolously. He is not saying they are, but they cannot have that perception either.

Commissioner Brooks said the idea is to present a balanced budget to the Board. It would not be a good idea to decrease the millage rate with outstanding debt considering the state of their country and economy. It would be a poor decision for the Board to do that. The discussions and presentations they are having show them what they need to do. To push things out to another year will happen. When it comes time to vote, it will all come together. She added that she was excited they will be getting a dog park; she received a lot of feedback on it and is excited to have those discussions.

Vice Mayor Kerr thanked Mr. Laflin for doing the year-to-date shown on p. 6 of 56, Summary of Funds by Revenues Expenses. He gets a lot out of it. However, on many of them, there are extreme differences in the numbers from one to the other, and typically, it has something to do with capital improvement or something that is not apparent. He has been on the Board for a year and still asking the same questions because he cannot keep it all in his mind. They talk about it frequently. It would be great to have footnotes on that page on any extreme items that would be an impact. A summary report such as that would be justified and would keep the questions to a minimum. Mr. Laflin said they could do that.

5. ADJOURNMENT

Mayor Rostek adjourned the meeting at 5:25 p.m.

James “Jim” Rostek, Mayor

ATTEST:

Clara VanBlargan, MMC, MSM, City Clerk