

Minutes from the Finance Review Committee meeting called June 23, 2023, at 10 A.M.

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FRIDAY, JUNE 23, 2023
FINANCE REVIEW COMMITTEE MEETING – 10.00 A.M.

Present: Frank Hall, Chairman
Joey Ginn, Deputy Chairman
Al McCambry [Remote]
Steve Novakoski [Remote until 10.45am]
Vickie Gainer, City Manager
Kiki Roman, Finance Director

Absent: Sue Bynum

Item #1. Call to Order. Chairman Frank Hall called the meeting to order at 10.00 a.m.

Item #2. Chairman's Report.

The Chairman had no report.

Item #3. Approval of minutes for the May 19th meeting.

Motion by Ginn	To approve the minutes for May 19 th meeting.
Second to the motion	Novakoski

On Vote:

Ginn	aye	
Novakoski	aye	
McCambry	aye	
Hall	aye	Motion passed: 4-0

Item #4. Discussion of Fiscal Year 2024 Utility Rates.

Ms. Roman explained the 5-year analysis that was requested at the last meeting and gave a handout.

Chairman asked if based on proposed would the budget balance after 5 years? Director answered No. Chairman asked what would the deficit be? Director answered the Sewer will still be in a \$5,900,000 deficit operationally. Water would be fine.

Chairman – how much do we have in the sanitation reserves as of today? Director - about \$3M.

Mr. Ginn - What would you need to increase rates by to break even? Director gave handout showing rates increases required to bring the sewer out of a deficit. Average household bill will increase \$20.45 / month this year.

Chairman – if there is nothing big that breaks then this would be a perfect way to bring it back. The current admin did not create this situation and sanitation funds have been transferred to sewer to cover operating expenditures.

Chairman – this does not include any infrastructure expansion in those departments. The Commission has to tackle this issue and he appreciates the transparency. The increase is so big because we have been kicking the inflationary increases required down the road. We can no longer bury it. Something needs to be done.

Mr. Ginn – last time they voted to increase the rates but due to various emergencies it was not done.

Mr. McCambry – \$38.46 is for commercial? Director - Yes and \$20.45 for residential.

Mr. Ginn – what we are currently doing is not sustainable and it has to be addressed.

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Mr. McCambry – why such a big amount in the first year. Director explained the agreed to increase in the base rates.

Mr. Ginn – if you look at the other cities around us, we are substantially under what they charge.

Mayor – the Commission would like recommendations to consider from the committee.

Mayor – there was a big push from the citizens to focus on stormwater. Now that is sorted out, we are being directed to focus back on sewer. That way we won't have all the fees going up at the same time.

Chairman – said he has lived in this city since 1995 and never had sewer issues until November 2018 after Hurricane Michael.

Chairman is happy to give recommendations, but the Commission would need to make the tough decisions.

Mr. McCambry – base increases – can they be spread over two years, so the impact is not as big?

Chairman – it will either be from usage or base.

Mayor – feels we should be looking at where do we want to land at the end of this? \$5.9M or zero? Then we back track to see how we adjust the rates.

Director – there is some urgency in including this year's figures in the next budget.

Mayor – would like a recommendation to the commission by end of July. We do need to make some hard decisions, but we also need to make the best decisions.

Chairman – would like to have year one tied down, and then continue discussions about which plan is best to tackle the rest.

Chairman would like to see most increases on the usage rather than the base.

Mr. Novakoski – we should structure the commercial based on the size of business. We also need some time to digest and crunch numbers to be able to make recommendations.

Director – sanitation is the healthiest of the enterprise funds but are moving funds into sewer to cover the losses, and thus also delaying the purchases of large trash trucks.

Chairman – how much does a garbage truck cost? Director of PW - just over \$400k.

Mayor – would the committee be happy to go with the 5-year balanced budget, making a hard decision about year one.

Director of PW said the larger companies are already being charged a base rate higher than others.

Director of Finance – there are only 418 commercial accounts in the city.

City Manager – but every little bit helps.

Chairman – based on info so far, we work on the 5 year plan, and if the public don't support it you can move to a 7 or 10 year plan.

Mayor reminded the committee that the departments are creative in obtaining grants and other funding. E.g. \$19m in grants were included in the city's budget this year.

Chairman – when do you need the recommendation? Mayor – based on timeline the latest would be end of July.

Chairman – for transparency, he wants the commission to put it out there that this is coming. City Manager said that we did 5 workshops for the stormwater rates increases to give citizens the opportunity to give their input. We will follow similar processes.

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Director of Customer Service spoke about various programs available for funding for people who are on fixed incomes, as well as payment arrangements that they are offered.

Chairman – of the 10k accounts how many are past due greater than 30 and 60 days? Director of Customer Service said currently only about 60-70 disconnections every two weeks.

Chairman – what do we write off every month due to non-payment? Director of Customer Service advised about \$2,500 or less.

Chairman – gross revenue sum of the bills? Director of Customer Service said about \$850k.

Item #5. Review of City Debt.

Director of Finance handed out a sheet about the city debt that was requested at the last meeting and explained the report. Since June 2nd, the City Manager was able to bring in \$4.4 million from FEMA and \$1.2 million from the final insurance settlement.

City Manager spoke about reimbursement for debris removal invoices that had not been submitted due to the investigation. She will be working with FEMA to see what costs qualify for reimbursement. City Manager stated that although she would not know the dollar amount until FEMA can validate the invoices, it may be about \$3m dollars. Her understanding from the federal government, for restitution the equipment will be sold and anyone claiming restitution will be awarded funds from the items sold.

Chairman – in Feb 2026 – the unfunded principal balance of bonds will be about \$17.6m, correct? without any other reimbursements coming in. So, that will have to be funded by the general funds. He feels this is concerning. He would like the commission to look at the unfunded projects and if they are necessities. General fund is \$20m. debt service in 2026 needs to be addressed. This is a true hard cost.

Mr. McCambry – if we have unfunded projects for the city there may be a reason, they are unfunded. They need to be approved before going forward with any of them.

Chairman – as a taxpayer, he doesn't like the idea of prolonging the debt.

City Manager – these projects have simply been prioritized and the ones left have not even been brought to the commission yet for approval, because her focus is on rebuilding the city. City Manager clarified the number for the city hall rebuild includes everything including furniture.

Chairman – we took out the \$28m for the debris removal. City Manager said it was for the recovery of the city and wherever it was needed.

Chairman – citizens will want to know why the debt review committee said \$5m last year and now it is \$17m. He feels those prioritized and unapproved projects should be removed from the totals. Director of Finance said that would remove only about \$3m from the total.

Chairman – he understands the city made their best estimates last time and the insurance dollars were very much less at payout, but the amount is still very high.

City Manager noted that some of the amounts next to the projects listed are incorrect and have not yet been committed. The sports complex gym figures appear to be listed twice. She and Director of Finance will speak further about the numbers and correct them.

Director of Finance – in her position as the Director of Finance of the city, she does not want to crisis budget management as the city has done in the past. Currently we are not budgeting for the potential for a major disaster. She would like to be more progressive on her budgeting.

Chairman – the citizens need to be shown we are being fiscally responsible with every dollar we are spending. That every dollar that is spent from any department we are getting the best quality and are being very conservative.

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Chairman – would like the numbers to be redone with just the numbers that have been committed already.

Mr. Ginn – remove the “wish” list.

Item #6. Discussion about the next meeting date and time.

It was agreed to meet July 14th @ 10am as the next meeting date and time. The Director of Finance will ensure TEAMS is up and running.

Item #7. Committee Member Comments.

City Manager will request Commissioner Vandergrift to select a someone to replace Ms. Bynam.

Item #8. Public Comments.

Mrs. Walker – regarding proposed numbers increases – average household would increase by \$18.66 for the first year. Is this per month? Director of Finance - Yes. Mrs. Walker - What is that amount increase on? Director of Finance - explained and said it would be an increase of \$14 for her based on her usage.

Mrs. Walker – then the various increases go substantially down for each subsequent year, correct? Then each year to add the increase to the first years increase?

Ms. Moore – this is the first she’s hearing about the football fields, what football fields are those? City Manager - they have not yet been approved by the commission.

Ms. Moore what is the real cost of the City Hall rebuild? City Manager - just over \$14m.

Ms. Moore what is the real cost of the sewer upgrade? Director of Finance – will have to get her that figure after the engineering is completed.

Ms. Moore how much has actually been received from FEMA? City Manager - \$41m. Ms. Moore - how much more is expected. City Manager - Another close to \$8m.


Ms. Moore what is the total debt of the city right now? City Manager - \$54.7 Million at the end of fiscal 2022 and \$49.5 Million at the end of fiscal 2023. Director of Finance – that document has always been on the website for some time.

Ms. Beshearse – does not care for the term fixed income because everyone is on a fixed income. She would like to approach the low-income people. She is on a fixed income but can afford \$20 extra per month. Since there are programs available etc., she is prepared to pay the additional \$20 per month.

Item #9. Adjourn

Meeting adjourned at 11.21 A.M.

APPROVED THIS 14 DAY OF July 2023.



Frank Hall, Chairman

ATTEST:



Vickie Gainer, City Manager

prepared by Ciceia Rushing