

Minutes from the Finance Review Committee meeting called July 14th, 2023, at 10 A.M.

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**FRIDAY, JULY 14, 2023
FINANCE REVIEW COMMITTEE MEETING – 10.00 A.M.**

Present: Frank Hall, Chairman
Joey Ginn, Deputy Chairman
Al McCambry
Steve Novakoski
Debbie Ashbrook
Vickie Gainer, City Manager
Kiki Roman, Finance Director
Kevin Obos, City Attorney

Absent:

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

Item #2. Welcome Debbie Ashbrook as a new committee member from seat #4 appointment.

The Chairman welcomed Debbie Ashbrook as the new committee member.

Ms. Ashbrook gave a brief introduction of herself.

Item #3. Approval of minutes for the June 23rd meeting.

Motion by Ginn	To approve the minutes for June 23 rd meeting.
Second to the motion	Novakoski

On Vote:

Ginn	aye	
Novakoski	aye	
McCambry	aye	
Ashbrook	aye	
Hall	aye	Motion passed: 5-0

Item #4. Utility rates update FY24.

Ms. Roman explained the item in the attached report, explaining the need for rate increases due to the rates not being increased over the past few years. Per the proposal the average water bill will go up by about \$18 per month and Commercial about \$36 per month.

The city still has not received hard numbers from the state for the various revenues and rates for fiscal year 2024.

Ms. Roman said the urgency for getting this before the commission is having the rates approved before the fiscal 2024 budget preparation in August.

Chairman clarified that these increases are not being considered for additional expenditure and it is just for essential services. Director said yes.

Mr. Ginn – are the future increases to the base rate or variable based on volume? Director confirmed the volume.

Chairman opened the floor to the Committee members.

Mr. Ginn – what is the proposed adjustment compared to the balanced adjustment. Director said it was a compromised figure between the two.

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Chairman – so the proposed increase is less than \$20. Director said yes.

Mr. Ginn – when was the last increase? Director said sewer was FY2023 and FY2019 before that and water FY2019. The director reiterated that the city did not pass on the county increases for wholesale water over the past few years.

Mr. McCambry – likes the idea that it will be balanced at the end of 5 years even if the first year will be a little high. Director confirmed about \$38 commercial / average residential about \$20 per month for water and sewer, and no increase to sanitation. This year we moved \$1M of cash from sanitation to sewer to run the sewer department. As of yesterday, the sewer department had \$59k in the bank and it is likely we will need to move more money from sanitation to sewer before the end of fiscal 2023.

Ms. Ashbrook – considering we haven't had a water increase since 2019 and we have been absorbing increases from the county, it makes sense that we make the increase this year.

Chairman – deficit after 5 years will still be about \$5M and if we did nothing it would be \$19M.

Ms. Ashbrook – feels we should be passing that cost along to the residents.

Mr. Ginn – yes agrees we need to get that debt satisfied.

Mr. Novakoski – feels we need to have some type of concessions of the enterprise funds if we stop using those funds for water or sewer. If we can show a rate going down that we are not using anymore because we're raising rates elsewhere it will show that management is concerned for the residents. Also asked regarding individual meters on apartment buildings – Director of Public Works said the same amount of water is going through the single meter, we receive the same revenue whether they pass that bill on to their apartment lease holders or not. A larger master meter requires a larger base rate fee. That rate is based under commercial.

Stephanie – gave an example of an apartment with 30 occupants that have a master meter – they would pay the residential base rate x 30 in addition to base rate fee. So, the city is not losing that individual bill, just having it in one bill.

Director of Finance – in her calculations there are no transfers between any of the enterprise funds, from year one onwards. So that all funds will stand on their own. Chairman – so no transfers in 2024, 2025, or 2026 – if everything goes to plan? Director said correct.

Chairman – for full transparency we have to advertise this stating that it is based on NO MAJOR CAPITAL OUTLAY and on having nothing that breaks and needs repairs and that is not in the budget. Just in case for example, if in 2026 something breaks, and you now need to charge more than you projected.

City Manager said that something else to bear in mind is any FDOT work also takes funds out of our budget (about \$850k so far this year) when they have “unforeseen contingencies”.

Chairman opened the floor to the public for comment.

Mr. Walker said that as Chairman he can dictate how long public can comment and what the public can discuss. Chairman said – let's keep to the 3mins to discuss the specific agenda item.

Mr. Walker – many years ago it was noted that enterprise funds in the city show it is a business and it makes money. Water and sewer became very controversial, and what you have just passed stating “without unforeseen circumstances” is an issue. Using and paying consultants has let the city down and they have been wrong. No contingencies have been made for people coming into this town or emergencies. He thanked the Chairman and the committee for allowing him to speak and for looking at this from the residents' viewpoint.

Mrs. Walker – regarding the sewer fund – the recent transfer of \$1M to the sewer fund and there only being a balance of \$59k in the fund, and we still have two months left, and an influx from the August and September funds - will the additional funds needed come from sanitation or general

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fund? Director said it will not come from General funds. City Manager said they have not transferred general funds since she has been city manager.

Ms. Moore – the new sewer treatment plant is not on this recommended budget? Chairman said no.

Mr. Walker – water charges for people not from Lynn Haven – are they charged a 25% surcharge? The director answered yes. And will it be the same increase for them? Director said yes.

Mr. Walker – are septic tanks still allowed? Director PW/PU - If an existing septic tank fails and sewer is available to the parcel, the Health Dept. will not permit the repairs or a new septic tank. If sewer is not available then yes, septic tanks can be installed, or repairs made?

Item #5. Discussion from the committee for any recommendations to the Commission.

Chairman asked for recommendations to put before the board for August. The City Attorney advised any proposed increase in rates have to go on the utility bill one cycle before implementation.

Chairman - we also need to have a workshop for the citizens.

The Director asked for recommendations so she can set up a workshop for the residents to consider the recommendations.

The City Manager would like to have two workshops, one in the morning and one in the evening.

Chairman is in favor of a 5-year balanced budget.

Motion by Ginn

to recommend the balanced adjustment for both commercial and residential, not including any emergency or expansion funds, and to include workshops for the citizens.

Second to the motion

McCambry.

On Vote:

Ginn

aye

McCambry

aye

Novakoski

aye

Ashbrook

aye

Hall

aye

Motion passed: 5-0

Item #6. Revised rebuild costs with current rebuild projects only.

Director of Finance explained the item per the attached reports. Football fields numbers were removed, and no contingency money included.

Chairman – appreciates the revised numbers and thinks this report needs to be reported quarterly to the Commission and needs to be in the forefront of the Commissioners minds. When any new project is approved, they need to look at these figures to have hard conversations. So, they know if they approve of anything else then that \$13m is going up.

Director spoke about the new spreadsheet showing revised numbers relating to the \$10m American Rescue funds, of which the City Manager has given permission to put \$2M to call the 2014 Capital Improvement Bond. This bond is on page 3 of the Debt Service Schedule – has now been paid down to zero, and by calling the bond the sewer department will save \$500k in interest. Director pointed out that this bond was at 3.29% annualized and just exclusively for the sewer department.

Chairman feels a strategic plan needs to be done to consider paying off those debts.

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The City Manager explained the city has consultants to help the city manage those bonds and debts. It is important to her that the city gets these debts down.

Motion by Ginn that this report be provided to the commissioners on a quarterly basis.

Seconded to the motion Novakoski.

On Vote:

Ginn	aye	
Novakoski	aye	
McCambry	aye	
Ashbrook	aye	
Hall	aye	Motion passed: 5-0

Ms. Moore wanted to clarify that the \$13M does not include the football fields. Chairman confirmed.

Item #7. Approval to move Vice-Chair Joey Ginn to the Chair position replacing current Chair, Frank Hall.

Chairman explained that with his other obligations he would like to step down as Chairman, although he will stay on the committee. He then asked if there was a motion to name the Vice Chairman, Mr. Ginn, as the Chairman.

Motion by McCambry To approve to move Vice-Chair Mr. Ginn to the Chairman position replacing current Chairman, Mr. Hall.

Second to the motion Novakoski

On Vote:

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

Item #8. Nominations and vote from the committee to replace the vice-chair vacancy.

Motion by Ginn to nominate Mr. McCambry to replace the Vice Chairman vacancy.

Second to the motion Novakoski

On Vote:

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

The City Attorney presented a brief summary of the Sunshine Law and Public Records information.

The City Attorney provided a brief orientation that included ethics in accordance with state law.

The city Attorney said that as this is an advisory board the members cannot simply contact each other to discuss the business of this Committee, and the sunshine law needs to be followed. Anytime they are going to vote they should ask for public commentary before each vote. One can

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also always rectify and ratify any issues, and if there is a violation then discussion and full disclosure is how it is managed. Problems only arise when there is a lack of transparency about any violations. Also, as it is an advisory board, they are subject to the public records laws.

Chairman confirmed if they can talk to other boards, and the staff about issues brought before this committee? The attorney confirmed yes, just not among each other.

The Chairman sought clarity about engaging public commentary before each vote. The City Attorney confirmed this should be done.

Chairman then went back to each item that was voted on and gave the public an opportunity to provide input.

Item #9. Discussion about next meeting date and time.

Chairman Ginn asked if we need another meeting? The director said you are required to meet quarterly.


Hall – would like to discuss at the next meeting to have a monthly income statement provided to the commissioners showing variances withing high level personnel costs – in the package of the commission meeting. Warrants just show checks and it means nothing.

Ginn – Friday, September 29th, 2023, at 10am.

Item #11. Adjourn

The meeting adjourned at 11.04 A.M.

APPROVED THIS 12th DAY OF OCTOBER 2023.



Joey Ginn, Chairman

ATTEST:



Vickie Gainer, City Manager

prepared by Cicelia Rushing