

**ST. PETERSBURG CITY COUNCIL
BUDGET, FINANCE & TAXATION COMMITTEE**

AGENDA

August 17, 2017
08:00 – City Hall – Room 100

Members & Alternate: Budget, Finance & Taxation Committee: Chair James R. “Jim” Kennedy, Jr.; Vice Chair Charles Gerdes; Karl Nurse; Darden Rice; and Ed Montanari (alternate).

Support Staff: Kewa Wright, City Council Administrative Aide
Cindy Sheppard, City Council Administrative Officer

A. Call to Order

B. Approval of Agenda

C. Approval of Minutes

1. July 27, 2017

D. New/Deferred Business

1. August 17, 2017

- a. Airbnb to collect sales tax and tourist taxes from guests **(Legal)**
- b. PILOF Discussion **(Kornell)**

E. Upcoming Meetings Agenda Tentative Issues

1. August 24, 2017

- a. 3rd Quarterly Financial Reports **(Anne Fritz/Tom Greene)**

2. September 14, 2017

- a. Quarterly Grant Reports **(Shrimatee Ojah-Maharaj)**
- b. Possible increased funding for the Mainstreet programs that currently exist **(Kornell)**

F. New Business Item Referrals

G. Adjournment

ST. PETERSBURG CITY COUNCIL
BUDGET, FINANCE & TAXATION COMMITTEE

Minutes

July 27, 2017

8:00 – City Hall – Room 100

Present: Committee Members - Chair James R. “Jim” Kennedy, Jr., Vice-Chair Charles Gerdes, Karl Nurse, Darden Rice and Ed Montanari (alternate).

Also: Council Member Lisa Wheeler-Bowman; Chief Assistant City Attorney, Jeannine Williams; Assistant City Attorney, Jane Wallace; Public Works Administrator, Claude Tankersley; Finance Director, Anne Fritz; Public Works Services Manager, Elizabeth Makofske; Billing and Collections Director, Tammy Jerome Administrative Aide to City Council, Kewa Wright; Senior Deputy City Clerk, Cathy E. Davis

A. Call to Order

Chair Kennedy called the meeting to order at 8:00 am with the above persons present.

B. Approval of Agenda

In connection with the approval of the July 27th meeting agenda, Council Member Gerdes made a motion that the agenda be approved as written. All were in favor of the motion. Ayes. Kennedy. Gerdes. Nurse, Rice. Nays. None. Montanari (alt).

C. Approval of Minutes

1. July 20, 2017

In connection with the approval of the July 20th meeting minutes, Councilmember Gerdes made a motion that the minutes be approved as written. All were in favor of the motion. Ayes. Kennedy. Gerdes. Nurse, Rice. Nays. None. Montanari (alt).

D. New/Deferred Business

1a. Utility Rates Study. Mr. Tankersley addressed the committee by providing a brief introduction regarding the utility rate discussion. He stated that his staff and the consultants have done a lot of work in evaluating the utility rates needed for the upcoming fiscal year (FY18) and a proposed method for putting a tier system into our residential stormwater rates.

Mr. Andy Burnham, Financial Services Vice President of Stantec provided a presentation for FY 18 utility rates. Mr. Burnham informed the committee that the schedule/path forward on utility rates are segmented due to the timing of retail and wholesale adjustments. The FY18 wholesale rates are slated to become effected 10/1/17 and the retail rates effective 1/1/18. Preliminary FY 18 retail rates are as follows:

Water = 4%
Reclaimed Water = 11%
Wastewater = 17 %
Stormwater = 5.56%

Mr. Tankersley explained that the rate increases were on a line item basis and not a reflection of an entire water bill. Mr. Burnham provided the committee with an example of a typical customer utility bill with the proposed rate increases, to include customers with reclaimed water and those without reclaimed water.

Mr. Burnham provided a Stormwater Rate History chart and explained how there was no change in the stormwater fee from 1991-2001, modest adjustments beginning in 2002-2009 and from 2010 – current, there were no adjustments on the fee, except for a slight penny reduction as a result to a CPI anomaly in 2011. In addition, Mr. Burnham informed the committee that the debt service payment requirements are set to increase in 2019 by \$1.4 million and they have been looking at a plan to increase revenues in order to meet the annual increase in debt service. The current rate of \$9.00 fee will increase by \$.50, which will result in an additional \$860k in annual revenue. CM Rice inquired how bonding agencies determine how they raise the rate of their debt service. Mr. Burnham explained that rating agencies look at overall financial health and the willingness to raise and adjust rates in order to meet financial needs and targets.

Mr. Burnham provided the committee with a Stormwater Fee Comparison chart of other municipalities in the Tampa Bay area, which showed how the City stormwater charges are comparable to other neighboring cities. Mr. Burnham also discussed implementing a stormwater tier system for residential customers based on different levels of impervious area the property would have. The tier system is recommended for FY 19 to allow time for data collection, IT and billing system changes and an appeals process for homeowners who feel they have been placed in an incorrect tier. Mr. Tankersley clarified to the general public that the current rate system is set up for residential customers as a flat rate for every residential parcel. However, commercial property rates are based on impervious areas and each commercial property might have a different rate.

CM Nurse express concerns that current residential rates are not flat rates and that a flat rate would be an equal number of dollars per square feet. He stated that it was unfair for larger properties with the most impervious surfaces to be subsidized by those with the least impervious surfaces and that the City should not wait another year to implement the tiered rate. CM Kennedy referred to CM Nurse's comments as to why the tiered system was not put into place last year. Mr. Burnham explained that due to lack of accurate data and imagery from a variety of sources, there was not enough information to capture all impervious area components of a property to develop a tiered system with very specific data for each parcel.

CM Kennedy inquired about the ability in implementing this system in the next four to five months. Mr. James Hale, GIS Manager for Stantec informed the committee that it would take about six months to create a defensible mapping of the entire city on a lot by lot basis. The process entails creating an impervious service layer using remote sensing, integration with the Sunguard billing system and a way to provide input from the public. Attorney Wallace provided insight on the appeals process built into the ordinance for commercial properties and stated that the City may utilize the same approach for residential. CM Kennedy inquired about the potential cost of the mapping system. Mr. Hale stated that to create an overall city impervious layer using infrared imagery, \$60k; to refine that to bill residential, \$90k - \$95k; for commercial, \$30k - \$40k; and an online mapping service for the public to view their property, \$50k - \$60k. CM Kennedy inquired if there was money in the budget to implement this system. Ms. Makofske stated it is not in FY 18 budget, however if Council was to move forward there is a fund balance that could cover the cost.

Mr. Burnham provided an overview of the Water Resources rate history, which showed slight adjustments +/- over the years with water, wastewater and reclaimed water. He also compiled information showing where the City is 30% below the national average in terms of level of adjustment in water and sewer cost. Mr. Burnham stated that the biggest challenge for this system going forward is the Capital Improvements Program. The Penny for Pinellas money would help to cover infrastructure cost starting in 2020 of \$9 million a year if the voters approved the penny. The impact of the Penny will reduce a typical user water bill by \$4 - \$5 dollars a month.

CM Gerdes inquired where we are today in terms of water conservation. Mr. Tankersley stated potable water for the entire city is up because we have more people, however per capita usage is slightly down because people are buying more efficient washers.

Mr. Tankersley touched on state revolving funds. Currently, there is a large surplus of these funds, however at one time cities could get grants from the state and federal governments to help fund infrastructure projects. Now the current funding mechanisms are low interest loans.

Mr. Burnham provided two scenarios to potentially enhance the cost of coverage of reclaimed water. The first is a 3-year plan that would take the current status from 58 % cost recovery to 100% cost recovery. It would require a 25.5% increase for 3 years and lower water and sewer rates because they would not make up the shortfall in the reclaimed water rates. The second scenario is a 5 year plan with an increase of 16.5%

Mr. Tankersley provided an overview of the reclaimed water system and that the primary source of reclaim water comes from wastewater. He further stated it takes about 20,000 gallons of reclaimed water to irrigate a lawn, which means you would need 5 houses producing at least 4000 of wastewater to serve one household using reclaimed water. In addition, he stated if we want to expand reclaimed water availability we would have to look at other sources (i.e. stormwater). CM Montanari asked if staff can provide sample utility bills with the proposed rate changes and what they will look like 3-5 years from now in order to explain the adjustments to constituents. Mr. Tankersley suggested having a discussion to meter reclaimed water customers so that people only pay for what they use.

CM Gerdes made a motion to approve the Wholesale Rates. Approved unanimously by the committee. Ayes: Kennedy, Gerdes, Rice, Montanari (Alt). Nays: None.

CM Gerdes made a motion to request that staff move forward with a plan to raise reclaimed water rates over a period of three years to fully recover the cost of the reclaimed water system. Approved unanimously by the committee. Ayes: Kennedy, Gerdes, Rice, Montanari (Alt). Nays: None.

CM Nurse made a motion to request that staff move forward with a tiered system on stormwater fees and request staff to begin the process of a detailed study. CM Gerdes offered a friendly amendment to add to CM Nurse's motion that the Committee authorize staff to spend the money for the study and request staff to start the process to change the billing system to anticipate a tiered system for storm water fees in October '18. CM Nurse accepted the amendment. Approved unanimously by the committee. Ayes: Kennedy, Gerdes, Rice, Montanari (Alt). Nays: None.

CM Gerdes requested Legal to review the article distributed by CM Rice regarding its legality of the operated aid programs from enterprise funds and report its findings back to the committee.

E. Upcoming Meetings Agenda Tentative Issues

1. August 17, 2017

- a. Airbnb to collect sales tax and tourist taxes from guests **(Legal)**
- b. PILOF Discussion **(Kornell)**

2. August 24, 2017

- a. 3rd Quarterly Financial Reports

F. New Business Item Referrals

G. Adjournment

There being no further business, the meeting was adjourned at 9:37 a.m.

BUDGET, FINANCE AND TAXATION COMMITTEE	August 17, 2017
PENDING/CONTINUING REFERRALS	

Topic	Return Date	Date of Referral	Prior Meeting	Referred by	Staff	Notes
Airbnb to collect sales tax and tourist taxes from guests	8/17/17	5/7/15		City Council	M. Dema/Goodwin	1/14/16 referral to PSI for ordinance review; referred to COW - scheduled for 9/15/16. Discussed on 1/12/17, legal to investigate and report back at a future meeting.
Refer PILOF discussion	8/17/17	1/26/17		City Council - COW 1/26/17	Kornell	
Quarterly Financial Reports	Q3 8/24/17 Q4 11/9/17	Quarterly		City Council	Anne Fritz Tom Greene	
Possible increased funding for the Mainstreet programs that currently exist	9/14/17	6/15/17		Kornell		
Quarterly Grant Reports	Q3 09/14/17 Q4 11/9/17	Quarterly		City Council	Shrimatee Ojah-Maharaj	
Utility Rate Study	9/28/17 11/9/17 (if needed)		7//27/17		Claude Tankersley/Anne Fritz	
2018 Management Evaluation	10/12/17	Annual		Ordinance	Brad Scott	
2017 Management Evaluation	180 days 11/9/17?	10/2016 by ordinance		City Council	Brad Scott	Brad Scott preparing scope re: Water Resources. Prebid meeting for RFP held 1/18/17. Mr. Scott to contact Chair Kennedy reference 2/23 return date. Updated return date on 1/23/17. Presentations to return on 3/23/17. (4/17/17 note added) to be scheduled to return to full council. 5/25/17 - Brad stated a signed contract has been returned to LA Consulting - report to committee in 180 days

2018 Health Insurance Renewal	12/14/17	Annual		BF&T	Chris Guella	
Alternate Funding for Water Resources Update (TIF)	TBD	9/8/16			Anne Fritz	To be discussed at COW on 1/26/17
Discussion for use of Tourist Development Tax, including Arts Funding - Follow-up	TBD	8/21/14		City Council	Joe Zeoli	Meeting to include David Downing of the TDC. Gerdes to follow-up
Consideration of a revision to the Small Business Enterprise ordinance		2/2/17	6/15/2017 7/20/2017	City Council	Councilmember Nurse	Will provide quarterly updates to the BF&T committee
2018 Property Insurance Renewals	Mar-18	Annual			Blaise Mazzola/Chris Guella	
External Audit	Mar-18	Annual			Anne Fritz	

BUDGET, FINANCE & TAXATION COMMITTEE
WEEKI WACHEE PROJECT LIST

August 17, 2017

<i>TOPIC</i>	<i>DATE REFERRED</i>	<i>REFERRED BY</i>	<i>RETURN DATE</i>	<i>STAFF RESPONSIBLE</i>	<i>SPECIAL NOTES</i>
Youth Sports Field at Thurgood Marshall Middle School	10.06.16	CM Wheeler-Bowman	TBD	McBee/Jefferis	
Maximo Park Project	05.12.11	Kornell	TBD	McBee/Jefferis	Referred to COW on 7/14/16 Scheduled COW on 7/28/16 \$150,000 allocated by council on 8/4/16
City Trail Shade Tree Planting Program Project	08.03.17	Nurse	TBD		
Booker Creek Park Project	08.03.17	Foster	TBD		