

BOARD OF COUNTY COMMISSIONERS

May 8, 2009

A meeting was held at the Murdock Administration Complex in Room 119, Port Charlotte, Florida.

Members present were: Chairman Duffy, Commissioner Loftus, Commissioner Starr, Commissioner Cummings, Commissioner Skidmore, County Administrator Baltz, County Attorney Knowlton, and Deputy Clerk Manley. The following members were absent: None

The workshop was called to order at **1:30 PM**, followed by the Pledge of Allegiance.

1. Review Performance Budgets - Kelly Shoemaker and Ray Sandrock

Mr. Sandrock gave opening comments, suggested they could combine the workshop scheduled for Friday, May 15th (Follow-up Questions) with the meeting scheduled for Monday, May 18, 2009, (Building Construction Services) and announced the reduction update. (**Board Consensus to combine the workshops**)

a. Charlotte County Utilities (CCU)

Ms. Shoemaker read the Mission Statement into the record, indicated there are two core services, and indicated the FTE, results, revenue sources, and time allocations. Ms. Shoemaker reviewed the organizational chart, and noted the administrative and engineering section as well as the operational section.

Commissioner Loftus inquired on the number of engineers required and asked for the in-house projects. Ms. Shoemaker indicated one of the three Project Engineer positions is recommended to be cut. Terri Kesner advised Project Managers oversee a variety of ongoing projects and commented on their duties. **Commissioner Loftus** asked if they were internally working on Rotonda Villas and Springs. Ms. Kesner said the design has been completed, noted purchasing is bidding out, and discussed the program that is saving consumers. **Commissioner Loftus** inquired if the sewer system expansion was being handled in-house or if it would be

done externally. Ms. Kesner mentioned a completed study and said an action plan would be presented to the Board next year for consideration and direction. Mr. Baltz pointed out page 8 of 24 of the backup documentation and described the trend line and our relationship with the Authority. **Commissioner Starr** said \$11 Million is a large bill and asked how they can reduce the payment. Ms. Kesner indicated they have gone through a budget scrutiny process every year, advised they have been joined by the City of North Port, and DeSoto and Sarasota Counties as a regional effort to review the actual budget expenses of the Peace River Authority, and noted they will continue in their efforts to look for other reduction opportunities. **Commissioner Starr** expressed concern that we do not have control of such a large bill and suggested the need to become more proactive in controlling the costs. **Commissioner Loftus** indicated we do have control of how the money is spent by the Peace River Authority and explained the process. **Commissioner Starr** agreed it does not affect the general fund, but noted it does affect our high water rates; indicated we have the second highest water rates in the State; and asked if the Water Authority cut its budget by 15% or had raised its budget. **Commissioner Loftus** advised the Water Authority did not cut its budget by 15% but did raise its budget. **Commissioner Starr** stated he would like to see more oversight from the counties, work with our counterparts to find a way for their input to mean more, and opined every time a customer turns on the tap money is going down the drain. Mr. Baltz commented on several unique features of our relationship with the Water Authority, stated CCU is operated as an enterprise fund, and pointed out there would be no benefits to our general fund budget challenge. **Commissioner Loftus** opined the budget increase was due in part to the increase in chemical costs required to treat the water. **Commissioner Starr** suggested Purchasing find less expensive chemicals. **Commissioner Loftus** noted Water Authority conversations related to cost reductions. **Commissioner Cummings** stated one of the problems with the annual budget cycle is the lack of staff receiving answers to their questions from the utility staff, but understood it has improved somewhat, indicated the big money is in the broader policies, commented on negotiation of contracts, and noted the strategic plan to move forward with common rates is not in the best financial interest of Charlotte County.

Chairman Duffy commented that "Operating Supplies General" category has consistently gone up. Ms. Kesner explained in detail and noted as operations expand, associated costs also expand. **Chairman Duffy** asked if they can purchase their supplies for less. Ms. Kesner indicated their system grows with the increase of customers and infrastructure. **Chairman Duffy** opined there are ways to find more effective purchasing strategies and suggested they research how other departments have succeeded in downsizing purchasing costs. **Commissioner Loftus** commented on the substantial cost increase of fire hydrants, asked to see the associated work program, and questioned the increase in dues and memberships. Ms. Kesner explained they had fallen behind in hydrant maintenance and installation and said much of the additional dues were related to special operator licenses now required. **Commissioner Loftus** asked if training was done in-house and whether the training could be done through computer software. Ms. Kesner stated it is provided in-house when possible, explained it is not online, and said they are required to physically go to Sarasota to take the test. **Commissioner Skidmore** did not fully agree that costs will increase as we improve our infrastructure, questioned the fire hydrant line item, and pointed out the increase in gas, oil, and lubricants. Ms. Kesner explained the increases. Mr. Sandrock replied the increase was a low projection (25% increase) over the previous year. **Chairman Duffy** noted the average cost for an oil change is \$150.00 on our vehicles. **Commissioner Skidmore** suggested we need a centralized fleet maintenance location; noted opportunities to partner with the Sheriff's office, the School District, the City of Punta Gorda; and opined we can get a \$9.95 oil change on the private market. **Chairman Duffy** announced Administration was in the process of researching less expensive oil changes. **Commissioner Skidmore** commented on "Uncollectable Debt Expense". Ms. Kesner explained the expense is associated with an increase in delinquent accounts. **Commissioner Skidmore** suggested we take an aggressive mindset and consider payment plans or settlement programs. Ms. Kesner agreed and explained the process.

Commissioner Starr reiterated observations already discussed; mentioned equipment inventory and cost savings that could be found with the development of an inventory system; and questioned the rationale on gas, oil and lubricants; and commented further on fire hydrant installation. Mr. Sandrock said fleet issues and oil changes will be discussed at the May 20, 2009 meeting as part of Budget and Administration services, noted a Request for Proposal (RFP) is out for County Regional oil changes, and opined we can expect to see a savings since prices were very high during the creation of the 08-09 budget. **Commissioner Loftus** commented on visits to lift stations for inspections, questioned inspection schedules, requested a list of stations and telemetry installations, and asked about the use of telemetries. Ms. Kesner said they are continuing to become technologically advanced, but still need to physically visit the facilities to assure correct readings and explained the visit schedule. **Commissioner Cummings** suggested we keep putting in fire hydrants, commented they will reduce resident insurance costs a good deal more than what they will save on their utility bills, and discussed his view on the uncollectible debt expense. **Chairman Duffy** questioned whether they can reduce overtime expenses. Ms. Kesner explained the terms and conditions of their overtime agreement and mentioned the process taken to handle emergencies. **Chairman Duffy** expressed concern with the numbers for central and direct services and asked that they be addressed. Mr. Sandrock said these numbers are reflective of one year back and explained the facts. **Commissioner Loftus** stated past difficulties with pumps, asked if the issue had been addressed, and questioned warranties. James Huish explained the procedures have been updated, noted pump contracts are now renewed every year, and mentioned the warranties. **Commissioner Skidmore** questioned future vehicle purchases and reserves. Ms. Kesner indicated they did plan to replace hauling and towing equipment. Mr. Sandrock indicated they plan for replacements over a period of time. **Commissioner Skidmore** commented on new approaches that could be applied to existing practices. Mr. Sandrock agreed with the concept of making adjustments. Mr. Skidmore suggested they think regionally and globally to share the equipment. **Commissioner Loftus** emphasized the importance of working outside the confines of Charlotte County and noted a tremendous amount of vehicles that must be moved out of inventory.

Ms. Shoemaker commented on Charlotte County Utilities Recommended Reduction Scenario by item.

#1 Reduce water reclamation facility annual repair budget \$411,000

Commissioner Cummings confirmed the annual repair budget is based on the fact they are anticipating less maintenance on the new facility. Ms. Kesner answered affirmatively.

#2 Efficiencies - in-house sludge removal \$405,000

#3 Efficiencies - Englewood sewer \$350,000

Commissioner Skidmore confirmed no intent to install sewers in the Englewood area.

#4 Efficiencies - Delete Expansion study CIP \$343,000

Commissioner Cummings commented on #4, questioned if in-house engineering will be available for the expansion. Ms. Kesner opined they will complete the study with the remaining engineering staff. **Commissioner Loftus** expressed the same concern, asked if there are increased problems near the beach areas, and opined the need for a sewer expansion workshop. Ms. Kesner advised they have budgeted money each year for the upfront costs, noted awaiting Board direction next year, and confirmed increased problems near the beaches. **Commissioner Cummings** expressed concern with reducing inside and outside engineering. Ms. Kesner commented on the decision to hold back any efforts on an expansion program for one year and provided her expectations for this time next year. **Commissioner Skidmore** commented on the need to seek grant funding related to sewer, septic and connection fees to help residents save, suggested they can save by not delaying the numbers by twelve (12) months, and opined engineering costs are not reduced by utilizing in-house staff. Ms. Kesner indicated the Ferguson Group is looking for stimulus packages available to offset costs to property owners for sewer plans. **Commissioner Skidmore** noted the Ferguson Group is Federal and the issue is a State matter. Ms. Shoemaker advised the creation of a committee involving budget and administrative services that is looking at State issues. **Commissioner Skidmore** suggested they request direction from the Florida Association of Counties related to the associated grant funding. **Commissioner Loftus** recommended they do not delay

projects, opined now is the time to get the best prices, mentioned getting the Peace River bid out as soon as possible, and requested a workshop to discuss a plan. **Commissioner Cummings** commented on grant opportunities and disagreed on billable rates related to engineering. **Commissioner Starr** was in favor of listening to the experts as related to outsourcing, said he has no desire to tackle sewer issues this year, mentioned the current budget shortfall, and suggested they deal with the County needs now and look into the sewer crisis later. **Commissioner Loftus** referenced the settlement with Department of Environmental Protection (DEP) and Manchester Basin, questioned the proposed plan, brought up the contamination problem at the Beach Complex, and remarked whether we will allow this health condition to exist. Ms. Kesner remarked part of the permit to close down the lock at the Manchester Basin was to place central sewer in that area as well as other areas identified in their CIP budget in FY 2005. Mr. Baltz explained they are working on a timing and financial plan, noted they are not ignoring the sewer issues, mentioned a wastewater expansion feasibility study has been conducted, remarked on the commitments made to date, and discussed costs, spending and finding a balance.

RECESS: 3:00 PM to 3:10 PM

- #5 Reduction in Equipment Purchases \$250,000
- #6 Reduction of staff in Community Relations Division, eliminate vacant position \$85,172
- #7 Efficiencies - Travel/Education \$40,000
- #8 Uniforms \$33,000
- #9 Reduction in Rentals and Leases \$22,000
- #10 \$15,000
- #11 Eliminate return envelope in utility bills \$13,500
- #12 Eliminate Security Truck for bank deposits \$11,600
- #13 Reduce Customer Newsletters to one (regulatory) \$4,500

Ms. Shoemaker explained reduction items #5 through #13. **Commissioner Skidmore** asked if the regulatory newsletter is mandated and whether a greater cost savings could be achieved with the choice of electronic delivery. Ms. Kesner offered to research the cost savings and advised one announcement is required per year. **Commissioner Skidmore** commented on eliminating the security truck for bank deposits, asked what percentage of the bank deposit is cash, expressed concern with employees handling cash due to liability issues, and wondered if we could centralize financial services. Ms. Kesner explained

approximately \$2,000 cash is held on premises and delivered to the bank once a week, noted employees are accompanied by a security guard and mentioned the bank is close and presents minimal risk, and indicated cash handling was not an issue with the Clerk's Finance Department. **Commissioner Skidmore** asked our legal counsel to comment. Ms. Knowlton said she would like to look into the issue. **Commissioner Skidmore** questioned the reduction in uniforms and asked if International Union of Painters and Allied Trades (IUPAT) mandates uniforms. Ms. Kesner advised the reduction represents a renegotiation of a contract and said uniforms are mandated. **Commissioner Skidmore** suggested in the future we look at allowing employee dress to be within a framework. **Commissioner Skidmore** commented on Reduction Equipment Purchases. Ms. Kesner and Ms. Shoemaker explained the item in detail.

#14 Reduction in Small tool purchase \$4,495
#15 Reduction Computer Software purchase \$1,100
#16 Reduction in purchase of Books/Pub \$1,000
#17 \$30,000
#18 Completion of Burnt Store RO Staging area; one-time savings \$650,000
#19 Equipment for Sludge Hauling \$400,000
#20 Building Maintenance (reduce power washing, flags etc.) \$10,500
#21 Discontinue/postpone AMR 10 year meter program \$ 300,000
#22 FYN Staff (shared with EES) reduction due to grant funding \$7,000
#23 Completion of Charlotte Harbor Pre Eng CIP; one-time savings \$116,000
#24 Efficiencies-Wastewater Comp Plan (Regulatory)complete in-house \$300,000
#25 Utility Projects to be finished in FY08/09; one-time savings \$1,469,000
#26 Employees w/benefits (4 Engineering div., 1 Community Relations div., 1 Operations div.) \$295,000
TOTAL VALUE REDUCTIONS \$5,567,867 - Overall Savings 28%

Mr. Sandrock continued with Charlotte County Utilities Recommended Reduction Scenario, items #14 through #26.

COMMISSIONER LOFTUS MOVED TO APPROVE STAFF RECOMMENDATIONS IN THE AMOUNT OF \$5,567,867 WITH FUTURE ATTORNEY COMMENT AS A CONDITION, SECONDED BY COMMISSIONER STARR

Commissioner Cummings asked if the automatic reader program is providing the desired benefits. Ms. Kesner said the search for the perfect system has been a struggle and commented on waiting to invest in new technology that will automate meter reading. **Commissioner Cummings** mentioned the impacts of newsletter reductions, suggested we could ask communications to put newsletters in the utility bills, mentioned concern with giving

up the community relations slot and the impact of employee reductions, expressed the importance of notifying customers of available programs, said he is opposed to cutting engineers when we are unable to complete projects, remarked on DEP compliance issues, indicated the cuts will lower the level of service and not deliver proper communications, and opined we are creating our own problems. **Commissioner Skidmore** asked if the Board would support item #12 (Security Truck for bank deposits) with future Attorney comments as a condition. **Commissioner Loftus** answered affirmatively.

MOTION CARRIED 4:1. COMMISSIONER CUMMINGS OPPOSING.

Mr. Sandrock explained Charlotte County Utilities Revenue Opportunities, noted \$150,000 in the reduction of exemptions or waivers and \$20,400 by charging customers to use Customer Service to make payments. **Commissioner Cummings** said he is in favor of better customer service during this economy. **Commissioner Skidmore** suggested revenues could be achieved through inserting industry related discount coupons and promotions within CCU mailings, recommended paperless utility bills and payments, and mentioned a grease trap program could generate revenues. Ms. Kesner advised our Receiving Station is currently collecting fees for that service from multiple counties. **Commissioner Skidmore** suggested there may be an opportunity to stabilize the rates without pricing outside the market. **Commissioner Skidmore** opined Utilities should be non-profit, stated the goal should be to continue to find efficiencies, suggested CCU sell all available reused water to golf courses and process water as quickly as possible, and expressed the need to pass on reductions to rate payers. **Commissioner Loftus** said Lee County is processing grease and converting it to bio diesel-fuel and suggested they could consider selling it on a regional basis. **Chairman Duffy** said unexplained water use is bothersome, commented on the importance of accommodating customers, and expressed opposition to charging customers to make payments by phone. **Commissioner Skidmore** questioned the use of an automated payment system. Ms. Kesner noted an automated option is available for a \$5.00 fee. **Chairman Duffy** said we should encourage electronic billing.

Ms. Shoemaker reviewed the Current Year Savings of \$85,172 and mentioned the diversity of the Current Outsourcing Opportunities. Ms. Knowlton commented on the outsourcing of legal work, referenced the Sun River challenge two years ago, and noted this line item would apply to retaining experts. **Chairman Duffy** opined the need for an educated water resource person to work directly with the Peace River Manasota Water Authority. Ms. Kesner explained CCU had a hydrologist and a water conservationist; however the positions were eliminated last year.

Mr. Baltz asked Mr. Sandrock to summarize tax reform and its rules. Mr. Sandrock explained the Tax Cap Current Legislation, the Property Tax Revenue Cap, and paralleled visual slides to point out how the caps work and discussed what they include. Mr. Sandrock reviewed three graphs; the first projected the Cap vs. Revenue unless millage rates are increased, or future values are higher than predicted, and noted this cap is not an issue in the foreseeable future; the second Cap vs. Revenue graph provided a Hypothetical Boom After FY11 at 10% per Year; and explained the third Cap vs. Revenue graph provided the Hypothetical Growth After FY11 at 3% per Year. **Commissioner Loftus** asked if the Property Appraiser had provided the valuations yet. **Commissioner Cummings** asked for confirmation of his understanding of the graph. **Commissioner Starr** suggested we may be able to run the County effectively on \$110.2 Million, suggested it may not be necessary to continue rolling up, and commented on providing the same level of service for less. **Chairman Duffy** asked if they considered a scenario where we rolled up every other year. Mr. Sandrock suggested that scenario falls within the rules we are currently interpreting, mentioned DOR cautioned the idea, said other counties have operated under the same guidelines (ratcheting affect), and noted it was never challenged. **Commissioner Starr** asked for the impact if the County experienced a boom and real estate values went up. Mr. Sandrock explained the State rules and process. **Commissioner Cummings** commented further and confirmed the Board could raise the millage rate up to the revenue cap or up to 10 mill cap if there is a unanimous vote. Mr. Sandrock remarked that all the assumptions are based on no rate increases. **Commissioner Skidmore** explained why the State created caps. **Commissioner Cummings** confirmed the caps were strictly legislative. **Commissioner Skidmore** questioned if the gap could be tightened

with true economic development and commercial growth. Mr. Sandrock said he is using the traditional 20-year model. Mr. Baltz summarized the revenue cap process in detail, indicated as policy makers this Commission or future Boards have the authority to close the gap or increase the millage rate up to the legal cap of 10 mills by unanimous vote or by referendum of the populous. **Commissioner Cummings** remarked on the DOR caution, mentioned the rates, and asked for an expense trendline along with reserves to anticipate the burn rate. **Chairman Duffy** asked about the reduction update numbers and for the Constitutional Officers reduction figures. Mr. Sandrock confirmed the figures to date and advised additional numbers would be provided in the near future. **Commissioner Cummings** questioned whether the reductions were all recurring. Mr. Sandrock explained they were not 100% recurring.

Mr. Sandrock advised the next Budget Workshop meeting will be held on May 18th.

ADJOURNED: 4:20 PM

Signature on file in Commission Minutes
Chairman

ATTEST:

**BARBARA T. SCOTT, CLERK
OF THE CIRCUIT COURT AND
EX-OFFICIO TO THE BOARD
OF COUNTY COMMISSIONERS**

**By: Signature on file in Commission Minutes
Deputy Clerk**

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