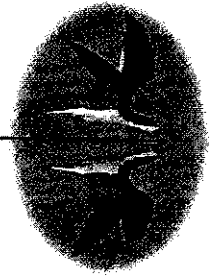


Town of Indian Shores



19305 Gulf Boulevard, Indian Shores, FL 33785
ph 727.595.4020 fax 727.596.0050

www.myindianshores.com

TOWN COUNCIL WORKSHOP

AGENDA - APRIL 28, 2010

Begins at 2:00 P.M.

- 1. Preliminary budget considerations for the FY 2010/2011 Budget. (Ref.: 1 – 12)**
- 2. Discussion of Building Committee's recommendation regarding proposed value deducts for the new Municipal Center.**
- 3. Discussion of structuring bank loan for Municipal Center. (13 – 21)**
- 4. Consideration of vacancies on Town Committees.**

Marcia Grantham
MARCIA GRANTHAM, CMC
Town Clerk

James J. Lawrence
Mayor

Joan G. Herndon
Vice Mayor

Carole Irelan
Councilor

Steve Sutch
Councilor

William F. Smith
Councilor

E.D. Williams
Town Administrator
Chief of Police

Mary Karayianes
Director of Finance
and Personnel

Marcia Grantham
Town Clerk

James Yacavone
Town Attorney

Lawrence G. Nayman
Building Code
Administrator

Town of Indian Shores

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TO: INDIAN SHORES TOWN COUNCIL
FROM: MARY KARAYIANES - Director of Finance and Personnel *MEK*
DATE: APRIL 28, 2010
SUBJECT: 2010/2011 BUDGET CONSIDERATIONS

The following items should be reviewed in preparation of the **2010/2011** Budget proposals:

- 1. Salary & Classification Plans:**
 - a. All Non-police Employees/CPI adjustment-Admin Committee approved 0.0% COLA (No Increase/Decrease in current salary ranges)
 - b. NO Merit pool for possible merit raises based on Annual Performance Evaluation.
 - c. Fraternal Order of Police, Pinellas Lodge No. 43 Union Contract – 3rd Year of Three Year Contract – 3.0% Salary and Step Increase.
- 2. Insurance**
- 3. Annual Maintenance Contracts**
- 4. Employee Benefits**
- 5. Budget History**
- 6. Millage Rate History**
- 7. 2010 Budget Calendar**

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Mayor

Joan G. Herndon
Vice Mayor

Carole Irelan
Councilor

Steve Sutch
Councilor

William F. Smith
Councilor

E.D. Williams
Town Administrator
Chief of Police

Mary Karayianes
Director of Finance
and Personnel

Marcia Grantham
Town Clerk

James Yacavone
Town Attorney

Lawrence G. Nayman
Building Code
Administrator

8. Professional Services re:

- a. **Auditor –** Davidson, Jamieson & Cristini
Richard Cristini & Jeanine Bittinger
3rd Year of Three Year Contract (\$18,700)
- b. **Attorney—** Frazer, Hubbard, Brandt, Trask & Yacavone
James Yacavone
- c. **Consultants -** Brotherton Engineering, Inc.
Bob Brotherton
George F. Young Inc
Gerald F. Morrone
Information Technology Consultant
Tom Lancto
OPEB Actuarial Valuations
Foster & Foster, Inc.-Bradley Heinrichs

9. RECREATION PROGRAMS (formerly YMCA)

- a. Current programs have been operating at no direct cost to the Town.

10. Capital Expense

<u>Department</u>		<u>Cost Estimate</u>
Administration		-----
Police Vehicle Replacement	CIF purchase	\$27,050
Building Maint. Dept		-----
Public Service Equipment Reserve		\$10,000

For the FY09/10 Budget the current reserves were considered adequate for any equipment purchasing needs of the department.(\$52,841)

1. SALARY & CLASSIFICATION PLANS

TOWN OF INDIAN SHORES				
CLASSIFICATION PLAN				
Job Class Title		Minimum	Middle	Maximum
Town Administrator (Full time)	22-10	60,577	75,722	100,962
Town Administrator (Part Time)	22-10	36,714	45,892	57,365
Finance Director	33-10	57,386	71,733	86,080
Town Clerk	22-08	50,952	63,690	76,428
Admin. Asst. to Administrator / PIO	22-05			
Admin. Asst. to Bldg Off / Floodplain Mgr.	66-05			
Admin. Asst. / Deputy Town Clerk	22-07	35,342	44,178	53,014
Secretary/Admin.Asst. (Chief of Police)	55-05	30,870	38,046	45,219
Building Official	66-10	56,253	70,316	84,380
Building Clerk	66-03	28,281	35,351	42,422
Public Works Director	88-10	53,635	67,043	80,453
Public Works Supervisor	88-08	36,255	45,320	54,383
Skilled Laborer / Senior Groundskeeper ⁽¹⁾	88-06	28,238	34,756	41,273
Laborer / Groundskeeper ⁽¹⁾	88-04	22,829	28,536	34,244
Approval History:				
Original - April 4, 2006				
3.5% COLA Eff. 10-01-06				
2.5% COLA Eff. 10-01-07				
Amended - April 15, 2008				
4.3% COLA Eff. 10-01-08				
NO COLA Eff. 10-01-09				
Changes Approved by PS Comm 12-05-09 ⁽¹⁾				

TOWN OF INDIAN SHORES

C. P. I. - W HISTORY

YEAR	CPI NATIONAL AVERAGE	CPI COUNCIL APPROVED	DIFFERENCE
1984	3.80% *	0% - Established Salary Plan	N/A
1985	1.10%	2.00%	+ 0.9%
1986	4.40%	4.00%	- 0.4%
1987	4.30%	2.00%	- 2.3%
1988	4.60%	3.00%	- 1.6%
1989	6.10%	4.50%	- 1.6%
1990	5.00%	5.50%	+ 0.5%
1991	3.10%	3.10%	0.0%
1992	3.00%	3.50%	+ 0.5%
1993	2.70%	3.00%	+ 0.3%
1994	2.70%	3.00%	+ 0.3%
1995	2.50%	2.00%	- 0.5%
1996	3.30%	3.00%	- 0.3%
1997	1.60%	0% - (2% to retirement)	N/A
1998	1.90%	Revised Salary Plan	N/A
1999	2.70%	increase to Retirement	+ 0.3%
2000	3.40%	3.40%	0.0%
2001	1.60%	2.00%	+ 0.4%
2002	2.40%	3.00%	+ 0.6%
2003	1.90%	3.00%	+ 1.1%
2004	3.30%	3.00%	- 0.3%
2005	3.50%	3.50%	0.0%
2006	3.50%	3.50%	0.0%
2007	2.40%	2.50%	0.10%
2008	4.30%	4.30%	0.00%
2009	-0.50%	0.00%	+0.50%
2010	3.40% **		

**** 0.00% Approved on 3/02/10 by the Administration & Finance Committee for recommendation to Town Council.**

**NOTE: CPI -W RATE AS OF DECEMBER 31 FOR THE UPCOMING FISCAL YEAR
CPI EFFECTIVE 10/01 OF THE LISTED YEAR**

2. INSURANCE

TOWN OF INDIAN SHORES, FLORIDA							
SCHEDULE OF INSURANCE IN FORCE							
OCTOBER 1, 2009 TO SEPTEMBER 30, 2010							
Type of Coverage	Policy Number	Company	Co-Insurance	Amount	Term		Premium
					From	To	
Comp. Gen Liab Bodily Injury Prop Damage Pers Injury	FMIT #0279	Fla. Munic Ins. Trust		1,500,000	10/1/2009	9/30/2010	47,454.00
Specific Excess Endorsement	FMIT #0279	Fla. Munic Ins. Trust		1,500,000	10/1/2009	9/30/2010	W/Gen Liab
Employers Liability		Fla. Munic Ins. Trust		100/100/500	10/1/2009	9/30/2010	W/Gen Liab
Law Enforcement Officers Prof. Liability	FMIT #0279	Fla. League		1,500,000	10/1/2009	9/30/2010	
Pub. Off. & Empl. Legal Liability w/3 yrs prior acts coverage & EPL endorsement	FMIT #0279	Fla. Munic Liab Self Ins. Fund	2,500 deductible & O prior act deductib	1,500,000	10/1/2009	9/30/2010	
Workers Comp	FMIT #0279	Fla. Munic Ins. Trust		Statutory	10/1/2009	9/30/2010	26,552.00
Auto Physical Damage & Liability	FMIT #0279	Fla. Munic Ins. Trust	500 deductible	Per Sched	10/1/2009	9/30/2010	7,970.00
Real Property Personal Property	FMIT #0279	Fla. Munic Ins. Trust	500 deductible		10/1/2009	9/30/2010	10,666.00
Inland Marine	FMIT #0279	Fla. Munic Ins. Trust	250 deductible				
Electronic Data	FMIT #0279	Fla. Munic Ins. Trust	500 deductible				
Glass	FMIT #0279	Fla. Munic Liab Self Ins. Fund		Per Sched			
							\$ 92,642.00
Special Event General Liability w/Terrorism Coverage See locations w/site coverage	Essex 3CU2080	Fla. Munic Ins. Trust		1,000,000	5/13/2009	5/13/2010	1,701.85
							Excludes Liq Liab
AD&D, D-5	SRG 9043155 thru FLC	AIG Life FMIT		60,000 180,000	10/1/2009	9/30/2010	789.00
Employee Dishonesty Bonds	Bond #0601 68802741 Bond # 68767998	Western Surety Western Surety Agent: Mitchell	Employee Police	26,000 10,000	1/2/2010 9/15/2009	1/2/2011 9/15/2010	101.00 127.26
Windstorm with Added coverages for awning & carport	1383068	Citizen's Property Insurance Co Agent: Mitchell	Real 3% of damage of Hurricane Contents	1,710,500 177,000	3/25/2010	3/25/2011	8,726.00
Standard Flood Ins.	09 1150116758 00	Fidelity National	5,000	118,100	10/15/2009	10/15/2010	809.00
Maint. Bldg - 19305 Gulf Blvd.		Prop & Casualty Agent: Mitchell					
New Pub. Serv. Bldg	09 7700287280 02	Fidelity National Prop & Casualty Agent: Mitchell	1,000	331,800 12,800	12/22/2009	12/22/2010	767.00
Town Hall Bldg 19305 Gulf Blvd.	09 1150116759 00	Fidelity National Prop & Casualty Agent: Mitchell	5,000	500,000 176,800	10/15/2009	10/15/2010	5,931.00
Nature Refuge Restrooms & Pavilions - 19019 Gulf Blvd (Rec Area)	09 7700246475 02	Fidelity National Prop & Casualty Agent: Mitchell	1,000	221,400	10/23/2008	10/23/2009	739.00
Fiduciary Ins.	103002989	Travelers Casualty and Surety Agent: Mitchell Hunt Ins. Group	1,000	250,000	7/30/2008	7/30/2009	1,732.43
						Total	\$ 114,065.54

3. ANNUAL MAINTENANCE CONTRACTS AND AGREEMENTS

TOWN OF INDIAN SHORES MAINTENANCE/SUPPORT AGREEMENTS

VENDOR	DESCRIPTION	AMOUNT
Zeno Office Solutions	Copy Machine Lease	\$ 2,675
Zeno Office Solutions	Annual Maintenance - Copy Machine	1,000
Professional Services	I. T. ; Engineering & Actuary	45,000
Fund Balance	Software Support	2,500
Pitney Bowes	Postage Machine	1,400
Verizon Florida Inc.	Telephone System	1,525
Municipal Code	Ordinance Codification	2,000
Image One	Annual Large Scanner Maintenance	2,195
Castles to Cottages	Town Hall Cleaning & Floor Maintenance	4,150
Siemens	Fire alarm Monitoring	1,500
Coastal Service & Supply Inc.	Generator Service	401
Pinellas County	Traffic Signal Maint.	7,000
Waste Services of Fl. Inc	RECYCLE	2,035
Alsco	Uniform Service	2,500
Aldoors	Sliding Doors	2,262
Pinellas County Sheriff	Radio Dispatch	14,500
	TOTAL	\$ 92,643

4. EMPLOYEE BENEFITS

2010/2011 TOWN OF INDIAN SHORES SUMMARY OF BENEFITS

HOLIDAYS:

- | | |
|---------------------|----------------------------------|
| 1. NEW YEARS DAY | 6. THANKSGIVING DAY |
| 2. MEMORIAL DAY | 7. DAY FOLLOWING
THANKSGIVING |
| 3. INDEPENDENCE DAY | 8. CHRISTMAS DAY |
| 4. LABOR DAY | 9. TWO (2) PERSONAL DAYS |
| 5. VETERAN'S DAY | |

ANNUAL LEAVE:

Earned by full time employees on the basis of continuous length of service.

<u>YRS. OF SERVICE</u>	<u>HR'LY RATE EARNED BIWEEKLY</u>
Less than 5	4
5 - 10	5
10 - 15	6
15 - 20	7
20 & over	8

No more than 240 hrs. of annual leave may be carried forward from one fiscal year to the next.

SICK LEAVE:

Earned by full time employees on the basis of continuous length of service.

<u>YRS. OF SERVICE</u>	<u>HR'LY RATE EARNED BI-WKLY</u>
Less than 15	4 hours = 13 working days per year.
15 years and over	6 hours = 18 working days per year.

An employee who does not use all of his or her accrued sick leave by the end of the twenty-sixth (26th) biweekly period in any fiscal year may carry forward to the next fiscal year up to eight hundred (800) hours of unused sick leave, plus one year's sick leave for potential use to allow them to remain at the 800 hours level for cash-out purposes. Any employee, who separates employment from the Town other than for cause and who, at the time of separation has 800 accrued hours of sick leave, will be paid for one hundred and twenty (120) hours.

Except as provided above, any employee who separates employment with the Town for any reason loses, and shall not be compensated for, all unused sick leave.

UNPAID LEAVE:

After six (6) months of employment with the Town and when an employee has exhausted all accrued annual sick leave. Four (4) months for personal or health reasons.

EMERGENCY LEAVE:

Three (3) days of emergency leave with pay per calendar year for emergencies involving the employee's immediate family.

MILITARY LEAVE:

Seventeen (17) paid calendar days in any one calendar year for the purpose of undergoing training if employee is a member of one of the National Guard of the United States Armed Forces Reserve Components.

CIVIL DUTY LEAVE:

Five (5) days with compensation less any amount received as compensation for serving as a juror or witness.

INSURANCE:

HEALTH AND LIFE INSURANCE

The Town contributes 100% of premium for Health Insurance coverage for the employee only along with 100% of premium for \$50,000 of Life Insurance and AD&D per regular full-time employee. For Department Heads the Town contributes 100% of the premium for up to \$200,000 of Life Insurance depending upon the age of the department head.

DISABILITY INSURANCE

The Town pays for a disability income policy for regular full time employees, except Department Heads, who have completed six months of employment.

DENTAL INSURANCE

The Town contributes 100% of the premium payments for Dental coverage per full-time employee.

QUALIFIED RETIREMENT PLAN:

General Employees: A thirteen (13) percent of salary contribution is made by the Town in the employee's name to a 401a qualified retirement plan. Employees are 100% vested after five (5) years. Employees are required to make a seven (7) percent mandatory contribution.

Police Employees: The Town contributes a sufficient amount to fund the Plan as an actuarial study determines. The employee contributes a mandatory 5% and the State of Florida contributes under Florida Statutes, Chapter 185.

SOCIAL SECURITY:

All employees are covered by social security.

TUITION REIMBURSEMENT:

A tuition reimbursement policy is available to full time employees.

Complete guidelines for eligibility are listed in the policy.

WORKER'S COMPENSATION:

The Town provides all employees' employment connected disability coverage.

UNIFORM ALLOWANCE:

The Town pays all Police Officers \$125.00 semi-annually for uniform maintenance.

UNION:

Police Officers are under the protection of the Police Union.

EMPLOYEE ASSISTANCE PROGRAM (EAP):

Administered through Baycare Life Management for all employees and their eligible dependents for confidential assessment, evaluation and problem resolution assistance. Help is available for: Marital/Family/Relationship Issues Emotional/Stress related Issues Alcohol/Drug Related Issues

Updated March 2010

5. BUDGET HISTORY

Town of Indian Shores Historical Budget Review						
Fiscal Year	General Fund Budget	General Fund Revenue Actual	General Fund Expenditures Actual	Excess of Revenues Over (Under) Expenditures	Comments	
1983	1984	619,540	657,723	590,847	66,876	
1984	1985	667,905	701,223	670,793	30,430	
1985	1986	677,319	763,770	732,899	30,871	Hurricane Elena
1986	1987	750,583	751,080	740,028	11,052	
1987	1988	832,118	779,926	835,783	(55,857)	49,000 trans. Budgeted
1988	1989	791,314	802,826	846,241	(43,415)	Employee exit pay
1989	1990	856,032	891,414	799,371	92,043	
1990	1991	941,129	917,793	895,869	21,924	
1991	1992	959,896	916,246	926,470	(10,224)	Transfer budgeted
1992	1993	963,622	941,267	932,555	8,712	
1993	1994	1,022,653	1,018,067	1,014,565	3,502	
1994	1995	1,132,506	1,064,592	1,107,977	(43,385)	Start PD 185 & buy parking machine equip
1995	1996	1,259,417	1,244,714	1,242,477	2,237	
1996	1997	1,259,141	1,252,349	1,240,704	11,645	
1997	1998	1,464,127	1,469,255	1,395,413	73,842	Construction Increase
1998	1999	1,912,150	1,411,345	1,428,811	(17,466)	General Fund Balance Transfer Budgeted
1999	2000	1,364,282	1,314,339	1,368,168	(53,829)	General Fund Balance Transfer Budgeted
2000	2001	1,634,583	1,630,190	1,535,153	95,037	Construction Increase
2001	2002	1,786,217	1,574,700	1,702,080	(127,380)	Funds used to build new public service bldg
2002	2003	1,708,112	1,704,975	1,665,288	39,687	Swfwmd project not completed
2003	2004	1,945,088	1,977,191	1,758,333	218,858	Phase I Stormwater completed
2004	2005	2,427,766	2,635,614	2,155,864	479,750	Undergrounding construction began-Stormwater Projects ongoing
2005	2006	2,751,737	3,071,701	2,205,453	866,248	Undergrounding & Stormwater Projects ongoing
2006	2007	3,046,228	3,150,591	2,086,116	1,064,475	Budgeted Transfers for Capital Projects Undergrounding % PH III Stormwater complete
2007	2008	3,233,941	3,047,600	3,042,982	4,618	Building Construction slow; Amendment #1 Limitations on Maximum Millage; Falling Property Values
2008	2009	2,666,517	2,850,106	2,146,090	311,372	Continued reduction in Property Values; Close scrutiny of needed expenditures
Fund Balance: 9/30/2005			1,350,616			
Fund Balance: 9/30/2006			1,958,885			
Fund Balance: 9/30/2007			2,352,054			
Fund Balance: 9/30/2008			2,356,672			
Fund Balance: 9/30/2009			2,668,044			

6. MILLAGE RATE HISTORY

MILLAGE RATE HISTORY

FY 1983/84	-	Resolution 11-83. Millage rate adopted 1.1770 (<u>Does not</u> exceed rolled-back rate.)
FY 1984/85	-	Resolution 9-84. Millage rate adopted 1.189 (<u>Does not</u> exceed rolled-back rate.)
FY 1985/86	-	Resolution 6-85. Millage rate adopted 1.204 (<u>Does not</u> exceed rolled-back rate.)
FY 1986/87	-	Resolution 12-86. Millage rate adopted 1.40 (<u>Does</u> exceed rolled-back rate. Increased property tax levy by 12%.
FY 1987/88	-	Resolution 2-87. Millage rate adopted 1.4153 (Changed to 1.4669 per Certification of Final Taxable Value) <u>Does not</u> exceed the rolled-back rate) Note: Millage rate was adjusted to 1.4669 per Certification of Final Taxable Value. See Minutes of Council Meeting on 13 October 1987 whereby initial millage rate of 1.4153 was adjusted to 1.4669.
FY 1988/89	-	Resolution 9-88. Millage rate adopted 1.5968 (<u>Does</u> exceed rolled-back rate).
FY 1989/90	-	Resolution 8-89. Millage rate adopted 1.75 (<u>Does</u> exceed the rolled-back rate)
FY 1990/91	-	Resolution 10-90. Millage rate adopted 1.75 (Exceeds the rolled-back rate by 4.5%)
FY 1991/92	-	Resolution 17-91. Millage rate adopted 1.7326 (Exceeds the Rolled-back rate.)
FY 1992/93	-	Resolution 8-92. Millage rate adopted 1.7129 (Exceeds the Rolled-back rate.)
FY 1993/94	-	Resolution 9-93. Millage rate adopted 1.7129 (<u>Does</u> exceed the rolled-back rate)
FY 1994/95	-	Resolution 11-94. Millage rate adopted 1.7129 (<u>Does</u> exceed the rolled-back rate)
FY 1995/96	-	Resolution 7-95. Millage rate adopted 1.7129 (<u>Does</u> exceed the rolled-back rate)
FY 1996/97	-	Resolution 12-96. Millage rate adopted 1.7129 (<u>Does</u> exceed the rolled-back rate)
FY 1997/98	-	Resolution 11-97. Millage rate adopted 1.7129 (<u>Does</u> exceed the rolled-back rate)
FY 1998/99	-	Resolution 7-98. Millage rate adopted 1.7129 (<u>Does</u> exceed the rolled-back rate)
FY 1999/00	-	Resolution 11-99. Millage rate adopted 1.7129 (<u>Does</u> exceed the rolled-back rate)
FY 2000/01	-	Resolution 18-2000 Millage rate adopted 1.7129 (<u>Does</u> exceed the rolled- back rate)
FY 2001/02	-	Resolution 15-01 Millage rate adopted 1.7129 (Does exceed the rolled-back rate)
FY 2002/03	-	Resolution 15-02. Millage rate adopted 1.7129 (Does exceed the rolled-back rate)
FY 2003/04	-	Resolution 8-03 Millage rate adopted 1.7129 (Does exceed the rolled-back rate)
FY 2004/05	-	Resolution 8-04 Millage rate adopted 1.7129 (Does exceed the rolled-back rate)
FY 2005/06	-	Resolution 13-05 Millage rate adopted 1.7129 (Does exceed the rolled-back rate)
FY2006/07	-	Resolution 16-06 Millage rate adopted 1.6700 (Rolled-back rate = 1.2700)
FY2007/08	-	Resolution 9-2007 Millage rate adopted 1.6000 (Rolled-back rate = 1.7621) (adopted 9.2% less than the Rolled-back rate)
FY2008/09	-	Resolution 12-2008 Millage rate adopted 1.6000 (Rolled-back rate = 1.8560) (adopted 13.79% less than the Rolled-back rate)
FY2009/10	-	Resolution 9-2009 Millage rate adopted 1.7500 (Rolled-back rate = 1.9425) (adopted 9.91% less than the Rolled-back rate)

7. 2010 BUDGET CALENDAR

2010 BUDGET CALENDAR		
Date	Description	Reference
Tuesday March 2	Administration & Finance Committee meeting to recommend a CPI figure to the Council for approval for the Director of Finance to prepare the preliminary FY2010/2011 Budget.	
Tuesday March 23	Council Meeting - Chief presents the FY2010/2011 Targeted Police Budget for approval	
Thursday April 1	Town notifies Redington Shores of FY2010/2011 Police Budget and renewal of Police Service Contract.	
Wednesday April 28 2:00 PM	Council Workshop to review preliminary budget considerations for FY2010/2011.	
Monday May 3	Town of Redington Shores notifies Town regarding renewal of Police Service Contract.	
Tuesday June 1	Property Appraiser delivers Estimate of Taxable Value	200.065 (7)
Thursday July 1	Property Appraiser delivers Certification of Taxable Value (DR-420)	200.065 (1)
Monday July 12 2:00 PM	Special Council Workshop for discussion/review of Budget Draft # 1 for Fiscal Year 2010/2011	
Tuesday July 20 2:00 PM	Council Workshop for discussion/review of Budget Draft # 2 for Fiscal Year 2010/2011	
Tuesday July 27 7:00 PM	Special Council Meeting - Determine the proposed aggregate millage rate, rolled-back rate, date, time, and meeting place of the two (2) required public hearings to adopt a tentative budget and a final budget.	
Tuesday August 3	Notify the Property Appraiser of proposed millage rate, date/time/place of 1st public hearing (return completed DR-420)	200.065 (2)(b)
Monday August 23	Property Appraiser mails TRIM Notices	200.065 (2)(b)
Wednesday September 8 7:00 PM	Special Council Meeting - 1st Public Hearing to adopt a tentative millage rate and FY2010/2011 Budget	200.065 (2)c
Sunday September 19	Publish Budget Advertisement of the Town's intent to hold the final Public Hearing to adopt the final budget and millage rate	200.065 (2)(d) 200.065 (3)
Wednesday September 22 7:00 PM	Special Council Meeting - hold 2nd Public Hearing to adopt final budget and millage rate	200.065 (2)(d)
Friday October 22	FINAL day to Certify TRIM process to the Department of Revenue	200.068

Town of Indian Shores



19305 Gulf Boulevard, Indian Shores, FL 33785
ph 727.595.4020 fax 727.596.0050

www.myindianshores.com

TO: INDIAN SHORES TOWN COUNCIL
FROM: MARY KARAYIANES - Director of Finance and Personnel
DATE: APRIL 28, 2010
SUBJECT: DISCUSSION OF MUNICIPAL CENTER CONSTRUCTION

MEK

=====

Larry Nayman has been conducting negotiations with the selected contractor Hennessey Construction to come up with the best final product for the Town of Indian Shores and its residents. The Building Committee has met several times to review and discuss the list of potential deducts or additions to the submitted bid. Currently these adjustments continue to be refined with near final recommendations to be presented to the Council at this workshop.

In regard to the proposed Bank Loan I have been working to prepare a Request for Proposals for area banks and feel that it is in the best interest of the Town to engage Bond Counsel to protect the Town and to assist with resolutions, trust indentures and the closing of the loan. Most importantly, Bond Counsel issues an opinion on the Tax Exempt Status and Bank Qualification of our note. I have contacted Bryant Miller Olive P.A. in Tampa and have spoken with Grace Dunlap who represented us in the Undergrounding Bond Issue through the Florida Municipal Loan Council. I am enclosing a copy of the engagement letter and ask the Council to consider approving the use of Grace Dunlap as Bond Counsel for this issue. I do not feel that the Town will be issuing Build America Bonds so the estimated cost is \$ 12,500 plus reimbursable expenses with the total cost being deducted from the note proceeds.

Attached please find an estimate of the total cost of the Municipal Center Project. These numbers continue to change so this schedule is only a "snap shot" of possible costs.

Also attached is an explanation of our approved Fund Balance Policy and our recommendation for use of these funds.

James J. Lawrence
Mayor

Joan G. Herndon
Vice Mayor

Carole Ireland
Councilor

Steve Sutch
Councilor

William F. Smith
Councilor

E.D. Williams
Town Administrator
Chief of Police

Mary Karayianes
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Marcia Grantham
Town Clerk

James Yacavone
Town Attorney

Lawrence G. Nayman
Building Code
Administrator

April 20, 2010

Mary Karayianes
Director of Finance & Personnel
Town of Indian Shores
19305 Gulf Boulevard
Indian Shores, FL 33785

Re: Estimated Not to Exceed \$2,000,000 Town of Indian Shores, Florida Revenue
Bonds, Series 2010

Dear Ms. Karayianes:

The purpose of this letter is to advise you of our fee estimate and to describe the services we would perform as Bond Counsel for debt to be issued by the Town of Indian Shores, Florida (the "Issuer") in connection with the issuance of the above-referenced bond (the "Bond"). We understand that the Bond is being issued for the purpose of providing a portion of the funding for the Issuer's municipal town center project (the "Project"), and that the Bond will be secured by revenues of the Issuer. We further understand that the Bond will be purchased by a bank to be selected through a competitive process (the "Bank").

SCOPE OF ENGAGEMENT

In this transaction, we expect to perform the following duties:

1. Review of proposed financing proposals as to legal feasibility, compliance with applicable law and pending or proposed revisions to the law, including United States Treasury regulations.
2. Advice as to structuring procedures, required approvals and filings, schedule of events for timely debt issuance, and other legal matters relative to such debt.
3. Attend meetings with Issuer staff and public officials of the Issuer, the Issuer's financial advisor, if any, the Town Attorney, the Bank, the Issuer's engineers, the original purchaser and others as appropriate for development of the debt materials or dissemination of information in connection therewith.

4. Prepare ordinances or resolutions and any amendments thereto in order to authorize the debt.

5. Prepare or review the trust indentures, loan agreements, escrow agreements, and any other agreements or similar documents necessary, related or incidental to any financing.

6. If applicable, review of the bid comments, notice of sale, evaluation of bids and any other documentation or action necessary to conduct a sale of the Bond in that manner.

7. Review the transcripts of all proceedings in connection with the foregoing and indicate any necessary corrective action.

8. Prepare, obtain, deliver and file all closing papers necessary in connection with any debt, including, but not limited to, certified copies of all minutes, ordinances, resolutions and orders; certificates such as officers, seal, incumbency, signature, no prior pledge; and verifications, consents and opinions from accountants, engineers, special consultants and attorneys.

9. Review any disclosure documents prepared and authorized by the Issuer, but only insofar as such documents describe the Bond and summarize the underlying documents. However, we assume no responsibility for any disclosure documents insofar as such documents describe the financial circumstances of any public offering (should the Issuer choose not to undertake the Bond issue as a Bank placement) or any other statistics, projections or data. Furthermore, we assume no responsibility for ensuring qualification of the Bond for sale under the "blue-sky" laws of any jurisdiction.

10. Render a customary approving opinion in written form at the time such transactions are closed as Bond Counsel to the Issuer (the "Bond Counsel Opinion").

Our Bond Counsel Opinion will be addressed to the Issuer and to the Bank and will be delivered by us on the date the Bond is exchanged for their purchase price (the "Closing").

The Bond Counsel Opinion will be based on facts and law existing as of its date. In rendering our Bond Counsel Opinion, we will rely on the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bond. During the course of this engagement, we rely on you to provide us with complete and timely information on all significant developments pertaining to any aspect of the Project, the Bond and the security for the Bond. Among other things, we will require the Issuer to execute a certificate of facts relating to the Project and the use of Bond proceeds.

Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties do not include:

- (a) Bond validation proceedings and post-closing reinvestment of Bond proceeds.
- (b) Preparation of blue sky or investment surveys with respect to the Bond.
- (c) Investigation or expression of any view as to the creditworthiness of the Issuer, the Bond, any credit enhancement provider, or the debt instrument; or, providing services related to hedging or derivative financial products (e.g. "swaps" and related documents or opinions).
- (d) Representation of the Issuer in post-closing regulatory investigation or matters.
- (e) Bankruptcy matters.
- (f) Drafting state constitutional or legislative amendments.
- (g) Pursuing test cases or other litigation, such as contested validation proceedings, except as may otherwise be set forth herein.
- (h) Assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bond or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- (i) Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- (j) After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bond will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bond.)
- (k) Addressing any other matter not specifically set forth above that is not required to render our Bond Counsel Opinion.

CONFLICTS

The rules regulating The Florida Bar provide that common representation of multiple parties is permissible where the clients are generally aligned in interest, even though there is some difference in interest among them. We have disclosed to the Issuer that we have, and may

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in the future, serve as bond or disclosure counsel to other local governments or otherwise act as original purchaser's counsel on public finance matters in Florida. From time to time, we may represent the firms or banks which may underwrite or purchase the Issuer's bonds, notes or other obligations (and other financial institutions hired by the Issuer) on unrelated financings for other governmental entities in Florida. In either case, such representations are standard and customary within the industry and we can effectively represent the Issuer and the discharge of our professional responsibilities to the Issuer will not be prejudiced as a result. This is true either because such engagements will be sufficiently different or because the potential for such prejudice is remote and minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant in any respect to the subject matter. The Issuer expressly consents to such other representations consistent with the circumstances herein described. The Issuer acknowledges and agrees that our role as Bond counsel, disclosure counsel, or counsel to any local governmental entity or financial institution or in conjunction with public finance transactions is not likely to create or cause any actual conflict, and service as disclosure counsel, bond counsel, or counsel to other clients of ours will not per se be construed as a conflict or be objectionable to the Issuer. However, the Issuer reserves the right to identify a representation that it finds objectionable in the future, in which case we agree to take appropriate steps to resolve the issue.

ATTORNEY-CLIENT RELATIONSHIP

In this transaction, the Issuer will be our client and an attorney-client relationship will exist between the Issuer and the Firm. We understand that you have also retained the law firm of Frazer, Hubbard, Brandt, Trask & Yacavone, L.L.P. as Town Attorney. In performing our services as Bond counsel, we will represent the interests of the Issuer exclusively. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Counsel Opinion.

Upon closing of the Bond transaction, without notice, it will be presumed that our services on this transaction shall be complete, and our Firm will not be actively providing any further services under this engagement letter, until requested again by the Issuer or its counsel.

BUILD AMERICA BONDS

Build America Bonds ("BABs") are a new financing tool created through the American Recovery and Reinvestment Act of 2009 ("ARRA"). The ARRA authorized state and local governments to issue two general types of BABs as taxable bonds with Federal subsidies. The Federal subsidies are either: (1) tax credits given to holders of the BABs ("Credit BABs"); or (2) refundable tax credit subsidies paid directly to the state or local government which issued the BABs such as the Issuer ("Subsidy BABs"). Thus far, most issuers of public debt have chosen to issue Subsidy BABs. In addition to requiring compliance with most of the same restrictions

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required for the issuance of traditional tax-exempt bonds, BABs include many other limitations and considerations, all of which must be fully vetted by the working group and incorporated into underlying authorizing documents. Accordingly, should the Issuer decide to issue BABs to be purchased by the Bank, rather than traditional tax-exempt debt, our fee (discussed below) shall increase by \$7,000.

FEES

Our proposed Bond Counsel fee for a tax-exempt bank qualified bond issue is \$12,500, plus out-of-pocket expenses and is based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bond; (ii) the duties we will undertake pursuant to our engagement letter with the Issuer and as described in this engagement letter; (iii) the time we anticipate devoting to the financing in connection therewith; and (iv) the responsibilities we will assume. We reserve the right to revisit our proposed fee with the Issuer in terms of a proposed increase if (a) material changes in the structure or schedule of the financing occur; or (b) unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee estimate, we will advise the Issuer and the Bank.

In addition to our proposed fees, we will be reimbursed for all client charges made or incurred in connection with the Bond issue. Such costs generally include travel costs, photocopying, document printing, deliveries, long distance telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses. Our fee is usually paid at the Closing, and we customarily do not submit any statement until the Closing unless there is a substantial delay in completing the financing. Detailed supporting documentation is available upon request for statement billings.

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original letter for your files.

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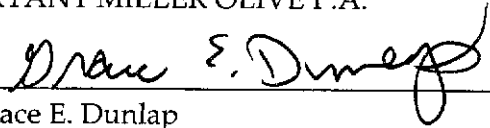
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To the extent that you do not agree with the disclosures being made in this letter, please advise us as soon as possible and in any event before the Closing. We appreciate the opportunity to provide bond counsel services to you and we look forward to a very successful financing transaction.

BRYANT MILLER OLIVE P.A.



Grace E. Dunlap

Accepted and Approved:

TOWN OF INDIAN SHORES, FLORIDA

By: _____

Name: Mary Karayianes

Title: Director of Finance & Personnel

Date: _____, 2010

cc: James L. Yacavone, III.

ESTIMATING TOTAL CONSTRUCTION COSTS (4/23/10)		
EXPENSES		
Hennessey Construction Bid		4,213,535
Negotiated Deducts		(350,000)
	Construction Cost	\$ 3,863,535
Committed to Date		
ARC3 - Architects + Reimb.	185,452	
Gulf Coast Testing	2,235	
Adams Design	7,625	
EMA Engineers	28,000	
Rick's Electrical	3,600	
Howard Jimmie - Annex Demo	12,330	
Cooper & Assoc. -Asbestos	875	
SWFWMD - Permit	182	
Tyler Tech - PO Purchase	1,625	
	241,924	241,924
		\$ 4,105,459
Proposed Funding		
Capital Improv - Fund Bal.	1,100,000	
Gen Fund - Fund Balance (Temp)	1,300,000	
FY09/10 Budgeted	100,000	
	2,500,000	
10 Yr. Bank Loan -	1,900,000	
	4,400,000	
Balance of Funds Available		\$ 294,541

The following Fund Balance policy was approved by Town Council with the approval of Resolution No. 02-2010 on February 9, 2010.

"We are establishing an undesignated fund balance range in the amount of \$1,000,000 to \$1,500,000.

We are electing to set the minimum Emergency Reserve level (fund balance) at 30% of the previous fiscal year's operating budget."

Fund Balance is established and verified by the Auditors as of September 30 each fiscal year. During the following fiscal year funds are either added to or taken from the fund balance through everyday operations with the ending fund balance again determined on September 30th.

The undesignated fund balance of the General Fund, as of September 30, 2009, was \$2,474,592 with designated and reserved funds totaling an additional \$193,452 for a **Fund Balance of \$2,668,044**. For Fiscal 2008/2009 the actual revenue over expenditures as a result of daily operations added \$311,372 to our fund balance.

This increase in fund balance was realized mainly as a result of restrained spending and diligent oversight of all expenditures during the year.

On November 10, 2009 the Council approved the authorization to spend \$1,000,000 of fund balance towards construction of the new Municipal Center. We are recommending utilizing another \$300,000 from Fund Balance to construct the Municipal Center. With this authorization the fund balance would be reduced to \$1,368,044 which is still within the range of our Fund Balance Policy.

The minimum fund balance based on 30% of the prior fiscal year's operating budget (expenditures) of \$2,146,090 is \$643,827.