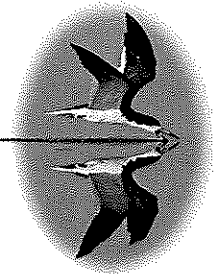


Town of Indian Shores

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TOWN COUNCIL WORKSHOP

MINUTES - JULY 22, 2014

The Indian Shores Town Council Workshop convened at 2:00 P.M. Those present were: Mayor Lawrence, Vice Mayor Herndon, Councilor Petruccelli, Councilor Smith and Councilor Soranno.

Also Present: Chief Hughes; Town Clerk, Elaine Jackson; Director of Administration, Bonnie Dhonau; Interim Director of Finance and Personnel, Mary Karayianes; Anne Miller and Matt Towson.

1.0 Review of Proposed Preliminary Budget for FY 2014/2015.

Mary Karayianes, Interim Director of Finance and Personnel, stated the spreadsheets from the last workshop have not changed; however she requested Council review new packets distributed relative to a COLA increase, since COLA increases have not been approved in the last four years, due to loss of Ad Valorem revenue for several years.

Ms. Karayianes stated adjustments to the Salary and Classification Plan should have been made every year to keep salaries consistent with other cities, making the Town more competitive. Staff proposes a 7.8% net increase on the Salary and Classification plan, to offset the 2009-2012 gaps wherein staff received neither a COLA nor a merit increase due to the salary plan freeze. The Salary and Classification Plan for 10/01/2014 shows a 2 % COLA for next fiscal year, with these adjustments. Staff requests August and September 2014 salaries be adjusted with a budget amendment of \$7,790.03, to bring salaries up to date.

Ms. Karayianes further stated new employees were hired on obsolete data. A survey was conducted by phone and internet to find pay ranges and classifications from similar beach communities and small municipalities. Exact information is scarce, since numerous communities do not have a salary plan, are based on hourly wage, or cannot provide the information requested in a timely fashion. By doing our own survey, we obtained more accurate information than the Florida League of Cities could provide. The survey revealed personnel we have recently hired are not in alignment with the current market.

James J. Lawrence
Mayor

Joan G. Herndon-Parrott
Vice Mayor

William F. Smith
Councilor

Patrick C. Soranno
Councilor

Michael "Mike" Petruccelli
Councilor

Bonnie Dhonau
Director of
Administration

Terry E. Hughes
Chief of Police

Lisa G. Robinson
Director of Finance
and Personnel

Elaine N. Jackson, MMC
Town Clerk

Robert J. Metz, Jr.
Town Attorney

Steve Andrews
Building Official

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Bonnie Dhonau, Director of Administration, reported we have ten applicants in the candidate pool for the position of Director of Finance and Personnel: among them is one from out of state, one from Pinellas County, one has thirty years' government finance officer experience, include three from school districts. She stated she was optimistic we would find someone who will work out well. However, the Town must consider the \$70,000 salary range in order to attract someone with the qualifications needed, which has been verified by the Town auditor. If so, the salary of \$70,000 will skew the other salaries.

Ms. Dhonau further stated in the Florida League of Cities survey, it was difficult to compare communities when only five out of twenty four cities in Pinellas County actually participated. Additionally, when all cities with populations of less than 5,000 were used as a filter, the results of the survey weren't significantly different. Staff felt neighboring coastal communities are the best indicators. Many cities do not have a range, just a pay rate. Our Salary and Classification range report is part of our budget documents.

Councilor Smith commented he could see the difficulty in acquiring numbers.

Mayor Lawrence stated the Council will have to ask the philosophical question: Should I catch up? He commented he might do it in smaller bites. During the time we were freezing salaries, we did not go back and adjust the ranges. Are we being competitive?

Councilor Soranno stated we are probably not in the market. Adjustments should be done on salary and wage studies. He stated he would like to see more definitive data relative to the salary survey. If the Town did make the changes, he would rather see it as merit based. He said he was inclined to leave the ranges the way they were, increase the merit pool to 5% and give Council discretion to wait for an annual review and reward people who need to be rewarded. Another alternative is to do nothing and make a budget amendment later. He stated there was a fairness issue here, and Council should come up with a solution.

Mayor Lawrence stated the problem with merit raises is they become expected, except in the case when someone needs to be punished. Many people were at the top of their pay scale and needed to be recognized.

Councilor Petruccelli asked if we gave employees a monetary amount, would it affect benefits.

Ms. Karayianes stated increases in benefits were made some years, such as in 1997, 2% went to retirement, in 1998, the salary plan was revised, and in 1999, there was another increase to retirement.

Mayor Lawrence commented the fastest growing expense will be health care, and that he was having trouble getting past this issue, as there were so many new employees within the last six months and they were hired at a certain rate at that time.

Ms. Karayianes stated people took the jobs because that's all they were offered. Historically, we have always been very conservative. However, in those same years, when wages were frozen, police personnel received 9% over the 3 year period of their contract.

Mayor Lawrence responded if we hire a Finance Director at \$70,000, that person would be making more than the person he/she was working for. This is not a good long-term situation if the supervisor makes less than the underling.

Mayor Lawrence wondered how Pinellas County and other Towns handled their freezes and asked Ms. Dhonau to investigate.

Ms. Karayianes stated if the Town approved the proposed salaries as presented in the update, it will result in an increase of \$29,178. Some expenditures could be cut or the unassigned fund balance might be used to offset.

Vice Mayor Herndon stated we saved money for the tax payers during the freeze and our income will increase in the future. We should not feel embarrassed about increasing to 7.8%.

Ms. Karayianes reported August 4, 2014 is the final date to file the millage rate for the General Fund budget. She recommended we stay at our current millage rate of 1.87, a 7% increase, due to increased property values. Council may seek additional sources of revenue or go back to the roll-back rate, or cut expenses.

The Council was in consensus that 1.87 be established as the millage rate for Fiscal Year 2014/2015.

Ms. Karayianes stated Capital Improvement funds can be used in an emergency. In the General Fund, the minimum to be maintained in unassigned Fund Balance is 30% of the prior year's budgeted expenditure per Town policy. Debris management, disaster recovery reserves should be \$1.9 million minimally. Part of the funds are committed reserves, the other part are uncommitted. A reserve account for Building Maintenance reserves can be set up by resolution.

Councilor Petruccelli stated Penny for Pinellas will be up for renewal in a few years, and we need to have an ear-marked reserve.

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Councilor Soranno stated he would like the resolution to include an itemized list for reserve account expenses.

Ms. Dhonau responded by explaining unassigned means we can use it for whatever we want. The \$1.5 million is at the Council's discretion.

Ms. Dhonau stated there are three major issues: (1) Building Maintenance, (2) Debris Removal and (3) a catastrophic event:

(1) It is apparent we do not have sufficient reserves for building maintenance. First, costs to maintain the building need to be established, and she stated she has not had the opportunity to gather all the information yet, but it is forthcoming. It will be a big project and will take three to six months to compile the data.

(2) Based on Pinellas County estimates, if we have a category 3 hurricane, debris management will cost approximately \$1.9 million for cleanup of approximately 66,000 cubic yards of debris.

(3) In the event of a catastrophic event, we will lose our tax base and will need a reserve to continue running the Town.


Mayor Lawrence stated people do not understand their tax statement. Only 8.5% of revenues come to the Town, 33% goes to Pinellas County and 44 % goes to the school districts. Voters hire us to manage the resources. In the last five years, we have trimmed \$644,000 off the budget to save money. Now we are trying to make up the reserves. We have examined a few things we need to know about the compensations and adjustments. Now we need some time to assimilate it, as it's too enormous to comprehend right away.

Councilor Petruccelli stated he appreciates the work the staff is doing.

Councilor Smith explained that for \$100,000 property value at 1.87, the Ad Valorem tax is \$187. We are talking about a very small millage rate. There is only \$13 difference between 1.75 mils and 1.87 mils.

Mayor Lawrence stated, even when we froze the tax rate, tax bills still went up due to the increase from the school district

The Indian Shores Town Council Workshop adjourned at 3:35 P.M.



ELAINE JACKSON, MMC
Town Clerk