

**PELICAN BAY SERVICES DIVISION
AD HOC COST SAVING STRATEGIES COMMITTEE MEETING
MAY 10, 2016**

The Ad Hoc Cost Saving Strategies Committee of the Pelican Bay Services Division met on Tuesday, May 10 at 9:00 a.m. at the SunTrust Bank Building, 801 Laurel Oak Drive, Suite 302, Naples, Florida 34108. The following members attended.

Ad Hoc Cost Saving Strategies Committee
Mike Shepherd, Chairman

Bohdan Hirniak
Gary Ventress

Pelican Bay Services Division Staff
Neil Dorrill, Administrator
Marion Bolick, Operations Manager

Mary McCaughtry, Operations Analyst
Lisa Jacob, Associate Project Manager
Barbara Shea, Recording Secretary

Also Present

Ken Dawson, PBSB Board
Robert Naegele, PB Property Owners Assoc.

Brandon Reed, County Legislative Affairs
Scott Streckenbein, PBSB Board

APPROVED AGENDA (AS PRESENTED)

1. Pledge of Allegiance
2. Roll call
3. Agenda approval
4. Audience comments
5. Initial goal statement – commentary from the Chair
6. Review existing PBSB landscape budget
7. Review existing PBSB landscape organization
8. Review of local wage levels
9. Preliminary cost reductions available – no change in basic “model”
10. “Model” alternatives
 - a. Scope of work modifications
 - b. Expanded use of temporary employees
 - c. Benefit “stripping”
 - d. Outsource some/all landscape function to private contractors
 - e. Changes to PBSB Ordinance
 - i. Independent MSTU for landscape
 - ii. Abandon landscape function altogether
 - f. Other
11. Forward Plan
 - a. Review similar communities with alternative structures
 - i. Pelican Marsh – “independent” district within county
 - ii. Bonita Bay – “private” property, without county affiliation
 - b. Feasibility study of various models
12. Adjourn

ROLL CALL

All members were present and a quorum was established

AGENDA APPROVAL

**Mr. Shepherd motioned, Mr. Hirniak seconded to approve the agenda as presented.
The motion carried unanimously.**

AUDIENCE COMMENTS

None

INITIAL GOAL STATEMENT – COMMENTARY FROM THE CHAIR

Mr. Shepherd reviewed the functional responsibilities of the PBSD, including changes over the recent past. He identified the reason for the formation of the ad hoc committee to be the recent double-digit PBSD assessment increases. These increases were approved by the PBSD Board in an effort to stem the deterioration of service to the Pelican Bay community resulting from many years of flat budgets during times of rising costs. He stated that his goal for the committee is to look at the overall PBSD cost structure and potential changes to the current model.

REVIEW EXISTING PBSD LANDSCAPE BUDGET

Mr. Shepherd reviewed the proposed PBSD FY17 budget. He provided explanations of line items including indirect cost reimbursements, other contractual services, rent-buildings, maintenance site ins. & assessment fees, trash and dumpster fees, fleet charges, tax collector fees, and property appraiser fees. He noted that numerous expenses and salaries are not reasonably allocated between the water management, landscaping, and street light functions. Mr. Shepherd provided a spreadsheet entitled “Operating budget – rebalanced” which reallocated expenses among these PBSD functions to show a truer reflection of total costs of each function. He developed the new allocations based on information obtained from staff.

REVIEW OF LOCAL WAGE LEVELS

Mr. Shepherd reported on information he obtained by surveying local landscape contractors which included the wage range, typical weekly hours, and benefits which are customary for landscape labor in the private sector in Collier County. His survey indicated that local landscape contractors consider a base wage of \$12-14/hour to be the local industry practice for competent employees. Work weeks are typically 48-50 hours per week with overtime pay over 40 hours. Private landscape employees are typically not provided any benefits.

IDENTIFIED IMMEDIATE COST REDUCTIONS AVAILABLE

Mr. Shepherd identified current PBSD budgeted expenses which could be eliminated to provide immediate savings:

(1) \$30,000 for additional Sheriff patrols in season. He suggested that the Sheriff is already providing “sufficient” routine patrols. Of 129 patrol reports reviewed by Mr. Shepherd, only 13 were safety-related citations; none appeared to be unique to “season.”

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(2) \$21,100 for private weekly street sweeping. Mr. Shepherd suggested the elimination of this service because the County provides monthly street sweeping and Mr. Bolick's crews use blowers on the streets every week.

(3) \$8,000 for holiday decorations at entry. Mr. Shepherd suggested this is a logical expense of the Pelican Bay Foundation, not a responsibility of a local municipality.

(4) \$9,120 for employee uniforms and laundering services. Mr. Shepherd stated that private landscaping contractors typically provide employees with T-shirts only; no laundering services, pants, hats or boots are provided.

(5) \$43,900 for "unusable" reserves.

(6) Funds for the CIP capital project. Mr. Shepherd reported that the original CIP capital plan was formally abandoned. He suggested releasing some or all funds in this project to pay for on-going landscape replacement.

Mr. Hirniak and Mr. Ventress commented that these cost savings were "a great start." Mr. Bolick reported that employee uniforms are a county identified benefit. Mr. Dorrill suggested that employee uniforms may be a requirement of the county workers' compensation insurance.

The consensus of the committee was to go forward with these recommendations.

"MODEL" ALTERNATIVE – BENEFIT "STRIPPING"

Mr. Shepherd described an alternative labor model whereby employees are stripped of benefits and leased back from a private leasing company. He concluded that the savings from removing the employee benefits were equally offset by "paying the profit margin" to the leasing company.

"MODEL" ALTERNATIVE – OUTSOURCING SOME/ALL LANDSCAPE FUNCTION

Mr. Shepherd reported on his contacting one landscape contractor for a proposal for landscaping services for the Gulf Park Drive corridor. Based on the total Pelican Bay square footage for which PBSB provides landscaping services, Mr. Shepherd extrapolated out what a proposal by a private contractor might be for all PBSB landscaping services. Based on these calculations, he estimated total outsourcing of the landscape function might result in a savings of \$1.1 million to the PBSB. Alternatively, if the landscape contractor were hired by the Pelican Bay Foundation, the savings might increase to \$1.25 million.

"MODEL" ALTERNATIVE – INDEPENDENT MSTU FOR LANDSCAPE FUNCTION

Mr. Shepherd suggested the possibility of creating an independent MSTU for the landscape function only, requiring a change to the PBSB ordinance. An independent MSTU for the landscape function only, requiring a change to the PBSB ordinance. An independent MSTU would not face allocated overhead costs and have considerably more latitude in hiring employees and/or temps, compensation levels and benefit packages. An independent district would also have access to a larger selection of landscape contractors and not be constrained to select from "lowest bidders." Mr. Dorrill urged the committee to consider the high level of contract administration required to ensure that landscape contractors adhere to the terms of their contracts. Mr. Ventress and Mr. Hirniak commented in favor of stripping out the landscape function from the PBSB.

BENEFITS OF REMAINING AS AN MSTBU UNDER COLLIER COUNTY

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Mr. Dorrill identified the benefits of remaining as a dependent district under Collier County as (1) the ability to obtain cheaper county pricing for commodities, vehicles, other goods and services, and property and liability insurance, (2) the savings from not having to pay sales tax on purchases, and (3) sovereign immunity.

FORWARD PLAN

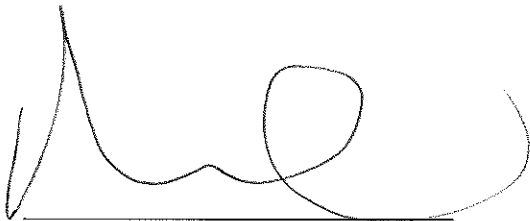
Mr. Dorrill suggested the committee set up a work group with its counterparts at the Pelican Bay Foundation to explore different options as well as to determine whether the PBF's enabling documents, by-laws, and covenants allow the PBF to perform public works. He also suggested implementing a pilot program to hire an independent contractor to provide all landscaping services for one area of Pelican Bay, such as Gulf Park Drive, and monitor the success of the program over a few years.

In light of the cost savings discussed, Mr. Ventress and Mr. Hirniak spoke in favor of stripping the landscaping function out of the PBSB. Mr. Streckenbein spoke in favor of a pilot program; a total model change would be too abrupt and disruptive.

Mr. Shepherd concluded that he would schedule an additional ad hoc committee meeting to discuss the items in the agenda packet not discussed at this meeting. Subsequently he would schedule a work group with the PBF to include Dave Cook.

ADJOURNMENT

The meeting was adjourned at 10:35 a.m.



Mike Shepherd, Chairman

Minutes approved [] as presented OR [] as amended ON [6-14-16] date