

**BUDGET COMMITTEE
PELICAN BAY SERVICES DIVISION
AUGUST 22, 2018**

The **Budget Committee** of the Pelican Bay Services Division met on **Wednesday, August 22, at 9:00 a.m.** at the SunTrust Bank Building, located at 801 Laurel Oak Drive, Suite 302, Naples, Florida 34108. In attendance were:

Budget Committee

Mike Shepherd, Chairman
Joe Chicurel

Ken Dawson
Nick Fabregas (*absent*)
Rick Swider

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

None

APPROVED AGENDA (AS PRESENTED)

1. Pledge of Allegiance
2. Roll call
3. Agenda approval
4. Audience comments
5. Long term needs
 - a. Project identification
 1. Sidewalks
 2. Lake bank remediation
 3. Stormwater collection structures/piping
 4. Shop/office replacement
 5. Other
 - b. Cost identification
 - c. Borrowing methods/timing
 - d. Recommendations
6. PBSB Funding Stream
 - a. Ad valorem vs. non-ad valorem
 - b. ERU assignments for commercial members
 - c. Recommendations
7. Other Business
8. New Business
9. Adjourn

ROLL CALL

Mr. Fabregas was absent and a quorum was established

AGENDA APPROVAL

Mr. Dawson motioned, Dr. Chicurel seconded to approve the agenda as presented. The motion carried unanimously.

AUDIENCE COMMENTS

None

UPDATE ON THE PROPOSED PBSD FY19 BUDGET

Mr. Shepherd updated the committee on FY19 budget related issues including (1) the FY19 budget was approved by the BCC at its June workshop, and final approval is expected in September, (2) ABB's current estimate for lake bank remediation for lake 2-9 is \$340,000; the FY19 includes an accrued amount of \$500,000, and (3) the lowest bid to complete the Gulf Park Dr. cut-through project is \$73,000; the FY19 budget includes \$40,000 for this project.

LONG-TERM FINANCING

Mr. Shepherd commented on the growing consensus of PB residents for the PBSD Board to obtain long-term financing for large projects which would address our 40-year old failing infrastructure. To obtain long-term financing, the PBSD Board would need to specifically identify those projects to be financed and quantify the total amount of funds to complete them. Mr. Shepherd suggested that any project with an estimated cost exceeding \$1 million dollars should be included in our long-term financing package.

Mr. Dorrill commented on his recent conversations with Mr. Nick Casalanguida, Deputy County Manager, who is on board with providing assistance to the PBSD with long-term financing. He suggested using a "commercial paper equivalent" as the financing tool with an approximate pay-back of seven years. This financing tool was suggested because the related administrative fees are much lower than are associated with issuing a municipal bond. To obtain this financing, engineering analyses to quantify the total funding would be necessary in order to get the issue "sized." Mr. Dorrill commented that the "borrower" would be Collier County. The committee suggested that Mr. Dorrill explore (with County staff) alternate financing terms (preferably at least 10 years).

Mr. Dawson expressed concerns over engineering estimates for a group of projects to be funded through long-term financing, which may, in fact, result in inadequate funding resulting from projects being completed over 5-10 years, with increasing costs.

LONG-TERM NEEDS

SIDEWALKS

Mr. Dorrill commented that the County has no funding model to replace sidewalk infrastructure. He commented on recent discussions with Mr. Casalanguida which indicate that the County would be agreeable to some level of cost sharing to replace sidewalks in Pelican Bay. Mr. Dorrill commented that his next meeting with Mr. Casalanguida is scheduled for Aug. 30, and

he requested that Mr. Shepherd attend this meeting. Mr. Dorrill suggested that it would be ideal to obtain a sidewalk cost sharing commitment from the County as soon as possible.

Mr. Shepherd commented that the PBSB Board, at their Sept. board meeting, will vote on whether to approve a proposal by ABB to estimate the cost to replace all PB pathways with six-foot concrete sidewalks, not to exceed \$40,000. Mr. Shepherd suggested that ABB also explore whether the County would require any additional sidewalks be added to a proposed replacement pathway project.

LAKE BANK REMEDIATION

Mr. Shepherd provided a 2017 schedule entitled "PBSB – Lake Bank Improvement Needs" of the ten worst PBSB lakes needing immediate lake bank remediation attention, with associated cost estimates utilizing four different methods of remediation. He also provided a copy of ABB's cost estimate of approximately \$340,000 for lake bank remediation of lake 2-9, which incorporates three different methods of remediation.

STORMWATER COLLECTION STRUCTURES/PIPING

Mr. Shepherd provided ABB's rough estimate of cost of approximately \$400,000 to identify and inspect all stormwater drainage pipes in Pelican Bay. Mr. Dorrill suggested that the PBSB could do an "invitation-to-bid" for this project, which may lower the cost. He commented that the PBSB and the County have not come to an agreement on who is responsible for the stormwater drainage pipes from PB roads to the "first lake," and suggested that if the PBSB takes over this responsibility, then we would need some level of cost sharing from the County to be provided through an annual appropriation.

SHOP/OFFICE REPLACEMENT

Mr. Shepherd commented that Ms. Jacob has contacted an architect (Q. Grady Minor) to develop an estimate of cost for replacing our existing maintenance shop, and would incorporate space for office staff. He provided a document entitled, "Space planning for 6200 Watergate Way," developed by Mr. Bolick, which detailed all required features for a facility to house both Field Operations and Administration.

OTHER

Mr. Dorrill suggested that a reconstruction of the beach dune swale would cost at least \$1 million dollars and should be considered as an addition to the list of projects to be financed.

CONCLUSIONS

Mr. Shepherd commented that the committee has identified four projects and suggested that the PBSB Board move forward with obtaining estimated total costs. Mr. Dorrill suggested that we move forward on pathways more quickly. By consensus, the committee agreed to concentrate on sidewalk replacement for now.

PBSB FUNDING STREAM

Mr. Shepherd commented on how the PBSB funds its operations through two parallel streams of funds collected through ad-valorem taxation and an annual assessment, calculated via ERUs, with no requirement to keep the funds collected separate. He commented that a number of

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our commercial members, during our FY19 budget discussions, had requested that the PBSB Board take a second look at the methodology for funding our operations.

Mr. Shepherd commented on his research into PBSB allocations of ERUs to commercial members and noted the following:

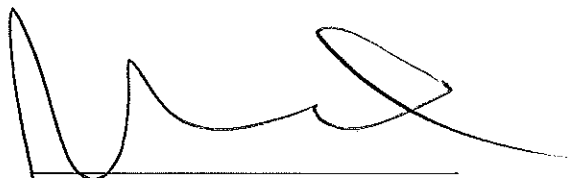
- 6% of PB residents use the golf course (there are 450 full-time golf club members).
- The golf course is comprised of 220 acres and is considered unimproved property by the County Appraiser's Office.
- Commercial members are allocated 5.75 ERUs per acre.
- Commercial unimproved property is allocated 1 ERU per acre.
- The PBSB has control over its "ERU assignment methodology."
- Since the golf course (17% of PB land) is considered unimproved property, "the Club" is receiving a huge "preference."
- The PBSB maintains 20 of the lakes on the golf course.
- The Club's shop area is incorrectly listed as unimproved property.
- The County's park is listed as unimproved property.
- The acreage at 6200 Watergate Way, owned by the County, is incorrectly listed as unimproved property.
- If the ad-valorem tax income stream were increased, the ERU income stream were decreased, and the "unimproved property irregularities" were corrected, then the majority of commercial members would most likely be placated.

Mr. Dorrill suggested that it would be helpful to review the original report which created the existing methodology for our two streams of revenue, including the ERU allocation methodology. He stated that staff would attempt to locate this report and provide it to the committee members.

Mr. Dorrill commented that the PBSB administers the assessment roll. He will follow up on a possible administrative correction to the Club's shop area and County property at 6200 Watergate Way listings as unimproved land (a correction would provide an additional \$40,000 annually to the PBSB). Mr. Dorrill commented that a change to the revenue stream formula would require BCC approval.

ADJOURNMENT

The meeting was adjourned at 10:30 a.m.



Mike Shepherd, Chairman

Minutes approved [] as presented OR [] as amended ON [12-3-18] date