BUDGET COMMITTEE
PELICAN BAY SERVICES DIVISION
DECEMBER 3, 2018

The Budget Committee of the Pelican Bay Services Division met on Monday, December 3 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

**Pelican Bay Services Division Staff**
- Ken Dawson
- Nick Fabregas
- Rick Swider (absent)

**Also Present**
- Mary McCaughtry, Operations Analyst
- Lisa Jacob, Associate Project Manager
- Barbara Shea, Recording Secretary
- Susan O’Brien, PBSD Board

APPROVED AGENDA (AS PRESENTED)

1. Pledge of Allegiance
2. Roll call
3. Agenda approval
4. Approval of 08/22/2018 meeting minutes
5. Audience comments
6. EOY 2018 results and related effects on the FY 2019 budget
7. Update on LT capital project planning
8. *Proposed PBSD funding policy change
9. Old Business
10. New Business
11. Adjourn

ROLL CALL
Mr. Swider 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.

APPROVAL OF 08/22/18 MEETING MINUTES
Mr. Dawson motioned, Mr. Fabregas seconded to approve the 08/22/18 meeting minutes as presented. The motion carried unanimously.

AUDIENCE COMMENTS
None

EOY 2018 RESULTS AND RELATED EFFECTS ON THE FY2019 BUDGET
Mr. Shepherd commented on the end-of-year PBSD FY2018 budget results which show larger than normal favorable variances. The County is still in the process of posting closing journal entries for FY2018.

UPDATE ON LT CAPITAL PROJECT PLANNING
Mr. Shepherd provided an exhibit (included in the agenda packet) which lists the five projects that the committee has agreed are too expensive to manage through our normal funding mechanism, and will be included in a long-term capital financing project to be funded through an open line of credit of approximately $25 million. For each project, the exhibit includes (1) the status of the preliminary cost analysis, (2) the timeframe of the expected analysis completion, and (3) the estimated costs.
Mr. Dorrill commented that County OMB staff has estimated that an open line of credit of $20-25 million would incur approximately $100,000 in fees. Mr. Mark Isackson, County Budget Director, has offered to provide a debt-structuring presentation to the PBSD Board and/or Budget Committee. Ms. O’Brien suggested that such a presentation include an estimated annual impact to each resident’s annual assessment over the “pay-back” period.

PROPOSED PBSD FUNDING POLICY CHANGE
Mr. Shepherd provided a proposal to modify the PBSD’s funding technique. Highlights of his discussion included the following:
• At the Spring 2018 budget hearings, a number of commercial members requested that the PBSD Board revisit the formula for assigning ERU’s to commercial properties, as many of these receive few benefits from the PBSD. Current policy is for commercial properties to be assigned 1.0 ERU per unimproved acre or 5.75 ERU’s per improved acre.
• The proposed funding modification plan changes the assigned ERU’s per unimproved acre from 1.0 ERU to 1.75 ERU and the assigned ERU’s per improved acre from 5.75 ERU’s to 5.5 ERU’s.
• The proposed plan raises the millage rate for our ad valorem stream to a level which is suitable for funding our “acausal” needs (i.e. street lighting, lake bank remediation, beach renourishment, etc.) and simultaneously reduces the non-ad valorem assessment to a level required to fund our ongoing operational needs (including any loan amortization). These changes result in a less regressive form of tax on PB residents and reduces the assessments for most PB commercial members.
• The plan administratively corrects the categorization of two improved properties (The Club and the County parcel on which the PBSD maintenance building sits) which have benefited from inaccurately being categorized as unimproved properties.
• A revenue-neutral plan using the FY18 budget as an example, would have resulted in a reduction of the non-ad valorem assessment from $652.86/ERU to $525.41/ERU, with a corresponding increase of the ad valorem millage rate from .0857 to .2168.
• A final PBSD Board approved funding modification plan would need to be approved by the Collier County Board of Commissioners.
• Staff will review the PBSD ordinance to determine whether any ordinance amendment is required in order to implement the proposed funding modification plan.

Mr. Dawson motioned, Mr. Fabregas seconded to submit the plan (Mr. Shepherd’s new PBSD funding modification plan) to the PBSD Board for approval. The motion carried unanimously.

The committee agreed that Mr. Shepherd would provide informational materials related to the proposed PBSD funding modification plan to Ms. Shea, to provide to all PBSD Board members for review.

Ms. O’Brien commented on the significant financial impact this policy change would have on high-value properties and suggested that the PBSD Board provide opportunities for resident feedback on the proposed policy change.

ADJOURNMENT

The meeting was adjourned at 9:50 a.m.

Scott Streckenbein (ex-officio)

Minutes approved [✓] as presented OR [ ] as amended ON [ 4-18-19 ] date