The Budget Committee of the Pelican Bay Services Division met on Tuesday, April 9 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**
Scott Streckenbein, Acting Chair *(ex-officio)*
Joe Chicurel

Ken Dawson
Nick Fabregas
Rick Swider

**Pelican Bay Services Division Staff**
Neil Dorrill, Administrator
Lisa Jacob, Interim Operations Manager

Mary McCaughtry, Operations Analyst
Barbara Shea, Recording Secretary *(absent)*

**Also Present**
Denise McLaughlin, ?BSD Board
Susan O’Brien, ?BSD Board
Michael Weir, ?BSD Board

**APPROVED AGENDA (AS AMENDED)**

1. Pledge of Allegiance
2. Roll call
3. Agenda approval
   a. Designation of a new committee chair *(add-on)*
4. Audience comments
5. Recap of existing budget to actual
6. Preliminary FY 2020 budget review
7. Proposed Fleet replacements and capital equipment list
8. Proposed capital projects – additions/deletions
9. Other Business
   a. Assessment methodology *(add-on)*
10. New Business
11. Adjourn

**ROLL CALL**
All members were present and a quorum was established

**AGENDA APPROVAL**

Mr. Dawson motioned, Dr. Chicurel seconded to approve the agenda as amended. The motion carried unanimously.
DESIGNATION OF A NEW COMMITTEE CHAIR (ADD-ON)

Mr. Streckenbein appointed Mr. Swider chair of the Budget Committee. Mr. Swider accepted the appointment.

AUDIENCE COMMENTS

Ms. O’Brien commented that given we have three new board members, two with extensive financial backgrounds, that we consider having a board workshop, after April 18, on the proposed FY20 budget, which would allow the board to be ready to take action on the budget on May 8. This would enable board members to have had an opportunity to have all their questions answered at the workshop.

Ms. O’Brien commented that we need additional information on our new projects, with specific FY20 financial requirements, and how they will be financed. She suggested that in funds 109 and 778, it looks like we will have significant surplus of funds at the end of the fiscal year, which needs to be accounted for in the FY20 budgeting process.

Ms. McLaughlin commented that she is interested in understanding the facilities replacement issues.

RECAP OF EXISTING BUDGET TO ACTUAL

The committee reviewed the budget to actual schedules for all PBSD funds, provided in the agenda packet.

PRELIMINARY FY20 BUDGET REVIEW

Ms. McCaughtry prepared and provided a preliminary FY20 operating budget, included in the agenda packet. Ms. McCaughtry commented that the budgeted operating expenses are pretty standard but that budgeted capital expenditures may change. She commented that the PBSD has a Hurricane Irma project fund of approximately $1.2 million for specific hurricane-related projects. The new FY20 budget includes no allocations for hurricane expenses. Mr. Streckenbein commented that it is important that we keep our commitment to the public to reduce the assessment in FY20. Mr. Dawson commented that our deferred maintenance projects need to be completed.

Ms. O’Brien commented that our preliminary FY20 budget with an associated assessment of $718 does not include any funds for sidewalk replacement. She suggested that we consider taking some of our surplus and designating it for a specific purpose.

Ms. O’Brien suggested that the committee decide which of our large unfunded projects are going to get done in FY20 and then determine the method of financing. Mr. Dorrill commented that we have discussed a 10-year line of credit financing and a possible conversion to a lump sum 20-year bond for a larger bundling of projects. Mr. Dorrill commented that we could undertake phase one construction of our sidewalk project and the beach dune swale project in FY20.

Mr. Dorrill reported that he met with First Integrity Bank personnel yesterday who indicated that they need to take a look at their County contract for banking services to see if they are able to do a line of credit for us under this existing contract or the County may want to competitively bid this out separately (which would take approximately six months).

Mr. Dorrill suggested that we complete an analysis of available cash after we account for the reserve requirements that we have. This cash would be available to pay for (1) the first phase of the sidewalks, and (2) some lake bank remediation projects (depending on the remaining cash).
Mr. Dorrill commented that staff will attempt to obtain updated estimates for the beach dune swale, storm water pipes, and other projects wherever possible. He commented that we need best estimates for all of our proposed projects to size a combined 20-year bond issue, taking into account the County contributions (for sidewalk replacement and maintenance) during the first ten years (estimated at $300,000/year), to determine what the annual principal and interest payment would be. It is hoped that a County commitment for $300,000/year can be obtained prior to the 2019 budget workshops.

Mr. Dorrill commented that we will complete the beach dune swale project in FY20 at a current estimated cost of $1.5 million. He suggested including $100,000 in the FY20 budget for boat ramp installations.

**PROPOSED FLEET REPLACEMENTS AND CAPITAL EQUIPMENT LIST**

The committee reviewed the schedule entitled “FY2020 Vehicle & Equipment Replacement List” prepared by the County and included in the agenda packet.

**PROPOSED CAPITAL PROJECTS – ADDITIONS/DELETIONS**

The committee reviewed the schedule entitled “Capital Projects Planning Estimate” prepared by Ms. McCaughtry and included in the agenda packet.

**ASSESSMENT METHODOLOGY (ADD-ON)**

Mr. Dawson commented that The Club golf course has a current designation as “unimproved land” and is assessed at 1 times acreage times the ERU assessment rate, while all of the other commercial properties are assessed at 5.75 times acreage times the ERU assessment rate. There has been no change in the PBSD assessment methodology since 1992. He suggested that a golf course is not unimproved land.

Mr. Fabregas commented that almost all of the commercial properties receive very few PBSD services, while The Club does receive PBSD services (maintenance of their lakes) and enjoys a much lower rate of assessment. He suggested that the PBSD Board needs to weigh in on this disparity in the methodology of commercial property assessments as well as whether to continue to assess all residents equally or change to an assessment based on taxable value.

Mr. Swider suggested that the reality is that The Club golf course has been subsidized over the last 20 years by PB residents; it is developed property. He suggested that the methodology be changed to a more equitable formula.

Mr. Weir suggested that The Club golf course gives immense value to hundreds of homes in Pelican Bay at no cost to them.

Mr. Dorrill commented that if the assessment methodology is going to be revised, you would need the Board of County Commissioners to approve a resolution. He suggested that we review what is in the backup behind the executive summary in which the current methodology was put in place in 1992. This may provide important information.

Mr. Streckenbein suggested that we ask for The Club’s perspective on this issue, followed by further PBSD Board discussion.

Ms. O’Brien suggested that we not put the funding mechanism discussion on the PBSD Board May 8 agenda, but rather focus on approving a FY20 budget at that meeting.

**NEW BUSINESS**

None
ADJOURNMENT

The meeting was adjourned at 11:35 a.m.

Scott Streckenbein, Acting Chair (ex-officio)

Minutes approved [✓] as presented OR [  ] as amended ON [ 4-25-19 ] date