The Budget Committee of the Pelican Bay Services Division met on Thursday, 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**
- Ken Dawson
- Rick Swider, Chairman
- Nick Fabregas
- Joe Chicurel

**Pelican Bay Services Division Staff**
- Mary McCaughtry, Operations Analyst
- Alex Mumm, Int. Sr. Field Supervisor (absent)
- Lisa Jacob, Interim Operations Manager
- Barbara Shea, Recording Secretary

**Also Present**
- Denise McLaughlin, PBSD Board
- Michael Fogg, PBSD Board
- Michael Weir, PBSD Board

**APPROVED AGENDA (AS PRESENTED)**

1. Pledge of Allegiance
2. Roll call
3. Agenda approval
4. Approval of 7/12/2019 meeting minutes
5. Draft July 2019 financial reports
6. June 25 Financial Reports as prepared by PBSD staff
7. Project titles and balances
8. Format of financial reporting for monthly presentation to the PBSD Board
9. Old Business
10. New Business
11. Audience Comments
12. Adjourn

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

**AGENDA APPROVAL**

Mr. Dawson motioned, Mr. Fabregas seconded to approve the agenda as presented. The motion carried unanimously.
APPROVAL OF 07/12/2019 MEETING MINUTES

Mr. Swider motioned, Mr. Fabregas seconded to approve the 07/12/2019 meeting minutes as presented. The motion carried unanimously.

DRAFT JULY 2019 FINANCIAL REPORTS

Ms. Kelly Jones, Assistant Finance Director of the Clerk of Courts reviewed and answered questions on the July draft financial reports she had prepared, including the PBSD consolidated balance sheet and the statement of revenues, expenditures, and changes in fund balance for our four funds. Key discussion points provided by Ms. Jones included (1) although budget amendments were processed to pay for Hurricane Irma expenses, actual cash was never transferred between funds, as per instruction from the County Budget Office; cash is only transferred “as needed,” (2) salary expenses related to Capital Fund 322 are not allocated from Fund 109, which is typical throughout the County, (3) in FY20, PBSD borrowed funds will be deposited into Capital Fund 322 to pay for the debt-funded projects, and (4) FEMA reimbursement will be received into Fund 322; $37,634 has been received from FEMA in FY19.

Mr. Dorrill commented that a few years ago a decision was made by the full board to allocate a part of Ms. Jacob’s salary to Fund 320 (Clam Bay) to more fully show our total expenses related to Clam Bay, in light of the annual subsidy provided to us from the County.

Ms. Jones reported that she has assigned her colleague Jamie Johnson, staff accountant, to be our dedicated liaison to the Clerk’s Office.

PROJECT BALANCES

The committee and staff reviewed the budgets of our projects in Fund 322, and agreed that any excess cash should be utilized to reduce the level of our long-term borrowing. Highlights included:

- Project 50108-Lake Aeration has an amended budget of $104,588. Mr. Dorrill commented that since we have no aeration projects scheduled, this project should be closed out by the end of this fiscal year.
- Project 50158-PBSD Roadway Improvement has an amended budget of $40,000. Ms. McCaughtry commented that this project had been set up for the Gulf Park cut-through. Mr. Dorrill commented that if there is no immediate roadway improvement planned project, then this project should be closed out.
- Project 50157-PBSD-Asset Management has an amended budget of $75,000. In FY19, these funds have been used for sidewalk surveying costs. Mr. Dorrill suggested that this project needs a more appropriate title.
- Project 50126-Beach Renourishment has an amended budget of $678,884. Mr. Dorrill commented that our goal is to reach a level of $1 million, the estimated amount needed to fund our next beach renourishment project.
- Project 50154-Hurricane Irma has an amended budget of $1,523,134. Mr. Fogg suggested that we have approximately $400,000 unspent and unencumbered in this project. No additional work is anticipated. Ms. Jones confirmed that the remaining $400,000 in this project will roll into FY20.

CASH FLOW
Mr. Fogg suggested that the committee should perform analyses of our projects at the start of the FY21 budget cycle, to determine (1) excess cash which might be available in some existing projects, and (2) cash requirements for new projects. Mr. Dorrill agreed.

Mr. Dorrill directed staff to review our projects, close purchase orders where no immediate projects are scheduled, and transfer the funds into reserves.

Mr. Swider requested that a schedule of free/surplus cash be provided. Ms. Jones commented that she can provide this. Mr. Fogg requested that staff develop a 5-year timeline of large cash requirements for our long-term projects (sidewalks, lake bank remediation, and replacement of maintenance/operations facility). Mr. Dorrill commented that staff can provide this.

Mr. Swider commented that the committee may want to consider “normalizing” our annual assessment.

**ANTICIPATED LONG-TERM FINANCING**

Mr. Dorrill commented that he expects our long-term financing to be in the form of a revolving line of credit. Mr. Swider commented that in the future, we may use any excess cash to pay down our line of credit. Mr. Dorrill commented that our excess cash available in Fund 778 could only be used if our ordinance was amended. He commented that he will explore whether our line of credit could be in place for longer than ten years. He directed Ms. McCaughtry to determine, from the County Budget Office, the financing terms (loan term, interest rate, closing costs, etc.) of the County’s most recent borrowing for the new regional sports park and golf course.

**PROJECT TITLES**

Dr. Chicurel volunteered to work with Ms. McCaughtry to rename some of the project titles in Fund 322 to clarify the intended purposes of these projects. This work will be completed by Sept. 30.

**FORMAT OF FINANCIAL REPORTING FOR MONTHLY PRESENTATION TO THE PBSD BOARD**

Mr. Dorrill suggested, and the committee agreed, that the “condensed” version of Ms. Jones’ financial reports (with no monthly data) be included in the monthly PBSD Board agenda packets. Mr. Swider suggested that the monthly spreadsheets of our four funds be distributed to our full board on a monthly basis (via e-mail).

**OLD BUSINESS**

**PBSD METHODOLOGY OF ERU ASSIGNMENTS**

Mr. Fabregas commented that he needs more time to complete his research project on the history and documentation of our existing assessment methodology and assignment of ERU’s to commercial properties. Mr. Dorrill commented that he will explore how the three golf courses at Pelican Marsh are assigned ERU’s in that community.

**AD VALOREM VS. NON-AD VALOREM FUNDING OPTIONS**

Mr. Fogg questioned whether the committee is considering studying the ad valorem vs. non-ad valorem options for collecting PBSD funds. Mr. Dorrill commented that this issue has
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received no recent traction. Mr. Fabregas suggested that time constraints do not allow for the committee to examine this issue during the coming year.

NEW BUSINESS
FUTURE BEACH RENOURISHMENT PLAN
Mr. Dorrill commented that the County is in the process of evaluating an advanced beach renourishment project. He will provide an estimate for a similar type project for the Pelican Bay beach to the PBSD Board when it becomes available.

AUDIENCE COMMENTS
None

ADJOURNMENT
The meeting was adjourned at 10:45 a.m.

Rick Swider, Chairman

Minutes approved [✓] as presented OR [ ] as amended ON [01/28/2020] date