

FINANCE COMMISSION MINUTES
Monday, July 11, 2016 - 1:00 p.m.
City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Chairman, Peter Gorry; Vice Chairman, Glen Brovont; Members: John Smith and Nathan Polackwich **Also Present:** Finance Director, Cindy Lawson and Deputy City Clerk, Sherri Philo

Excused Absences: Kathryn Barton and Victor DeMattia

Unexcused Absence: Daniel Stump

1. CALL TO ORDER

Today's meeting was called to order at 1:00 p.m.

2. APPROVAL OF MINUTES

A) May 26, 2016

Mr. Brovont made a motion to approve the minutes of the May 26, 2016 Finance Commission meeting. Mr. Smith seconded the motion and it passed unanimously.

3. PUBLIC COMMENT

None

4. FINANCE DIRECTOR'S MATTERS

A) Budget Review

Ms. Cynthia Lawson, Finance Director, briefly went over the memorandum highlighting the budget with the Commission members (attached to the original minutes). She pointed out that the first year's contribution of the annual recurring contributions to establish an OPEB Trust Fund were not included in this budget. She said the impact on the General Fund alone would be about \$330,000 dollars. Staff is proposing that they wait one (1) more year because they will have a debt service payment that would be going away in the amount of \$690,000 dollars. They are proposing that they replace it with the first year contribution to an OPEB Trust at \$330,000 going forward. She said they could possibly use the remainder of the funds to support the Marina's debt service for a few years in order for the Marina to do some capital improvements and get back on their feet. She noted that the Finance Commission made a recommendation to the City Council that they fund the OPEB Trust over 27 years.

Mr. Gorry suggested that the Commission go through the Proposed Budget Book and look at the various items, particularly in the General Fund. He said when they get to a point where they discuss priorities; he felt that their first priority was public safety (the protection of the City). The second priority is infrastructure, which they have to maintain, third is the level of services

that the community expects, and personnel costs as they are key as they cannot indefinitely assume that there is not going to be any salary increases. He said they also have to address the OPEB.

Mr. Brovont felt that one of the difficulties they are all having is trying to figure out where they are going over the next four (4) or five (5) years. He said while they have a Capital Budget program that goes forward five (5) years, they do not have that on the operating statement. He said that he organized all the revenue sources that he could see and used that in their current expense categories. He briefly went over his calculations with the Commission members. He said in using his figures, without any impact of the deferred capital and taking on OPEB, at the end of five (5) years, he still shows consistent loss in the operating statement without tax increases. Putting in the OPEB, he showed an \$8 to \$10 million dollar loss without changing the tax bracket. He said a 2.5% wage increase might be a little optimistic, but they are going to continue to face scarce qualified labor. He said that he prioritized all functions of the government and felt that the Police Department was untouchable as the community wants security. He said recreation is a non-government function. He said 10% of the City's budget is going to the Recreation Department and in the meantime, the streets are not getting repaired. He said the Recreation Department has 19 employees and if they take the bulk of the payroll and divide it by the bulk of employees of the Recreation Department and divide the salaries, the Recreation Department, on average, makes as much as the Police Department. If they look at the non-salary part in each of these departments they would see that the Recreation Department spends about \$26,000 dollars per employee for non-payroll functions. The Police Department spends about \$10,500 dollars. To him, something was wrong with the City's allocation system. He said in looking at the capital expenditures, he found that the City allocated about \$420,000 dollars to fix buildings of the Recreation Department. He then referred to Page 1 – *Recreation Department 2015/2015 Year End Report Based on the 9/30/15 Ledger* that was included in Mr. Gorry's memorandum (memorandum and complete backup attached to the original minutes). He said there were 10 functions listed, which their expenses added up to about \$800,000 dollars. Their revenue adds up to about \$420,000 dollars, which is a loss of about \$380,000 dollars. He did not think they could afford to keep buildings open and lose \$380,000 a year.

Mr. Polackwich asked how many of the employees were lifeguards.

Mr. Gorry answered 11.

Mr. Polackwich said lifeguards are critical as far as public safety.

Mr. Brovont said that he hasn't seen anywhere in writing where one of the highest priorities of the City was running recreation. He thought the highest priorities were to provide security and the roads.

Mr. Polackwich said lifeguards save lives.

Mr. Brovont said that he was not saying they shouldn't have lifeguards. All he was saying was the functions of the Recreation Department needed to be looked at. He said they all know that if

utilities rates continue to go down, which they hope that they will, so will the revenue of the City.

Mr. James O'Connor, City Manager, referred to the comment made that the City doesn't have the funding source to accommodate a loss of \$8 million dollars. He said they need to put that into perspective if they are comparing them with other cities. He said there are two functions with one being the property tax at 2.3 mills, which has flexibility. The other is that the City has money making enterprises and their prices are competitive statewide. He noted that they are not competitive with Florida Power and Light (FPL), but are relatively competitive with Duke Energy and more than competitive with Gainesville. He said a lot of times there is a high demand for communities even though the cost per capita increases. He said the cost in maintenance at Riverside Park is substantial. He said the City has a lot of open space, which is part of the City's quality of life and is part of recreation. He said at least half, if not the majority, of employees in the Recreation Department were lifeguards. He said that he was not sure if he knew of a city that had three (3) ocean beaches that provide lifeguards. Not only do they have lifeguards at the beaches, but they also have lifeguards at the swimming pool. He said recreation is one of those services that adapt to demand.

Mr. Brovont said his point was that there is very little flexibility in the budget. He thought it was strange that they can't fund the streets, but they can fund recreation functions. What he was suggesting was maybe looking at consolidation of some of the functions and getting rid of some of the buildings. He was not saying that they need to get rid of the lifeguards. He said they could increase taxes to pick up some revenue. But, they are restricting themselves and they are ending up with a lot of deferred capital. He said the OPEB situation is getting bigger.

Mr. Smith said it would be useful to study a number of areas and the Recreation Department is one of them. He said their biggest industry is tourism and they love the beaches, the Parks, the Theatre, etc., and the City would be hurting if they didn't have guarded beaches. He said they need to look at all aspects of the Recreation Department.

Mr. Brovont asked how do they justify the taxpayers paying \$172,000 dollars for the pool at Leisure Square when they end up with revenue of \$18,000 dollars.

Ms. Lawson said there was one budget season where in order to save costs, the Recreation Director proposed shutting down the pool during the winter for one (1) or (two) weeks and there was a big outcry over it.

Mr. Brovont asked if there is demand for it, then why can't they get paid for providing it.

Ms. Lawson said if there is a recreational enterprise that is a money maker, the private industry provides it. The recreational opportunities that are provided by governments are typically provided by governments because they are not money makers. She said big open space Parks is not something a private enterprise would take on because there is no money to be made there. Unfortunately, the City ends up providing recreation opportunities where there is no money to be made.

Mr. Gorry referred to the backup information attached to his memorandum. He said the expenses of the Parks, playgrounds and fountain was \$135,092 dollars and the beach lifeguarding was \$630,057 dollars in which neither produce any revenues. He felt that more focus should be on the expenses of the 10 facilities of the Recreation Department as to if they really need to have Bethel Creek House, the Riverhouse, etc. He questioned if they could do a public/private enterprise on any of them. He felt that it deserves scrutiny in terms of what the return on the assets was and what the community wants. He said there are two sources of revenue, which was the sale of the old Diesel Plant and at some point the sale of the Dodgertown property. He said the Finance Commission was asked to put forth to the City Council what they feel the priorities are. It is not his intention that they try to micromanage the budget line by line, unless that was something that the Commission wants to do. He did want to point out some of the issues with the framework of what they feel are the priorities and considerations without dictating that they want to cut something.

Mr. Brovont said every major company in this country tells their subcontractors to find a way to cut costs. He said the City is a business and their bosses are the taxpayers.

Ms. Lawson said if they were a business they would be able to pick and choose what they did and if they felt that their customers liked something they could charge them for it. She said both of those things were not things that they could really do effectively as a government. She said that she understood what Mr. Brovont was saying, but if they look at the costs and staffing for the past four (4) or five (5) years they would see that they have driven it down tremendously.

Mr. Brovont said it is impossible to reduce the cost of labor because it is not feasible. He said there is not much skin left in the budget the City is operating under. If the Elected Officials say they are not going to change anything then he felt they should all get ready for some tax increases. He said the City does not do a good job in selling their services.

Mr. Smith said at the last meeting he suggested having a subcommittee to address these things and was told that they could not. He said that he came to today's meeting with a proposal that they set up a series of workshop meetings to address these things. He said in addressing this today what they are doing is reacting to the budget proposed and he would like to see them get into a proactive mode where they could try to come up with what might be best for the Recreation Department, as well as the other Departments of the City.

Ms. Lawson pointed out that the City has other Commission/Boards, such as the Recreation Commission who was charged by the City Council to look at what the facilities of the Recreation Department were costing. The City has an Airport Commission who is charged with monitoring the Airport. She suggested that as the Finance Commission they look at areas the other Commission/Boards are charged with and that they involve those Commission/Boards.

Mr. Gorry noted that the Finance Commission did meet with the Recreation Commission and has had several joint meetings with the Utilities Commission.

Mr. Randy Old, Vice Mayor, said the Recreation Department is an expense area, but it does create a lot of revenue for the beaches. He said in March they had about 90,000 visitors and this

past month they had about 56,000 visitors. So, it is major revenue in terms of tourism. Also, there are over 300 events provided by the Recreation Department and there are a lot of Parks that they take care of. He felt that the Recreation Department was an amazing Department. The question is what do they want to be and how are they going to pay for it. If they want better roads, how would they pay for them. He said there are questions on if they have an inventory of buildings or land that they want to get rid of, can they get rid of them, can they consolidate, etc.

Mr. Brovont said they should look at consolidation. They have a lot of buildings they are maintaining that are off the tax rolls and some of them are in very valuable locations.

Mr. Old said the City is very lucky in that they have the utility business that brings in money, the Water and Sewer Department brings in money, the Airport brings people here, the Marina brings in money, etc. The City is very lucky to have these assets so that their tax rate is low and they create a tremendous opportunity for people to come and visit. What they are hearing is that no one wants it to change, that they want to maintain what they have. He said the question is how do they pay for it.

Mrs. Laura Moss, Chairwoman of the Utilities Commission, thanked Mr. Gorry for the information provided with his memorandum. She asked are all the buildings listed owned by the City.

Mr. O'Connor answered yes. He explained that they are under a Charter provision that they can't be sold for use for anything other than recreation.

Mrs. Moss asked if there were property appraisals for those properties.

Ms. Lawson said they are parcels with values established by the Property Appraiser, but they are not taxed. She said they have a parcel number and they have an appraised value. But, their appraised value is driven by the use.

Mrs. Moss asked what is the history of the bed tax and why does it go to the County.

Ms. Lawson explained that the revenue source was created by State Law and by State Law it is given to counties and not municipal governments. She noted that the bed tax could only be used for certain types of capital projects, such as beach re-nourishment, a sports stadium, etc.

Mr. Gorry said that he would be discussing at the end of today's meeting, what the City Council should look at in terms of what the appropriate level for the cash flow increment of the three tiers (referring to the Fund Balance Policy).

Ms. Lawson noted that the City Council adopted a Resolution that established the levels based on the recommendation of the Finance Commission. She said if they want to change the percentages the Resolution would have to be amended.

Mr. Brovont said they went through a lot to get to where they are and that he would not be happy about opening this up for discussion of changing the formula again.

Mr. Gorry said that he was not suggesting that they change anything. He was asking why they need \$5.5 million dollars, which is more than their entire ad valorem tax, as a cash flow for three (3) months.

Mr. Brovont said they went through this before and for good and viable reasons they stuck with it. There is nothing in principle that has changed how they should analyze the situation. These ongoing issues are going to be with them for years and years.

Mr. Gorry said what he was talking about was how much cash they have on hand that they need to run the business and have sufficient reserves to get through the three (3) months of the first quarter.

Mr. O'Connor said the Fund Balance reflects the strength of the business. He felt very good about where they are today.

Mr. Brovont felt that they had other issues that they should discuss before they open up the Fund Balance discussion again.

Mr. Gorry disagreed. He said their charge is to examine and evaluate everything. He said that he went through the last five (5) years and looked at the cash flow the best that he could. It seemed to him that they don't need five (5) months worth of cash flow.

Mr. O'Connor excused himself from today's meeting at 2:36 p.m.

Mr. Gorry handed out to the Commission members and showed on the doc cam the *General Fund Actuals* (attached to the original minutes). He explained that he took the last four (4) years and looked at what the first quarter ad valorem taxes were, how much revenue came in without taxes, and what the expenses were. What this information shows is that the revenues without taxes were in the \$3.6 million to \$4 million dollar range and the expenses were from \$4 million to \$6 million dollars. Then there was a shortfall on those two (2) numbers. The recommendation was to have the cash reserve of \$5.5 million dollars. He noted that this was only the first quarter because he left the taxes out. But, when the taxes come in November and December, essentially at the end of the quarter, there is a surplus of between \$1.5 million to \$2 million dollars of surplus in the actual revenues and expenses for the quarter. The point that he was making was with the numbers that he came up with; it seemed to him that having \$5.5 million dollars in cash flow for the quarter should be looked at.

Mr. Brovont thought what Mr. Gorry was saying was that worse case; they would be down about \$2.8 million dollars.

Mr. Gorry said that is the data that he had.

Mr. Brovont asked if he was correct that Mr. Gorry analyzed the first quarter of the past four (4) years.

Mr. Gorry said that was correct.

Mr. Brovont said then he is stating worse case that they would be down about \$3 million dollars.

Mr. Gorry said that is correct. He noted that there could be other transfer payments that he didn't see, but he did get the numbers from financial reports.

Mr. Brovont said what Mr. Gorry is going on to say is with the taxes they would go positive all the way up to \$3 million dollars. So there is roughly a \$6 million dollar shift.

Mr. Gorry said that is correct. He said what he was saying was do they really need \$5.5 million dollars in reserves or is there any room to use some of the funds for capital projects.

Ms. Lawson said the fact remains that the 25% is three (3) months of working capital for the first three (3) months of the year when things can go wrong where the City has to make payroll and have not received ad valorem taxes of note. But, more importantly it is about the fact that the other threshold is even if they create other funds to spend one (1) time on a big capital project, their Fund Balance would go down and not come back up. She said this is a policy decision. The Finance Commission made a recommendation and the City Council adopted it. If they want to make a different recommendation they could. It is not a matter of right or wrong. It is a matter of where they want the Fund Balance to be and she felt comfortable with where it was proposed.

Mr. Brovont said that Mr. Gorry did a good job on this, but he didn't want to reopen it. He said that he has not heard any suggestions on how they are to move forward. He felt strongly about getting rid of buildings that they don't need. He said sooner or later they are going to have to raise taxes.

Ms. Lawson asked the Commission members how they felt about staff's proposal regarding OPEB.

Mr. Polackwich asked would it set the City behind in any way if they don't do it.

Ms. Lawson said not really. She explained that it would mean that they would wait one (1) more year to start it, but it is a 27 year amortization as it is. The City's contribution to the annual premiums is fully budgeted as part of this balanced budget.

Mr. Gorry said they would have to cut \$300,000 dollars from the budget this year.

Ms. Lawson said if they don't want to put off OPEB for another year, then yes they would have to go into this budget and either raise \$330,000 dollars in revenue or cut \$330,000 dollars in expenses, which would result in a major impact to this budget verses putting it off one (1) more year at zero impact by replacing an expenditure they already have with the OPEB expenditure.

Mr. Gorry agreed with staff's recommendation.

Mr. Brovont disagreed. He said they keep putting things off and he guaranteed that there would be another issue next year that needs to be funded. He said the Enterprise Funds could fund their share of it.

Ms. Lawson said the Marina Enterprise Fund would be tight as they are already pretty much breakeven. The Electric Enterprise Fund, the Airport Enterprise Fund, and the Water and Sewer Enterprise Fund would not have a problem.

Mr. Smith agreed with both sides. He said there are issues to be considered, but he also was not in favor of deferring OPEB for another year.

Mr. Gorry asked where would they cut \$300,000 dollars from the budget.

Mr. Smith said that Ms. Lawson said they would not fund OPEB this year. What they would be doing was promising to fund it next year. He said that troubled him, but he agreed it was the best solution.

Ms. Lawson said it is not that they were just promising, but promising that they know they will have a decrease in next year's budget to offset the cost.

Mr. Gorry made a motion that the Finance Commission supports staff's recommendation (to defer OPEB for one (1) more year) with the caveat that they can't promise this for next year and not deliver and that the Commission is concerned about putting it off, but with the realities of this budget will support staff's recommendation. Mr. Brovont seconded the motion and it passed unanimously.

Mr. Smith said that he would hope by this time next year that the Finance Commission would have looked at City owned properties in that there might be other ways to surplus capital.

Ms. Lawson asked the Commission members for their recommendation regarding the number of capital projects that are off the table because of lack of funding.

Mr. Gorry said that he would like to look at all City owned properties.

Mr. Brovont made a motion that the Finance Commission does not authorize the \$420,000 dollar use for recreation until they can review the need for it. He questioned if they were putting money into wasted assets, if there is a way to consolidate, etc.

Ms. Lawson noted that a number of those properties are protected under the Charter in that they cannot be sold without a referendum.

Mr. Brovont said if they tell the taxpayers that they are going to raise taxes they will quickly see that the City needs to do some monetizing of assets.

Mr. Jay Kramer, Mayor, said the idea of monetizing assets has been around for a while. He said that he has been asking around about the possibility of doing a public/private partnership where a

non-profit agency that is involved in recreation could lease one of the facilities. He said just the expense alone could save the City money.

Mr. Brovont asked if the Recreation Department has to spend \$420,000 dollars this year or is it something that could be put off so the funds could be used somewhere more appropriate.

Ms. Lawson said some of the projects they cannot put off, but if it is the Finance Commission's recommendation, staff could look at their capital program again.

The motion died for lack of a second.

Mr. Brovont made a motion that the Finance Commission recommends that they put off the \$420,000 dollars in capital expenditures for the Recreation Department subject to a review of the individual buildings. If they absolutely must use funds for safety reasons they should do it, but if they don't then they should put it off and then they need to analyze the use of those buildings.

Ms. Lawson said essentially what he is saying is that until they have a chance to analyze the use of the buildings they should not put any more money into them.

Mr. Brovont said that is correct.

Mr. Polackwich said that he did not want the buildings to fall apart while they analyze them because they would lose value.

Mr. Brovont said that he would guarantee if the City was to sell the properties they would not be selling the buildings, but the property (land values).

Mr. Polackwich explained that Mayor Kramer was discussing leasing them, not selling them.

Ms. Lawson noted that the buildings are being used on a daily basis.

Mayor Kramer thought the point was that they have to get something done. He said some of the properties are rented out months in advance so they would need to let that run its course. He felt that it was a good idea to explore the idea of leasing them. He noted that they have more property coming down the road (referring to the Power Plant property).

Mr. Polackwich said they were talking about freezing \$420,000 dollars from going into the properties. He asked Mayor Kramer if he was in support of that.

Mayor Kramer said the problem is when you are trying to lease or sell a piece of property that is when you paint, fix holes, etc., in order to make it marketable. What he was saying is that he would like to see if they could get them marketable first and then get them off the books.

Ms. Lawson thought what Mr. Brovont was saying was of the funded projects that are competing with paving, etc., that they look at minimizing the amount they spend on facilities until they decide what they want to do with those facilities.

Mayor Kramer said that he would support the motion just to put the pressure on and get something moving.

Ms. Lawson asked Mr. Brovont if a fair characterization of his motion was that they look at the Capital Expenditures for the Recreation Department for 2016/2017 and reduce them to the minimum amount they can, for health and safety, until such time they decide what the ultimate use of the buildings is going to be.

Mr. Brovont answered yes.

Ms. Lawson further stated that they would use whatever funds they free up for projects, such as paving.

Mr. Brovont said they would use the funds they free up for streets and sidewalks.

Mr. Polackwich asked how long would the analysis take.

Ms. Sherri Philo, Deputy City Clerk, noted that using the funds they free up for streets and sidewalks were not included in the original motion. She suggested that Mr. Brovont restate his motion with the additional verbiage.

Ms. Lawson said that she and the City Manager would work with the Recreation Director to see if there was anything they could put off. She said that it would not take long to accomplish this. She noted that the Recreation Commission has looked at many of these facilities because they have not had any money put into them for a long time and many of them are run down. She said in trying to understand the motion, Mr. Brovont was recommending that they look hard at the Capital Expenditures for the Recreation Department for 2016/2017 in order to minimize the amount and to put the funds that they don't have to use into other types of infrastructure.

Mr. Gorry thought another part of the motion was that they look at the other facilities to see if there is an alternative use.

Ms. Lawson said they discussed leasing as well. She said there are Councilmembers present for today's meeting and she felt they understood what the Commission was trying to convey.

Mr. Brovont explained that he wants to recommend that they minimize the money they have to spend on recreation buildings and utilize the savings back to real needs, such as streets, sidewalks, and the infrastructure of the City. He said that he does want to look at every building in terms of their ability to consolidate their efforts and get out from underneath some of them. If that means selling them or leasing them then they need to do it. He said that he would be willing to sit on a Committee to work on that issue.

Mr. Gorry said that he would second the idea of Mr. Brovont sitting on a Committee.

Mr. Smith said because he doesn't know the buildings or the condition of the buildings that he would have to vote no. Mr. Polackwich said that he would vote no as well.

Mr. Tony Young said that he understood the intent, which is to look at prioritizing the savings to work for major streets, etc. He said the immediacy of stopping the expenditures for an area of the budget that the public has a great deal of investment in at this ninth hour prior to the Budget Hearings seems to be an imprudent measure. He said they could make a recommendation that they do a detailed analysis going forward, which would give the citizens the opportunity to give their input as well.

Ms. Lawson referred pages 45 and 46 of the *Five-Year Capital Program Fiscal Years Ending 2017-2021* (on file in the City Clerk's office). She said in the projects listed, there are some that could be put off for a while. An example of a project that could not be put off was for the pool covers and facility awnings that are torn and tattered. An example of a project that could be pushed out a little bit is for a property storage building for maintenance after the sale of the Dodgertown property.

Mr. Gorry said that is what Mr. Brovont is asking.

Mr. Gorry seconded the motion. He said they were not stopping anything until it is analyzed. Their recommendation is that they look at this to see if there are any projects that can be deferred.

Mr. Polackwich said that he would like to look at all the properties to see what properties could be consolidated, sold, etc. He recommended that they have a study on them rather than stripping the funding.

Mr. Smith agreed. He said that he would like to go forward with the analysis on the properties.

Mr. Brovont said then they are going to kick the ball down the road again on OPEB and they are going to kick the ball down the road on any analysis of discretionary expenditures on non-return assets against fixing the streets and sidewalks.

The Deputy City Clerk performed the roll call on the motion and it failed 2-2 with Mr. Smith voting no, Mr. Polackwich no, Mr. Brovont yes, and Mr. Gorry yes.

Mrs. Moss felt that basically the Commission members all agreed and she was surprised that the motion failed 2-2. She said these properties would be maintained in the meantime so it would not come to a dead halt. They all seemed to agree that they need to prioritize and review everything, which she did not think would be a lengthy process. She felt that they were all in agreement in spite of their vote.

Mr. Brovont asked Mr. Smith if he had a motion that would be acceptable to him.

Mr. Smith said it is a question of timing and he did not know what buildings or streets they were talking about. He felt that he did not have enough information.

Mr. Brovont said the information is provided in the budget books.

Mr. Smith said they were not talking about funds that go into the OPEB, but about funds that would go into other projects. He said that he would need to see the buildings and he would want to know information about the streets.

Mr. Gorry referred to *Attachment C – Unfunded Projects* that is attached to the memorandum highlighting the budget (attached to the original minutes) and page 103 of the *Proposed Budget Fiscal Year 2016-2017*. He said in the budget book, Recreation has over \$442,000 dollars that is to be spent on various projects and Attachment C shows the entire unfunded projects at \$10,000 dollars. He said under Public Works on Attachment C, there is \$328,000 dollars for streets and sidewalks that would not be spent this year. He said the streets and stormwater, vehicle fleet, and the Police Department expenditures would be eligible in the General Fund for any money that would be saved if there was an analysis of the \$420,000 dollars that is in the Recreation Department budget.

Mr. Smith questioned the street repaving.

Ms. Lawson explained that they were funding \$325,000 dollars, but the request was for \$625,000 dollars annually. She explained that the proposal from the Public Works Department was \$625,000 dollars a year, but in order to balance this budget what they did in the five (5) year plan was for \$325,000 dollars this year, zero the second year, \$325,000 dollars the third year, zero the fourth year, and \$325,000 dollars the fifth year.

Mr. Brovont explained that he was not asking to shut recreation down. He was asking that they analyze it and what they don't need to spend they should not spend and that funding be placed where it should be, which is in Public Works. He said they need to analyze this before the next budget season. He said they need to begin fixing their streets, sidewalks, lighting, etc. That is what he is asking.

Ms. Lawson suggested that if it is the Finance Commission's recommendation that they reexamine it, the person to make the recommendation as to what can be cut would be Mr. Rob Slezak, Recreation Director. Therefore, if the Commission's motion was to encourage the City Council to direct staff to defer as much of the expenditure of the Recreation Department that they safely can, it would not be a big analysis for Mr. Slezak to relook at it.

Mr. Smith still did not feel that he had enough information.

Mr. Gorry said essentially all the recommendation is at its core is for Mr. Slezak to look at what projects could put off, other than the projects needed for health and safety.

Mr. Polackwich asked Mr. Gorry to put that in the form of a motion.

Ms. Lawson thought what Mr. Gorry said was to direct Mr. Slezak to see what projects, other than for health and safety, that could be deferred.

Mr. Smith made a motion to approve with the understanding that staff look at this and come back with a recommendation that they could defer from the Recreation Department.

Mr. Gorry added to the motion that they have the Recreation Director review all the projects that are not affected by health and safety so that they could go forward.

Mr. Tony Young said it seemed like they were looking at two parts. He felt that they came to an understanding to get a more refined assessment of what is essential for the Recreation Department, which was one (1) part. The second part was something that could be managed in some other manner to get a defined valuation of all the properties. He said another aspect is that what they were attempting to address was the lack of funding for capital improvements that are essential, such as the streets. He said maybe isolating the research on the Recreation Department was not the most lucrative target within the City's budget. He said there might be other means to address the capital improvements without degrading the Recreation Department further than the quality of life that the residents anticipate for Vero Beach.

Mr. Gorry said the motion is to have the Recreation Director look at all of the projects in the \$424,000 dollars for this year and those that are not necessary for health and safety to see if those projects could be put off. Mr. Polackwich seconded the motion and it passed unanimously.

Mr. Gorry said they could hold a workshop in order to review the facilities of the City. He said it is not only in Recreation, but because of the downsizing of employees through the years there are vacant spaces throughout City buildings. He proposed that they have a specific workshop on all the surpluses of the City and direct staff to look at what else could be monetized so that they could be a performing asset as opposed to places that they are paying for maintenance.

Mr. Brovont said there is \$7 million dollars of unfunded capital expenditures over the next five (5) years listed on Attachment C. He questioned how could they do them without increasing taxes.

Mr. Smith felt that they needed to have a series of workshops to look at what infrastructure is needed, etc. He said they need to seriously look at the revenues.

Ms. Lawson said if they could sell the Dodgertown property, even if they could defray even half of the loan that would give them \$325,000 dollars a year, which would cover the rest of the street paving expenses. The other thing that has been discussed over the past year is a Stormwater Utility. She said about \$4 million dollars of the unfunded project is for stormwater.

Mr. Brovont said the only reason that he attacked the Recreation Department was because the figures were so glaring. He said that is the only discretionary one that they really have in the budget. He said they can't argue about the Police Department, the roads, etc., because they need all of them. But, unfortunately the Recreation Department is a discretionary expenditure.

Mr. Smith said that he needs to go to the facilities and have Mr. Slezak show him the cracks.

Mr. Polackwich did not feel a building by building review by the Finance Commission on every piece of property that the City owns was what they should be doing. He did not know anything about it and did not feel he would have a lot to offer.

Ms. Lawson said the Recreation Commission has already worked on this, particularly with Leisure Square. She said the feeling that they received from the City Council and from the public was that these expenditures were long overdue. She said these numbers might glare at them right now, but they haven't spent any funds on Leisure Square for years. Therefore, funding was deferred for so long that they literally did have holes in roofs, etc. If they are going to continue to allow the public to use the facility they cannot have a hole in the roof.

Mr. Brovont said they discussed the Marina a few months ago and Ms. Lawson reported that the City's lock-in on the loan was too erroneous to get out.

Ms. Lawson said that she spoke with the City's Financial Advisor this morning and there is no prepayment without penalty and the penalty is a make whole so they would actually lose money.

Ms. Lawson asked the Finance Commission for a recommendation on the \$133,000 dollar Excess Fund Balance.

Mr. Brovont made a motion that the Finance Commission recommends that they put the \$133,000 dollar Excess Fund Balance into the Capital Fund to fund more paving.

Mr. Gorry seconded the motion with whatever the priority items are in infrastructure. Mr. Brovont agreed to the amendment. The motion was seconded and it passed unanimously.

Ms. Lawson said that she knows exactly what was said today and knows the motions that were made so she would make sure the information is conveyed to the City Council during the Budget Hearings.

Mr. Gorry said that he would try to put something together on what was discussed today and send it to Ms. Lawson. He said the priorities were public safety, infrastructure, and services. He said that he would make it as broad as possible. He said personnel was another issue in that they know they are not going to be able to sit on salaries forever and they know about hospitalization and benefits. He said that he would list these as the four (4) priorities to focus on, which he felt were reflected in the motions made today.

The Commission members agreed.

5. NEW BUSINESS

None

6. OLD BUSINESS

None

7. CHAIRMAN'S MATTERS

None

8. MEMBER'S MATTERS

None

9. ADJOURNMENT

Today's meeting adjourned at 4:00 p.m.

/sp