

City of Clearwater

*City Hall
112 S. Osceola Avenue
Clearwater, FL 33756*



Meeting Minutes

Tuesday, April 25, 2017

9:00 AM

Special Council Meeting

Council Chambers

City Council

Roll Call

Present: 5 - Mayor George N. Cretekos, Councilmember Bill Jonson, Councilmember Doreen Caudell, Councilmember Bob Cundiff (Arrived – 9:31 a.m.) and Vice Mayor Hoyt Hamilton

Also Present: William B. Horne II – City Manager, Jill Silverboard – Deputy City Manager, Pamela K. Akin - City Attorney, Rosemarie Call - City Clerk and Nicole Sprague – Official Records and Legislative Services Coordinator

To provide continuity for research, items are listed in agenda order although not necessarily discussed in that order.

Unapproved

1. Call to Order – Mayor Cretekos

The meeting was called to order at 9:00 a.m. at City Hall.

2. Citizens to be heard re items not on the agenda – None.

3. City Manager Reports

3.1 Annual Strategic Planning Session

City Council Policy “M” states:

“Prior to June 1st of each year and prior to the development of the City Manager’s proposed budget, the City Council shall meet in a strategic planning session(s) to review the five-year financial forecast and update as necessary, the City’s Vision, Mission and Strategic Direction (Goals). From these documents a five-year strategic plan will be updated.”

In October 2016, City Council clarified the above policy to complete the strategic planning session as a pre-budget exercise. Consistent with same, staff is providing a proposed 2018-2023 Strategic Plan for coming Fiscal Year 2017-18 as will eventually be published in the newly adopted budget in October. Staff has modified the proposed Strategic Plan from the Fiscal Year 2016-17 Fiscal Year version as described below.

Deleted items as complete or that will be complete by FY 2017-18 Budget adoption, modified items that have changed focus or been re-titled and added items that are new:

Completed/Deleted Items Strategic Objective

Pelican Walk Garage Increase Economic Opportunity
 Branding Rollout - Sparxoo Develop and Promote our Brand
 New Website Develop and Promote our Brand
 Moccasin Lake Master Plan Foster Community Engagement
 Island Estates Bridges Quality
 Police Firing Range - Penny III Public Safety
 P25 Radio Program Public Safety

Original Item with Proposed Re-Title Strategic Objective

~~Bright House~~ Spectrum Complex Diversify the Economic Base
 Airpark Master Plan and Terminal Building — Increase Economic Opportunity
 East Gateway Vision Plan Foster Community Engagement
~~Neighborhoods Engagement~~ ~~Public Spaces Strategy~~ Placemaking Manual Foster
 Community Engagement
 Performance ~~Measurement~~ Management Quality
 ERP/Financial System Replacement Financial Responsibility

Proposed New Items Strategic Objective

Separate Box for Second Century Priorities Diversify the Economic Base
 CRA Incentives to increase occupancy rates Diversify the Economic Base
 Hercules/Belcher Industrial Area Diversify the Economic Base
 Clearwater Business SPARK Increase Economic Opportunity
 Support Co-Working Business Incubator Increase Economic Opportunity
 Tourism Contract Develop and Promote our Brand
 Regional ED Marketing Develop and Promote our Brand
 New Website DowntownClearwater.com Develop and Promote our Brand
 Internal Service Survey Quality

Staff seeks any direction to modify or identify additional priorities within the five-year strategic plan for the upcoming annual budget process.

Deputy City Manager Jill Silverboard reviewed proposed changes to the strategic plan. She said completed projects have been removed. The SPC/City Joint Use Library needs to be added to the list; construction of the new facility is underway and should be completed by October 1, 2017 but the City will move-in early 2018.

In response to questions, Ms. Silverboard said the Gateway Vision Plan includes the Mercado, the Festival Core and streetscaping. The internal service survey is related to how city departments serve each other and was launched last week. The survey targeted the consolidated and centralized services that are provided citywide.

It was suggested that the Gateway Vision Plan be amended to say Gateway Vision Plan Implementation.

Discussion ensued regarding adding Neighborhoods Day under Community Engagement. Comments were made that the Strategic Plan does not need to list every project staff pursues that supports community engagement. There was no consensus to list the event. Ms. Silverboard said the Strategic Plan has a notation on the bottom that the priorities listed in the Plan are in addition to staff's day-to-day operations.

In response to questions, Ms. Silverboard Crest Lake Park is not listed because it is in the design and development phase. Staff recommends adding Crest Lake Park to the list under Quality in 2018 when construction begins.

It was suggested that the Moccasin Lake Master Plan Implementation can be added to the list under Foster Community Engagement.

3.2 Financial Overview

Review of General Fund and Utility Fund forecasts.

Finance Director Jay Ravins reviewed the General Fund and Utility forecasts. Mr. Ravins said the General Fund includes the BP settlement money.

It was suggested that staff provide information regarding the economic impact of legislation allowing an additional homestead exemption if passed by the State Legislature, as well as the economic impact if Penny for Pinellas is not renewed.

In response to questions, Mr. Ravins said the new rate study will include the capital project expenditures in the years they are projected to be spent, reflecting the true unrestricted reserves. The reserve information provided in the forecasts included capital projects that have not been executed. Mr. Ravins said the rate study will drill down the project costs; staff would provide a new pro forma that shows the new minimum reserves in excess. The CAFR financial statements provides only one amount for unrestricted reserve funds, which includes cash already dedicated to projects.

In response to questions, Mr. Ravins said the rate study factors in a 6-month minimum reserve; council policy states a 3-month minimum or what is used in the rate study. Staff, rating agencies and rate study consultants would prefer a six-month minimum. Mr. Ravins cautioned that increasing the minimum reserve would bind the smaller enterprise funds (i.e., Marina, Air Park).

Staff was directed to amend the council policy to require a minimum

six-month reserve for utility funds; other funds would remain at three months.

3.3 Approve establishment of new Water and Sewer Fund capital projects and transfers to provide project funding.

Based upon review of the existing capital project budget, and in conjunction with an upcoming rate study and proposed future bond issue, the Public Utilities department proposes to reorganize the capital project budget titles and fund projects for upgrades and improvements separate from repair and replacement (R&R) projects. In preparation for the upcoming rate study, staff would like to establish and fund these new projects as soon as possible.

Staff has provided a Water and Sewer Fund Capital Project summary worksheet that lists all newly proposed projects and proposed funding transfers. The proposed changes have a net zero effect on the capital improvement fund, utilizing funding available in existing projects to create the budget for the newly established projects. The worksheet also details the establishment of funding for bond construction projects. All proposed funding changes will be detailed as part of mid-year budget amendments.

Resolution 17-10 was approved by Council on March 16, 2017, authorizing expenditures which total \$77,560,763 in fiscal year 2017 (\$24,825,763) and fiscal year 2018 (\$52,735,000) to be reimbursed by the proceeds of the bond issue in 2018. The fiscal year 2017 adopted capital improvement budget included bond funding of \$4,631,700 in one project. This approved budget is being reallocated based on the new project structure and the remaining budget available for bond reimbursement based on the resolution (\$20,194,063).

One reprioritization that is being made is the reallocation of Sanitary Sewer Extension account funds (previously targeted for Septic to Sewer projects) to increase funding of higher priority projects (such as Sanitary Sewer Upgrades, Pump Station R&R, WPC R&R, Sanitary Sewer R&R, etc.).

The Septic to Sewer program has been demoted in priority for a number of reasons. The original feasibility study that was completed for the project, completed in January 2011, was based on a number of assumptions that over time have been shown to no longer apply.

Firstly, the feasibility study anticipated that the USEPA Numeric Nutrient Criteria (NNC) rules would be implemented. These rules would have greatly increased the level of treatment that would have been required at our wastewater treatment plants so as to remove far greater quantities of nutrients than our plants were designed to remove currently. The feasibility study

anticipated that part of the increased need to reduce nutrients at our plants could be offset by credits for removing the nutrients discharged by septic tanks located in the watershed. However, subsequently, the NNC rules were never implemented due to legal challenges and the science used to justify the rules was updated such that implementation of the rules in the future is very unlikely. Staff has recently renewed the FDEP Operating Permits at all three wastewater plants and the level of nutrient removal has remained as it has been for many years. These permits will not expire for five years and staff does not anticipate any change in the nutrient removal requirements at the time of the next renewal. Therefore, one of the most compelling reasons to undertake the Septic to Sewer program is no longer valid.

Secondly, the feasibility study anticipated that at some point in time 100% of all septic tanks within a project area would annex into the City and connect to the sewer system. It was believed many residents of the unincorporated area to be served by the new sewer line would initially take advantage of the low cost to connect to the new city system (a small fraction of the actual cost of each connection) and that the remainder would connect as their septic tanks failed in the future. This would result in 100% annexation of all potential customers and the reduction of all the septic tanks (and their associated nutrient loads on the environment). This turned out to be an incorrect assumption. Only approximately 350 of the potential 500 residents in the unincorporated project area annexed (or agreed to annex when their property became contiguous) initially. Since that time, few others have annexed and requested service from the city. The Pinellas County Health Department (PCHD) is issuing permits for residents in that area to repair or replace their failing septic systems instead of requiring them to connect to the new city sewer. Staff has met with the PCHD and learned that it is Florida Health Department policy to not require those with failing septic tanks to connect to city sewer systems if the City requires the property owner to annex into the city as a condition of service. This policy creates a situation where the actual cost per connection is much higher than it was estimated to be when the feasibility study was completed. It also creates a situation where we have areas where some residents are within the city, some are not and some who now receive service are not annexed into the city because they are not contiguous even though they receive city services. These higher costs per unit served, inconsistent annexation potential and the PCHD policies regarding septic tank repair and replacement make the conclusions of the feasibility study invalid.

Staff has recently completed a phase one review of the infrastructure age, repair and replacement needs in preparation to complete formal Utility System Master Plans. The phase one review indicated that funding priorities must be shifted going forward from new facility projects to repair and replacement of aging infrastructure. This is consistent with what many other utilities in our area and across our country are finding as they also complete similar analyses. The

shift or repair, renewal and replacement is consistent with systems that have components that are still serviceable but are approaching the end of their useful life. The changes in the budget accounts presented here today reflect those changing priorities.

Public Utilities Director David Porter said one of the projects being modified is the sanitary sewer extension project. Over the past several years, the Department has been annexing parcels being served by septic tanks into city limits to receive city water and sewer service. The 2011 feasibility study considered an impending EPA rule requiring the City to expand its wastewater treatment capabilities to meet the Numeric Nutrient Criteria (NNC), limiting the amounts of nutrients the City could discharge. Mr. Porter said the credits the City would have received for removing septic tanks never materialized since the EPA never implemented the NNC rule. The feasibility study also assumed an \$11,000 per unit cost to bring these parcels into city service if all parcels in the identified area annexed into the city to obtain city sewer. For instance, there were 509 potential connections for Idlewild the Mall project; only 355 connected to city sewer service, increasing the cost to \$17,000 per unit. Mr. Porter said the Department of Health has determined if annexation is required to connect to the city system, the Department will not deem the city sewer system available to connect by those homeowners and will issue repair permits to the homeowners. If the city sewer system is deemed available to connect, the homeowner must connect to the city sewer system per state statute. Staff has determined it is no longer feasible to move forward with the current sanitary sewer connection project. Mr. Porter said the CIP budget includes funding, four years out, to conduct another feasibility study.

In response to questions, Mr. Porter said to connect the remaining Idlewild parcels, it would cost approximately \$3 million. Deputy City Manager Jill Silverboard said the Florida Department of Environmental Protection is offering funding to connect to city sewer. Staff is considering raising the connection issue during the next state legislative session with our lobbyists and Florida League of Cities. The City Clerk said the issue may be considered by the Florida League of Cities as the matter is a statewide issue and advocacy efforts would be more successful if affected municipalities banded together. Mr. Porter said if sewer connection is available, the property owner must connect within a certain timeframe or when the tank fails.

In response to questions, Mr. Porter said septic tank pollution and storm water runoff could be reasons for the decrease in sea grass levels in Clearwater Harbor. A Basin Management Action Plan (BMAP) process will take place in

future years on Stevenson Creek which discharges into the Harbor. The BMAP will address the pollution and sea grass issues.

Councilmember Caudell moved to approve establishment of new Water and Sewer Fund capital projects and transfers to provide project funding. The motion was duly seconded and carried unanimously.

3.4 Discussion of Department of Economic Opportunity pilot study on vulnerability analysis and adaptation planning.

In response to questions, Planner Kyle Brotherton said the City's stormwater maintenance crew found that CSX has been dumping their rail ties and blanket pesticides and herbicides, which have contributed to erosion and flooding in the area. Engineering Director Mike Quillen said the MS4 stands for municipal separate storm sewer systems, which is part of the City's National Pollution Discharge Elimination System. Mr. Brotherton said the recommendation to adopt an ordinance for roads and bridges is something the City could consider for roadways that have repeated damages due to storms and flooding; the ordinance would allow the roads to be maintained to serviceable levels. The report will be finalized at the end of June; DEO will create a guidebook for other municipalities based on the findings. Mr. Brotherton said the report does not provide any concrete findings for capital improvements and that further studies are needed to determine what may be implemented.

3.5 Support the proposed extension of the one-cent local government infrastructure surtax, otherwise known as the Penny for Pinellas, and adopt Resolution 17-17.

Adoption of this resolution includes approval of the proposed project list and the execution of the Interlocal agreement with Pinellas County.

The Penny IV Interlocal Agreement is nearly identical to the agreement currently in place with updated distribution percentages for the period from January 1, 2020 through December 31, 2029. The methodology for the distribution percentages mirrors each of the three previous agreements by following the population-based statutory formula.

Pinellas County has provided revenue projections for a renewed Penny with a comparison of current and proposed distributions.

In response to questions, Budget Manager Kayleen Kastel said there are 16 projects proposed in Penny for Pinellas 4. Pinellas County provided a list of the millage rate equivalents; based on the 2016 values, the City received Penny revenues equivalent to 1.178 mills. Deputy City Manager said changes to the TRIM act would make it difficult to increase the millage to replace Penny revenue loss if Penny is not renewed. Public Utilities Director David Porter said the improvements contemplated is a combination of aging and failing infrastructure. The expected useful life of utility pipelines is approximately 30-50 years, depending on the type of service and pipes; treatment plant equipment has a useful life of 5-20 years. Mr. Porter said in some cases the City will have to replace the lines as it is no longer feasible to repair them.

The City Manager said over the past year, comments have been made that Penny funds should be used to supplement utility funds to address the infrastructure problems experienced during Hurricane Hermine.

In response to questions, Ms. Kastel said the Sand Key Bridge project is approximately \$95 million. Deputy City Manager Jill Silverboard said staff provided Council a white paper that outlined what staff's current commitment to neighborhood improvement categories (i.e., sidewalks, traffic calming, etc.) and placemaking projects that are already accommodated in the budget. Staff is currently challenged with having one individual employed to work with city neighborhoods and identify projects. Ms. Silverboard said the improvements would be limited to city right-of-way or an existing park property. Council may decide to supplement the improvements with Penny funds. Staff did not propose Penny funding as the improvements are budgeted through other city designated funds.

It was stated that staff has been requested to provide information regarding the budgetary impact if Penny for Pinellas is not renewed. A concern was expressed that the Penny renewal may decrease its chances if the Penny List does not include neighborhood improvements as a recent economic development summit stressed that Boomers want to live in walkable communities and Millennials want to be in quality places.

In response to a question, the City Attorney said Penny for Pinellas was intended for capital improvements. Ms. Kastel said Penny funds have been used to replace sidewalks and add new sidewalks. Maintenance of sidewalks is funded through the general fund.

Councilmember Cundiff moved to support the proposed extension of the one-cent local government infrastructure surtax, otherwise known as the Penny for Pinellas. The motion was duly seconded and carried with the following vote:

Ayes: 4 - Mayor Cretekos, Councilmember Caudell, Councilmember Cundiff and Vice Mayor Hamilton

Nays: 1 - Councilmember Jonson

Resolution 17-17 was presented and read by title only. Councilmember Caudell moved to adopt Resolution 17-17. The motion was duly seconded and upon roll call, the vote was:

Ayes: 4 - Mayor Cretekos, Councilmember Caudell, Councilmember Cundiff and Vice Mayor Hamilton

Nays: 1 - Councilmember Jonson

- 3.6** Provide an update on the status of the Imagine Clearwater Plan and establish capital improvement project 315-94892, Imagine Clearwater Implementation, to be funded with \$500,000 of General Fund revenues.

A team of city staff are now meeting weekly and have developed a timeline for various actions and phases of Imagine Clearwater implementation. Key elements of the schedule are planned for discussion.

A capital project is being established to fund various studies and expenditures that will be incurred during the remainder of the current fiscal year. At this point, staff is unable to identify the total budget need for all phases of the plan. As part of the capital budget submission for fiscal year 2018, the planned Penny III funding for Coachman Park will be moved forward from Fiscal Year 2020 to Fiscal Year 2018. Based on input from Council, other potential funding (i.e., B.P. settlement, General Fund reserves, bonding, and internal financing) can be programmed into the six year capital plan.

APPROPRIATION CODE AND AMOUNT:

A mid-year budget amendment will establish capital improvement project 315-94892, Imagine Clearwater Implementation, recognizing a budget increase of General Fund revenue in the amount of \$500,000.

USE OF RESERVE FUNDS:

Funding for this contract will be provided by a mid-year budget amendment allocating General Fund reserves in the amount of \$500,000 to capital

improvement project 315-94892, Imagine Clearwater Implementation. Inclusive of this item if approved, a net total of \$7,110,031 of General Fund reserves has been appropriated by Council to fund expenditures in the 2016/17 operating budget. The remaining balance in General Fund reserves after the 8.5% reserve requirement is approximately \$14.4 million, or 11.4% of the current General Fund operating budget.

Engineering Assistant Director Scott Rice reviewed the tentative project schedule. Engineering has received letters of interest from the City's Architects of Records regarding activating the Library; staff will meet with the consultants next month to discuss potential ideas. Staff will be presenting the new Assistant City Manager with a draft Request for Qualifications (RFQ) for the Library activation. Staff anticipates issuing the RFQ on June 15, with responses due August 1; staff intends to issue the contract in November. Engineering Director Mike Quillen said one of the first decision points to be made is the demolition of the Harborview Center. It is anticipated that the Harborview Center is vacated and demolished by mid-2018 in order to proceed with Phase 1 of the park elements.

In response to questions, Deputy City Manager Jill Silverboard said she discussed the matter with Frank Dame, Clearwater Marine Aquarium (CMA) Chief Operating Officer. The CMA has not identified an alternative location and has asked the City for flexibility regarding the notice to vacate. The City Manager said staff is sensitive to how long the Harborview Center is in its current state and use; staff will come back to Council regarding the matter at a later date.

Comments were made that Council will have to decide what project components should be completed first.

In response to questions, the City Attorney said the Harborview Center does not require a referendum for the public portions; a future referendum would be required for the commercial pieces. A referendum is required for city facilities below the 28-ft. line, or the Bluff. Mr. Quillen said the consultant will also provide recommendations on programming sequencing and project phases. The City Attorney said the proposed bandshell component will require a Special Act Amendment. The referendum in November would address any structures below the 28-ft. line, as well as the Bluff Walk and any other structures that will need to be built as part of Phase 1. The City Attorney said Council may not want to go to design until the referendum passes. Mr. Quillen said Phase 1 design will begin December 2017, with completion in December 2018. Construction will begin in January 2019, with completion in March 2020. Mr. Quillen said the consultant will identify all the utilities in the area and determine if there is sufficient space for an underground vault for

proposed estuary component.

CRA Executive Director Seth Taylor provided a PowerPoint presentation on park conservancies.

In response to questions, Mr. Taylor said conservancy boards typically represent local private interests, non-profits and institutions; in the City's case, it would include big anchor institutions. The board members will be raising funds and supporting the community's vision for the park.

Councilmember Cundiff departed Chamber at 10:56 a.m. and returned at 10:59 a.m.

The Council recessed from 11:03 a.m. to 11:10 a.m.

Parks and Recreation Director Kevin Dunbar reviewed proposed short-term and long-term programming in Coachman Park. Recreation Specialist Christopher Hubbard will focus on enhancing activities and events in the district.

In response to questions, Mr. Dunbar said activities will include a bounce house, family activities, movie night and expanding the art in the park program. Mr. Hubbard will work with partners to facilitate the events and activities. Staff estimates it will cost \$208,000 to program additional events. Staff is not requesting funding for the additional events today.

Budget Manager Kayleen Kastel reviewed the mid-year budget amendment for the Imagine Clearwater Implementation project.

Councilmember Caudell moved to establish capital improvement project 315-94892, Imagine Clearwater Implementation, to be funded with \$500,000 of General Fund revenues. The motion was duly seconded and carried unanimously.

3.7 Council discussion topics

- Councilmember Jonson topics - attached file
- Other Council topics

Councilmember Jonson said several of the topics he identified for discussion have been addressed. He reviewed trends that are happening in city neighborhoods: conversion of owner occupied residences to renter occupied residences, need to attract younger families as residents and workers to the area, safety concerns (desire to feel safe and secure), need child friendly neighborhoods, Boomers want a walkable city, and illegal dumping.

Deputy City Manager Jill Silverboard said an agenda item will be presented at the next work session that will identify the bike friendly city initiatives that must be in place before the City can apply for the Bike Friendly City designation. The City's new transportation planner will also address complete streets. The placemaking manual is about empowering neighborhoods.

4. City Attorney Reports – None.

5. Closing comments by Councilmembers (limited to 3 minutes)

6. Closing Comments by Mayor

Mayor Cretkos thanked Lisa Chandler, Pier 60 team, sponsors and volunteers for another successful Sugar Sands Festival.

7. Adjourn

The meeting adjourned at 11:40 a.m.

Attest

Mayor
City of Clearwater

City Clerk