AGENDA

SPECIAL CITY COMMISSION MEETING
MONDAY, JUNE 17, 2019, AT 5:30 P.M.
CITY OF ST. AUGUSTINE BEACH, 2200 A1A South, St. Augustine Beach, FL 32080

NOTICE TO THE PUBLIC

THE CITY COMMISSION HAS ADOPTED THE FOLLOWING PROCEDURE: PERSONS WISHING TO SPEAK ABOUT TOPICS THAT ARE ON THE AGENDA MUST FILL OUT A SPEAKER CARD IN ADVANCE AND GIVE IT TO THE RECORDING SECRETARY. THE CARDS ARE AVAILABLE AT THE BACK OF THE MEETING ROOM. THIS PROCEDURE DOES NOT APPLY TO PERSONS WHO WANT TO SPEAK TO THE COMMISSION UNDER "PUBLIC COMMENTS."

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

IV. AGENDA ITEMS

1. Presentation of Audit Report for Fiscal Year 2018: (Presenters: Representatives from James Moore, Inc. City's Auditing Firm)

2. Review of Applications for City Attorney (Presenter: Jim Wilson, City Attorney)

3. Review of Long-Range Financial Plan (Presenter: Melissa Burns, Chief Financial Officer)

4. Discussion of Revenue Sources: Franchise Fee for Solid Waste Haulers; Non-Ad Valorem Assessment to Pay Costs to Collect Household Waste, Recyclables, Yard Trash and Special Waste; Update on Paid Parking (Presenters: Max Royle, City Manager; Melissa Burns, Chief Financial Officer)

5. Fiscal Year 2020 Budget: Review of Salary and Benefits Survey. Request for Guidelines for Budget, Other Matters Concerning It (Presenters: Max Royle, City Manager; Robert Hardwick, Chief of Police; Melissa Burns, Chief Financial Officer)

6. Budget Resolutions 19-04 and 19-05 (Presenter: Melissa Burns, Chief Financial Officer)

7. Request to Approve Financial Policies (Presenter: Melissa Burns, Chief Financial Officer)

V. ADJOURNMENT

NOTE:

The agenda material containing background information for this meeting is available on a CD in pdf format upon request at the City Manager's office for a $5 fee. Adobe Acrobat Reader will be needed to open the file.

NOTICES: In accordance with Florida Statute 286.0105: "If any person decides to appeal any decision made by the City Commission with respect to any matter considered at this scheduled meeting or hearing, the person will need a record of the proceedings, and for such purpose the person may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans with Disabilities act, persons needing a special accommodation to participate in this proceeding should contact the City Manager's Office not later than seven days prior to the proceeding at the address provided, or telephone 904-471-2122, or email sabadmin@cityofsab.org.

Agenda Item # 1

Meeting Date 6-17-19

MEMORANDUM

TO: Mayor George
Vice Mayor England
Commissioner Kostka
Commissioner Samora
Commissioner Rumrell

FROM: Max Royle, City Manager

DATE: May 20, 2019

SUBJECT: Presentation of Audit Report for Fiscal Year 2018

The audit report and related information is attached. Representatives from the audit firm, James Moore, will be at your meeting to explain the report in more detail and to answer your questions.

In the meantime, we list here some of the report's highlights:

a. Pages 4-8, "Management's Discussion and Analysis", which provides an overview of the City's finances in FY 2018 that ended on September 30, 2018.

b. Page 13, which gives you a summary of what the City earned and spent in FY 2018, and the change to the fund balances from what they were at the beginning and at the end of the fiscal year. You will note that the City earned more than it spent.

c. Page 35, a comparison of the amounts the City expected to earn and spend during the fiscal year with what was actually earned and sent. You'll note that in nearly all revenue categories the City earned more than was projected, while in all expenditure categories the City spent less than was projected.

   Please note: 1) The budget you adopt each September has Ms. Burns' best estimated of what she expects the City to earn and spend. Her estimates of revenue are conservative, so as not to mislead you into thinking the City is going to be flush with cash at the end of the fiscal year. Her estimates of expenditures are based on the best information she has at the time of how much throughout the year the City will spend for salaries and benefits, insurance, fuel, vehicles and equipment, construction projects, etc. Sometime salary costs are more because of overtime caused by hurricane cleanup work; project costs may be higher or lower based on the bids received and the change orders that may have to be approved because of unforeseen circumstances. 2) Intergovernmental revenue is much higher than was budgeted because of the $1.5 million received from the Florida Communities Trust grant for the Ocean Hammock Park property. 3) Charges for Services revenue is $24,440 less because the City didn't receive as much money as was projected from solid waste disposal fees and plan review/permit fees.

d. Page 51, "Schedule of Findings and Questioned Costs". This is significant because the auditor didn't identify any material weaknesses and any significant deficiencies.

e. Page 52, the "Management's Response to the Auditor's Comments". A deficit was noted in the Road/Bridge Fund because of expenses related to Hurricane Irma, which will be reimbursed by the Federal Emergency Management Agency.

ACTION REQUESTED

It is that you ask the auditors any questions you may have concerning the report, and that by motion and vote you accept it.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

CITY OF ST. AUGUSTINE BEACH, FLORIDA
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James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of St. Augustine Beach, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of St. Augustine Beach, Florida, (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note (10)(B) to the financial statements, in 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effects of these standards have also been applied to the financial statements as of and for the year ended September 30, 2017. See Note (16) for the effect of GASB 75 on beginning net position. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
April 29, 2019

CITY OF ST. AUGUSTINE BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

As management of the City of St. Augustine Beach (the City), we offer readers of the City of St. Augustine Beach's financial statements this narrative overview and analysis of the finance activities of the City of St. Augustine Beach for the fiscal year ended September 30, 2018.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $20,346,457 (net position). The governments' total net position increased by $1,049,859.

- As of the close of the current fiscal year, the City of St. Augustine Beach's governmental funds reported a combined ending fund balance of $4,568,794 an increase of $1,226,259. The unassigned General Fund balance available for spending at the City's discretion is $1,044,198.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of St. Augustine Beach's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities, presents information showing how the City's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a signification portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, physical environment (solid waste), human services, transportation, and culture recreation. The City currently does not have any functions that would be classified as business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of St. Augustine Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial

statements, governmental fund statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating at City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The City maintains three major governmental funds as well as smaller project-related funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, debt service fund, and other government funds.

The City of St. Augustine Beach adopts annual appropriated budgets for all funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of St. Augustine Beach, assets exceeded liabilities by $20,346,457 or a 5% increase at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior years. For a more detail see the Statement of Net Position on page 7.

Net Position

	2018	2017
Current and Other Assets	$ 4,792,090	$ 3,762,904
Capital Assets	28,917,483	29,091,864
Total Assets	33,709,573	32,854,768
Deferred Outflows of Resources	2,252,951	2,414,884
Long-term Liabilities Outstanding	14,814,227	14,543,750
Other Liabilities	347,443	1,147,214
Total Liabilities	15,161,670	15,690,964
Deferred Inflows of Resources	454,397	203,325
Net Position:		
Net Investment in Capital Assets	20,069,085	19,695,713
Restricted	1,391,114	1,084,233
Unrestricted	(1,113,742)	(1,404,583)
Total Net Position	$ 20,346,457	$ 19,375,363

At the end of the current fiscal year, the government's liabilities decreased by $529,294 or 3.4% which can be attributed to a decrease in current liabilities such as Accounts Payable and Accrued Liabilities $799,771 which was offset by other increased long-term liabilities such as Other Post-Employment Benefits (OPEB)

Liability other than retirement of $177,854 which was due to a restatement of the beginning balance due to the implementation of GASB Statement No. 75.

Ninety-nine percent (99%) of the City's net position reflect its investment in capital assets (e.g. land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of St. Augustine Beach's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of St. Augustine Beach's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net Position is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of St. Augustine Beach is able to report positive balances in all categories of net position except for Unrestricted which is due to the City's net pension liability being elected on the statements.

The government's net position increased by $1,049,859 in the current fiscal year. This mainly attributed to receiving a $1.5 million grant from the Florida Communities Trust. The following table reflects the condensed Statement of Activities for the current and prior years. See page 8 for more detail.

Changes in Net Position

	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	$ 768,381	$ 727,738
Operating Grants and Contributions	1,803,385	488,128
Capital Grants and Contributions	119,142	-
General Revenues:		
Property Taxes	3,287,763	2,996,792
Other Taxes	2,419,716	2,294,006
Other	53,521	92,005
Total Revenues	8,451,908	6,598,669
Expenses:		
General Government	1,937,323	1,796,050
Public Safety	2,849,666	2,850,904
Physical Environment	1,253,746	1,285,020
Transportation	948,624	892,324
Economic Environment	-	5,250
Human Services	53	49
Culture and Recreation	128,634	148,360
Interest on Long-term Debt	284,003	328,268
Total Expenses	7,402,049	7,306,225
Change in Net Position	1,049,859	(707,556)
Net Position - October 1	19,296,598	20,082,919
Net Position - September 30	$ 20,346,457	$ 19,375,363

Financial Analysis of the Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of St. Augustine Beach's financing requirements. Unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. As of September 30, 2018, fund balances were $4,568,794, an increase of $1,226,259 in comparison with the prior year. This includes $1,044,198 in Unassigned Fund Balance for the General Fund which would be available for spending at the City's discretion, however, the Road & Bridge Fund and Capital Projects fund have a negative fund balance which the General Fund will have to subsidize in the next reporting period.

The General Fund's fund balance increased by $1,158,489 from $2,131,701 to $3,290,190. Revenues were higher than budgeted amounts and expenditures were less than budgeted amounts. The City received $1.5 million dollars in a grant from the Florida Communities Trust for the prior purchase of the additional 4.5 acres of Ocean Hammock Park which contributed to the increase in the excess of revenues over expenditures.

The Road and Bridge fund balance decreased by $124,002, from $(280,773) to $(404,775). Revenues were less than budgeted amounts and expenditures were less than budgeted amounts although expenditures from this fund included temporary repairs to a weir that was damaged due to Hurricane Irma. The City expects reimbursement from FEMA for the repairs to the temporary weir which will aid in restoring the fund balance.

The Debt Service Fund has a fund balance of $1,700,125. This is an increase of $348,543 in comparison with the prior year. The revenues are generated from voted debt millage of 0.5 mills and also transfers from General Fund per the requirement to budget and appropriate funds for the 2016A, 2016B and 2016D revenue bonds. The voted debt millage is set to sunset in 2028 at which time a portion of the fund balance will satisfy the remaining debt service payments for 2009 and 2016C revenue bonds

Budgetary Highlights

The City continues monitoring the status of intergovernmental revenues during the first quarter of the fiscal year. As is typical, the budget is reevaluated at the six-month mark and adjusted where necessary.

General Fund

A comparison of the budget versus actual for the General Fund can be found on page 33. The City received a grant from the Florida Communities Trust in the amount of $1.5 million which reimbursed the general fund for the initial payment made to the Trust for Public Lands which acquired the remaining 4.5 acres of the property Ocean Hammock Park. Additionally, the City had to adjust overtime wages and other expenditure line items such as solid waste disposal to appropriate additional funds for the cleanup in the aftermath of Hurricane Irma. Though some reimbursement from the Federal Emergency Management Agency (FEMA), more is anticipated in future periods. As of the September 30, 2018, the City received more than the overall budgeted amount for revenues and spent less than the budgeted amounts for expenditures.

Road and Bridge Fund

A comparison of the budget versus actual for the Road and Bridge Fund can be found on page 34. The City received less than the overall budgeted amount for revenues which is related to the decline in impact fees

collected. The Ridge subdivision, which is the newest subdivision in the City began construction later in the fiscal year than anticipated which delayed the collection of road impact fees. As of September 30, 2018, the City spent less than the budgeted amounts for expenditures in the Road and Bridge Fund.

Capital Assets

The City's investment in capital assets as of September 30, 2018, amounts to $28,917,483 (net of accumulated depreciation). See Note 6 for details. Capital assets include land, buildings and improvements, machinery and equipment, and infrastructure. The total decrease in the City's investment in capital assets net of depreciation for the current fiscal year was 0.60%.

Debt Administration

The City decreased its bond and loan payables during the current fiscal year by $519,037, which is a decrease of 5.34% percent. See Note 8 for details.

Economic Factors

We are not currently aware of any conditions that are expected to have a significant effect on the City's financial position or results of operations.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Chief Financial Officer, 2200 A1A South, St. Augustine Beach, Florida 32080.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 2,298,135
Investments	417,697
Receivables, net	202,473
Due from other governments	1,795,518
Inventories	3,959
Prepaids	74,308
Capital assets:	
Non-depreciable capital assets	14,548,123
Other capital assets, net of depreciation	14,369,360
Total assets	33,709,573
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,252,951
LIABILITIES	
Accounts payable	195,691
Accrued payroll and employee benefits	23,385
Customer deposits	300
Due to other governments	3,920
Accrued interest payable	124,147
Noncurrent liabilities:	
Due within one year:	
Bonds and notes payable	481,046
Capital leases	72,458
Compensated absences	53,242
Due in more than one year:	
Bonds and notes payable	8,166,254
Capital leases	128,640
Compensated absences	301,709
Total OPEB liability	660,692
Net pension liability	4,950,186
Total liabilities	15,161,670
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	454,397
NET POSITION	
Net investment in capital assets	20,069,085
Restricted for:	
Impact fees	658,119
Police department - communications	22,699
Law enforcement - forfeiture and seizure	5,589
Building department	401,315
Debt service	303,392
Unrestricted	(1,113,742)
Total net position	$ 20,346,457

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
General government	$ 1,937,323	$ 71,081	$ -	$ 12,215	$ (1,854,027)
Public safety	2,849,666	338,557	-	2,723	(2,508,386)
Physical environment	1,253,746	331,248	206,426	-	(716,072)
Human services	53	180	-	-	127
Transportation	948,624	22,094	20,000	100,777	(805,753)
Culture and recreation	128,634	5,221	1,576,959	3,427	1,456,973
Interest on long-term debt	284,003	-	-	-	(284,003)
Total governmental activities	$ 7,402,049	$ 768,381	$ 1,803,385	$ 119,142	(4,711,141)
General revenues:					
Property taxes					3,287,763
Sales and use taxes					1,139,347
Franchise and utility taxes					434,707
Public service taxes					644,526
Other taxes and fees					201,136
Investment earnings (loss)					24,274
Miscellaneous revenues					21,148
Gain on sale of asset					8,099
Total general revenues					5,761,000
Change in net position					1,049,859
Net position - beginning, as restated					19,296,598
Net position - ending					$ 20,346,457

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Road and Bridge	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 544,676	$ 53,471	$ 1,272,449	$ -	$ 1,870,596
Cash with fiscal agent	-	-	427,539	-	427,539
Investments	410,364	7,333	-	-	417,697
Receivables, net	202,473	-	-	-	202,473
Due from other governments	1,729,475	65,906	137	-	1,795,518
Due from other funds	518,961	6,042	-	-	525,003
Inventories	1,674	2,285	-	-	3,959
Prepaid items	74,308	-	-	-	74,308
Total assets	$ 3,481,931	$ 135,037	$ 1,700,125	$ -	$ 5,317,093
LIABILITIES					
Accounts payable	$ 167,174	$ 28,517	$ -	$ -	$ 195,691
Accrued liabilities	20,347	3,038	-	-	23,385
Due to other governments	3,920	-	-	-	3,920
Due to other funds	-	508,257	-	16,746	525,003
Customer deposits	300	-	-	-	300
Total liabilities	191,741	539,812	-	16,746	748,299
FUND BALANCES					
Nonspendable:					
Inventories	1,674	2,285	-	-	3,959
Prepaid items	74,308	-	-	-	74,308
Restricted for:					
Impact fees	325,311	332,808	-	-	658,119
Police department - communications	22,699	-	-	-	22,699
Law enforcement - forfeiture and seizure	5,589	-	-	-	5,589
Building department	401,315	-	-	-	401,315
Debt service	-	-	427,539	-	427,539
Assigned to:					
Parks and recreation	749,613	-	-	-	749,613
Capital projects	600,000	-	-	-	600,000
Beach Blast Off	15,483	-	-	-	15,483
Emergencies and contingencies	50,000	-	-	-	50,000
Debt service	-	-	1,272,586	-	1,272,586
Unassigned	1,044,198	(739,868)	-	(16,746)	287,584
Total fund balances	3,290,190	(404,775)	1,700,125	(16,746)	4,568,794
Total liabilities and fund balances	$ 3,481,931	$ 135,037	$ 1,700,125	$ -	$ 5,317,093

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Fund balances - total governmental funds		$ 4,568,794
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	35,660,062	
Less: accumulated depreciation	(6,742,579)	28,917,483
On the governmental fund statements, a net pension liability is not recorded until an amount is legally due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's net pension liability of thedefined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(4,950,186)	
Deferred outflows related to pensions	2,252,951	
Deferred inflows related to pensions	(454,397)	(3,151,632)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Bonds and notes payable	(8,647,300)	
Capital leases payable	(201,098)	
Accrued interest payable	(124,147)	
Total OPEB liability	(660,692)	
Compensated absences	(354,951)	(9,988,188)
Net position of governmental activities		$ 20,346,457

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General	Road and Bridge	Debt Service	Nonmajor Governmental	Total Governmental Funds
Revenues					
Taxes	$ 3,598,152	$ 266,213	$ 567,005	$ -	$ 4,431,370
Licenses and permits	745,716	100,777	-	-	846,493
Intergovernmental	2,348,450	244,378	-	-	2,592,828
Charges for services	415,014	22,493	-	-	437,507
Fines and forfeitures	42,994	-	-	-	42,994
Interest revenues (losses)	23,069	522	683	-	24,274
Miscellaneous	68,343	-	-	-	68,343
Total revenues	7,241,738	634,383	567,688	-	8,443,809
Expenditures					
Current:					
General government	1,576,424	-	-	-	1,576,424
Public safety	2,438,502	-	-	-	2,438,502
Physical environment	777,854	-	-	-	777,854
Transportation	-	884,545	-	-	884,545
Human services	53	-	-	-	53
Culture and recreation	96,121	-	-	-	96,121
Capital outlay	224,527	398,962	-	-	623,489
Debt service					
Principal	70,331	110,733	355,796	-	536,860
Interest and fiscal charges	7,975	56,633	227,193	-	291,801
Total expenditures	5,191,787	1,450,873	582,989	-	7,225,649
Excess (deficiency) of revenues over expenditures	2,049,951	(816,490)	(15,301)	-	1,218,160
Other financing sources (uses)					
Transfers in	-	535,717	363,844	-	899,561
Transfers out	(899,561)	-	-	-	(899,561)
Proceeds from sale of capital assets	8,099	-	-	-	8,099
Total other financing sources (uses)	(891,462)	535,717	363,844	-	8,099
Net change in fund balances	1,158,489	(280,773)	348,543	-	1,226,259
Fund balances, beginning of year	2,131,701	(124,002)	1,351,582	(16,746)	3,342,535
Fund balances, end of year	$ 3,290,190	$ (404,775)	$ 1,700,125	$ (16,746)	$ 4,568,794

The accompanying notes to financial statements
are an integral part of this statement

CITY OF ST. AUGUSTINE BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - total governmental funds		$ 1,226,259
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures	623,489	
Depreciation expense	(797,870)	(174,381)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of general long-term debt	536,860	
Amortization of debt premium	10,891	547,751
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amonnt contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the Statement of Activities are amounts required to be amortized.		
Change in net pension liability and deferred inflows/outflows related to pensions		(418,574)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:		
Change in accrued interest on long-term debt		(3,093)
Change in total OPEB liability		(99,089)
Change in compensated absences liability		(29,014)
Change in net position of governmental activities		$ 1,049,859

The accompanying notes to financial statements are an integral part of this statement.

(1) Summary of Significant Accounting Policies:

The financial statements of the City of St. Augustine Beach, Florida (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City was constituted a municipality on June 20, 1959, under the provisions of Chapter 59-1790, Laws of Florida, Acts of 1959. The City operates under a commission/manager form of government and provides the following services as authorized by its charter: law enforcement, planning and zoning, code enforcement, building inspection, solid waste collections, road and right-of-way maintenance, maintenance of City buildings, drainage and storm water management, and street lighting.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the City Commission of the City, the reporting entity of government for which the City Commission is considered to be financially accountable. In evaluating the City as a reporting entity, management has addressed all potential component units that may or may not fall within the City's oversight and control, and thus, be included in the City's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City has no business-type activities.

The government-wide statement of activities reflects both the gross and net costs per functional category (e.g., public safety, physical environment, etc.), which are otherwise being supported by general government revenues (e.g., property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenue (e.g., property, sales taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds of the City.

(1) **Summary of Significant Accounting Policies:** (Continued)

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the City's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statement, a reconciliation is presented on the page following the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, which briefly explains the adjustments necessary to transform the fund-based financial statements into the government-wide presentation.

As a general rule, the effect of interfund City activities has been eliminated from the government-wide financial statements.

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, are recorded only when payment is due.

(d) **Financial statement presentation**—The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of all funds combined) for the determination of major funds.

(1) **Summary of Significant Accounting Policies:** (Continued)

The City reports the following major governmental funds:

The ***General Fund*** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City are financed through revenues received by the General Fund.

The ***Road and Bridge Fund*** is used to account for and report activities of the Road and Bridge Department. Resources are primarily provided by gas taxes, impact fees, and intergovernmental revenue.

The ***Debt Service Fund*** is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. This fund type is used to provide for the debt service requirements of the City's governmental long-term debt.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

i. Prior to September 1st, the City Manager submits a preliminary budget to the City Commission for the ensuing fiscal year.

ii. Budget workshop sessions are scheduled by the City Commission, as needed.

iii. A general summary of the budget and notice of public hearing is published in a local newspaper.

iv. Prior to October 1st, the budget is legally enacted through passage of an ordinance.

v. The City Commission, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.

vi. The City Manager may make transfers within a department as long as the total budget for the department is not increased, and the legal level of control is $1,500. Transfers of appropriations between departments require the approval of the Commission. The City's Ordinance establishes the level at which expenditures may not exceed appropriations at the department level.

vii. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were either adopted or amended during the year by the City Commission were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. Each of the City's governmental funds have legally adopted budgets.

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Cash deposits and investments**—The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed; therefore, these amounts are fully allowed for and no provision for taxes receivable has been made on the City's financial statements.

(i) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. Capital assets are defined by the City as assets with an initial individual cost of $1,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and Improvements	10 - 40 years
Machinery Equipment	3 - 20 years
Infrastructure	40 years

(j) **Compensated absences**—Since the liability for employees' leave time will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide financial statements.

(k) **Long-term obligations**—In the government-wide financial statements, long-term debt obligations are reported as liabilities, net of any outstanding premiums or discounts. Debt issuance costs are expensed when paid.

(l) **Inventory and prepaids**—Inventory is valued at cost under the first-in, first-out method and is accounted for using the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (10).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (10).

(n) **Fund balance**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property held for sale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Commission or the City Manager.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

(1) **Summary of Significant Accounting Policies:** (Continued)

For spendable resources, is the City's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned.

(o) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Property Tax Calendar:**

Under Florida law, the assessment of all properties and collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and permit municipalities to levy property taxes at a rate of up to 10 mills. For the fiscal year ended September 30, 2018, the millage rate assessed by the City was 2.3992 per $1,000.

The City tax calendar is as follows:

Lien Date:	January 1
Levy Date:	October 1
Discount Period	November-February
Delinquent Date	April 1

(4) **Cash Deposits and Investments:**

The City maintains cash and investment accounts for various other purposes or to segregate cash balances for amounts which are restricted or held on behalf of others. The City's investment policy authorizes the City to invest excess funds in time deposits, mutual funds, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, repurchase agreements, intergovernmental investment pools, and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool (Florida PRIME).

(4) **Cash Deposits and Investments:** (Continued)

As of September 30, 2018, all City cash deposits were held in qualified public depositories pursuant to Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act* (the Act), and, accordingly, are entirely insured by Federal Depository Insurance Corporation (FDIC) insurance or collateralized pursuant to the Act. The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125%, may be required if deemed necessary. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney. Under the Act, the City is authorized to deposit funds only in qualified public depositories.

The City invests temporarily idle resources in the Florida Prime Investment Pool (Florida PRIME) and Florida Local Government Investment Trust (FLGIT). Florida PRIME is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. Florida PRIME and FLGIT are similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 31, as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME or FLGIT; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

As of September 30, 2018, the Florida PRIME and FLGIT had weighted average maturities of 33 days and 34 days, respectively. The City held no assets or investments carried at fair value at September 30, 2018, and subject to the required disclosures of GASB 72.

As of September 30, 2018, the City's governmental investment portfolio is composed of the following investments:

Investment	Credit Quality Rating	Carrying Value
Florida PRIME	AAAm (S&P)	$ 366,247
FLGIT Day to Day	AAAm (Fitch)	$ 51,450

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. To limits its exposure to fair value losses arising from increases in interest rates, the City prohibits direct investment in U.S. government securities or repurchase agreements maturing more than seven years from the date of purchase and in time deposits maturing more than one year from the date of purchase There were no investments in the City's portfolio that exceeded this maximum maturity at September 30, 2018.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City's investment policy utilizes portfolio diversification in order to limit investments to governmental funds and securities backed by state and federal governments, and mutual funds with a minimum credit rating of AAAm by Standard & Poor's (S&P) or an equivalent. The City's portfolio is held entirely with public depositories and is invested in SBA and FLGIT funds, as described above.

(4) **Cash Deposits and Investments:** (Continued)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy limits investments in mutual funds and time deposits to a maximum of 25% deposited with any one issuer and limits repurchase agreements to a maximum of 10% of funds invested with on institution, excluding one-business-day agreements. Investments in state and federal government funds and securities are excluded from the concentration of credit risk requirement per the investment policy.

In addition to describing the credit risk of investments in the portfolio, governmental entities will need to disclose the concentration of credit risk with a single issuer, if 5 or more percent of the total assets of the portfolio are invested with one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements.

Custodial Credit Risk: All demand deposits are held with qualified public depositories, as defined above. In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2018, the City's investment of $366,247 in Florida PRIME funds and $51,450 in FLGIT funds are backed by the full faith and credit of the State of Florida, or explicitly guaranteed by the State of Florida.

(5) **Accounts Receivable:**

The City's receivables consists of $202,473 at September 30, 2018, all of which was included in the general fund and governmental activities. There was no allowance for doubtful accounts at September 30, 2018.

(6) **Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated –				
Land	$ 14,297,130	$ -	$ -	$ 14,297,130
Construction in progress	320,132	235,793	(304,932)	250,993
Total capital assets, not being depreciated	14,617,262	235,793	(304,932)	14,548,123
Capital assets, being depreciated –				
Machinery and equipment	3,627,621	220,976	(162,203)	3,686,394
Buildings and improvements	4,795,557	41,508	-	4,837,065
Infrastructure	12,158,337	430,143	-	12,588,480
Total capital assets, being depreciated	20,581,515	692,627	(162,203)	21,111,939
Less: accumulated depreciation	(6,106,912)	(797,870)	162,203	(6,742,579)
Total capital assets, being depreciated, net	14,474,603	(105,243)	-	14,369,360
Governmental activities capital assets, net	$ 29,091,865	$ 130,550	$ (304,932)	$ 28,917,483

(6) **Capital Assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	$ 175,665
Public safety	165,759
Physical environment	420,354
Transportation	3,579
Culture and recreation	32,513
Total depreciation expense - governmental activities	$ 797,870

(7) **Capital Leases:**

The City has entered into certain lease agreements as a lessee for financing the acquisition of six police vehicles in the 2016 fiscal year and three police vehicles in the 2017 fiscal year. The lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

Asset:	
Vehicles and Accessories	$ 364,248
Accumulated depreciation	(169,229)
Net book value of leased assets	$ 195,019

The future minimum lease obligations and the net present value of these minimum lease payments were as follows:

Year Ending September 30	Present Value of Net Minimum Payments	Amounts Representing Interest	Total Minimum Lease Payments
2019	$ 72,458	$ 6,149	$ 78,607
2020	74,649	3,958	78,607
2021	26,577	1,700	28,277
2022	27,414	863	28,277
Total	$ 201,098	$ 12,670	$ 213,768

(8) **Long-Term Debt:**

Notes and bonds payable at September 30, 2018, are comprised of the following:

$5,350,000 Series 2009 Florida Municipal Loan Council Revenue Bonds, issued to purchase land at a fixed rate of interest of 5.37%. Interest payments are payable semiannually on January 1 and July 1. Principal payments are due annually on July 1 each year until final maturity on July 1, 2029. The bond issue is payable from and secured by certain ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $724,059. During 2018, $567,005 in ad valorem revenues were recognized and $65,881 were paid for debt service.	$ 536,124

(8) **Long-Term Debt:** (Continued)

$1,460,000 Series 2016A Florida Municipal Loan Council Refunding and Improvement Bonds, issued for the purchase of land and capital improvements at interest rates ranging from 2.00% to 5.00%. Interest payments are payable semiannually on April 1 and October 1. Principal payments are due annually on October 1 each year until final maturity on October 1, 2046. The bond issue is payable from and secured by non-ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $2,197,038. During 2018, $5,156,046 in uon-ad valorem revenues were recognized and $75,750 were paid for debt service.	$ 1,430,000
$1,610,000 Series 2016B Florida Municipal Loan Council Refunding and Improvement Bonds, issued for the purchase of land and capital improvements at interest rates ranging from 2.00% to 4.00%. Interest payments are payable semiannually on April 1 and October 1. Principal payments are due annually on October 1 each year until final maturity on October 1, 2028. The bond issue is payable from and secured by certain ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $1,720,600. During 2018, $567,005 in ad valorem revenues were recognized and $157,775 were paid for debt service.	1,495,000
$1,920,000 Series 2016C Florida Municipal Loan Council Refunding and Improvement Bonds, issued for a current refunding of Series 2004A Florida Municipal Loan Council Revenue Bonds, at interest rates ranging from 2.00% to 5.00%. Interest payments are payable semiannually on April 1 and October 1. Principal payments are due annually on October 1 each year until final maturity on October 1, 2034. The bond issue is payable from and secured by non-ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $2,378,775. During 2018, $5,156,046 in non-ad valorem revenues were recognized and $138,375 were paid for debt service.	1,840,000
$1,430,000 Series 2016D Florida Municipal Loan Council Refunding and Improvement Bonds, issued for a current refunding of Series 2010AA Florida Municipal Loan Council Revenue Bonds, at interest rates ranging from 2.00% to 5.00%. Interest payments are payable semiannually on April 1 and October 1. Principal payments are due annually on October 1 each year until final maturity on October 1, 2029. The bond issue is payable from and secured by non-ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $1,589,044. During 2018, $5,156,046 in non-ad valorem revenues were recognized and $136,063 were paid for debt service.	1,335,000
$2,520,323 Department of Environmental Protection note payable, used to connect approximately 620 residential units to the St. Johns County Utility System, at an interest rate of 2.92%. Principal and interest payments of $83,683 are payable semiannually on January 15 and July 15 through July 15, 2032. Repayment of loan balance is secured revenue received from St. Johns County equal to the semiannual debt service payment to the City as each payment becomes due. See Note (14) for further discussion of this activity.	1,856,249
Notes and bonds payable at September 30, 2018	8,492,373
Add: unamortized bond premiums	154,927
Less: current portion of bonds and notes payable	(481,046)
Total long-term debt, governmental activities	$ 8,166,254

(8) **Long-Term Debt:** (Continued)

The City was in compliance with all applicable debt covenants as of and for the year ended September 30, 2018.

Annual debt service requirements to maturity for the City's notes and bonds payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	$ 481,046	$ 262,012	$ 743,058
2020	496,389	244,920	741,309
2021	516,937	227,246	744,183
2022	522,700	210,834	733,534
2023	538,685	192,224	730,909
2024-2028	2,981,704	721,883	3,703,587
2029-2033	1,839,912	302,647	2,142,559
2034-2038	525,000	124,950	649,950
2039-2043	310,000	71,175	381,175
2044-2047	280,000	18,688	298,688
Total	$ 8,492,373	$ 2,376,579	$ 10,868,952

For the fiscal year ended September 30, 2018, a summary of the long-term liability transactions for the City is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes and bonds payable	$ 8,958,902	$ -	$ (466,529)	$ 8,492,373	$ 481,046
Plus: Original issue premium	165,818	-	(10,891)	154,927	-
Total notes and bonds payable	9,124,720	-	(477,420)	8,647,300	481,046
Capital leases	271,429	-	(70,331)	201,098	72,458
Compensated absences	326,237	181,159	(152,445)	354,951	53,242
Governmental activities – Total long-term liabilities	$ 9,722,386	$ 181,159	$ (700,196)	$ 9,203,349	$ 606,746

(9) **Interfund Loans, Advances, Fees and Transfers:**

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2018, are comprised of the following:

	Due From Other Funds	Due to Other Funds
Governmental Activities:		
General Fund	$ 518,961	$ -
Road and Bridge Fund	6,042	508,257
Capital Projects Fund	-	16,746
Total – All Funds	$ 525,003	$ 525,003

(9) **Interfund Loans, Advances, Fees and Transfers:** (Continued)

For the year ended September 30, 2018, interfund transfers consisted of the following:

	Transfer From	Transfer To
Governmental Activities:		
General Fund	$ 899,561	$ -
Road and Bridge Fund	-	535,717
Debt Service Fund	-	363,844
Total – All Funds	$ 899,561	$ 899,561

The transfer from the general fund to the road and bridge fund represents funds for capital project outlay. The transfer from the general fund to the debt service fund represents the requirements for debt service payments.

(10) **Employees' Retirement Plans and Other-Postemployment Benefits:**

A. **Florida Retirement System**

Plan Description and Administration

The City participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the City are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

(10) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

(10) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees, other than those in DROP from ERS who are not required to contribute, is 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2018	After June 30, 2018
Regular Class	7.92%	8.26%
Elected Officer Class	45.50%	48.70%
Senior Management Service Class (SMSC)	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP	13.26%	14.03%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for City employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

City Contributions – FRS	$ 382,002
City Contributions – HIS	46,772
Employee Contributions – FRS	84,527

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2018, the City reported a net pension liability related to FRS and HIS as follows:

FRS	$ 4,037,340
HIS	912,846
Total	$ 4,950,186

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2018 and 2017, the City's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2018	2017
FRS	0.013403952%	0.013616542%
HIS	0.008624683%	0.008575529%

(10) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	$	778,745
HIS		90,968
Total	$	869,713

Deferred outflows/inflows related to pensions:

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 342,023	$ (12,414)	$ 13,975	$ (1,551)
Changes of assumptions	1,319,206	-	101,520	(96,514)
Net difference between projected and actual investment earnings	-	(311,934)	551	-
Change in City's proportionate share	251,953	(31,984)	95,226	-
Contributions subsequent to measurement date	115,576	-	12,921	-
	$ 2,028,758	$ (356,332)	$ 224,193	$ (98,065)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2019	$	618,238
2020		433,764
2021		98,891
2022		247,014
2023		144,989
Thereafter		127,161
Total	$	1,670,057

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

(10) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans are assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments are 7.00%. This rate decreased from the prior year rate, which was 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	100.0%	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the City calculated using the current discount rates, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	7.00%	$ 7,368,314	$ 4,037,340	$ 1,270,768
HIS	3.87%	1,039,678	912,846	807,124

(10) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

B. **Other Post-Employment Benefits (OPEB):**

Plan Description

As described further at Note (16), effective October 1, 2017, the City implemented GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*, for certain post-employment healthcare benefits provided by the City. The City elected to implement the requirements of this statement prospectively. No assets are held in trust for payment of the OPEB liability as the City had no OPEB liability other than as arising from the implicit rate subsidy, as discussed in the following paragraph.

Retirees and their dependents are permitted to remain covered under the City's respective health care plans as long as they pay a full premium applicable to the coverage elected. Eligible participants include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The Other Post-Employment Benefit Plan does not issue a stand-alone report.

Benefits Provided

The Other Post-Employment Benefits Plan is a single-employer benefit healthcare plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee. GASB No. 75 calls this the "implicit rate subsidy."

Plan Membership

At October 1, 2016, the date of the latest actuarial valuation, plan participation consisted of 63 covered individuals, including two inactive employees and beneficiaries and 61 active employees. Plan participation does not include any inactive employees entitled to but not yet receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the October 1, 2016, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Discount rate	3.35%
Salary increases	3.00%
Healthcare cost trend rate	7.50% in 2018, downgraded 0.50% per year to 5.00% in 2023
Age-related morbidity	3.50% for each year of age
Retirees' share of benefit-related costs	100.00%

(10) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

The City does not a have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2017.

Mortality rates were based on the RP-2000 Combined Mortality Table for males and females (general employees) or RP-2000 Blue Collar Mortality Table for males and females (police officers) with full generational improvements in mortality using Scale BB.

Total OPEB Liability

The City's total OPEB liability of $660,692 was measured as of September 30, 2017, and was determined by an actuarial valuation as of October 1, 2016, utilizing the Alternative Measurement Method for small plans.

Changes in the OPEB liability for the fiscal year ended September 30, 2018, were as follows:

	Total OPEB Liability
Balance at September 30, 2017	$ 561,603
Changes for a year:	
Service cost	78,300
Interest	21,426
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments – implicit rate subsidy	(637)
Other changes	-
Net changes	99,089
Balance at September 30, 2018	$ 660,692

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 3.35%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.35%) or 1% higher (4.35%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 725,592	$ 660,692	$ 599,388

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50%, decreasing to 4.00%) or 1% higher (8.50%, decreasing to 6.00%) than the current healthcare cost trend rates (7.50%, decreasing to 5.00%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 569,375	$ 660,692	$ 771,712

(11) Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

(12) Commitments and Contingencies:

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2018. The outcomes of established claims are included in these financial statements. In the opinion of the City's legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(13) Fund Deficit:

As of September 30, 2018, the Road and Bridge Fund had a deficit fund balance of $404,775, and the Capital Projects Fund, presented as "Other Governmental Funds," had a deficit fund balance of $16,746.

(14) Interlocal Agreement:

Through the Department of Environmental Protection's State Revolving Loan Program, the City obtained funding in September 2009 to connect approximately 620 residential units in seven neighborhoods to the St. Johns County Utility System.

The City contracted with St. Johns County to extend their current utility system into these neighborhoods. The new lines are in place and will be both operated and maintained by St. Johns County. The City is the owner of the new utility lines until such time as the debt instrument that has been used to finance the project has been retired, upon which the ownership shall vest solely with St. Johns County. St. Johns County will share the revenues generated from the new ntility connections with the City in an amount equal to the debt service on the City's loans not forgiven, as it becomes due and payable.

(15) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.

(15) **Recent Accounting Pronouncements:** (Continued)

GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in April 2018. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The provisions in GASB 88 are effective for periods beginning after June 15, 2018.

(16) **Restatement of Net Position:**

Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions;* was issued June 2015 and was implemented for the City, beginning with its year ending September 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement replaces the requirements of GASB Statement No. 45, *Accounting for Postemployment Benefits Other Than Pensions,* as well as the requirements of GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan, for OPEB*, as they relate to OPEB liabilities being recorded in the statements of net position.

The City's implementation of this Statement has required the restatement of certain liabilities in the Statement of Net Position. GASB No. 75 established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. Recognition of these liabilities requires a restatement to the prior year's net position.

The impact of the restatement on the governmental activities beginning net position at September 30, 2017, are as follows:

Governmental Activities:

Net position – September 30, 2017, as originally reported	$ 19,375,363
Recording of beginning OPEB liability	(78,765)
Net position – September 30, 2017, as restated	$ 19,296,598

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 3,578,296	$ 3,578,296	$ 3,598,152	$ 19,856
Licenses and permits	720,750	728,750	745,716	16,966
Intergovernmental	779,651	1,039,939	2,348,450	1,308,511
Charges for services	439,454	439,454	415,014	(24,440)
Fines and forfeitures	39,800	39,800	42,994	3,194
Interest revenues	21,800	21,800	23,069	1,269
Miscellaneous	67,300	67,300	68,343	1,043
Total revenues	5,647,051	5,915,339	7,241,738	1,326,399
Expenditures				
Current:				
General Government:				
Legislative	85,852	109,263	87,669	21,594
Executive	170,122	171,213	168,559	2,654
Finance	673,028	709,892	686,248	23,644
Comp planning	157,803	184,982	173,460	11,522
Other general government	645,028	651,447	488,276	163,171
Public Safety:				
Police	2,342,030	2,374,543	2,317,294	57,249
Protective Inspection	258,743	323,792	317,947	5,845
Physical Environment	846,426	909,974	777,854	132,120
Human Services	55	55	53	2
Culture and Recreation	263,700	166,200	96,121	70,079
Debt Service:				
Principal	69,006	70,331	70,331	-
Interest and fiscal charges	8,277	8,277	7,975	302
Total expenditures	5,520,070	5,679,969	5,191,787	488,182
Excess (deficiency) of revenues over expenditures	126,981	235,370	2,049,951	1,814,581
Other financing sources (uses)				
Transfers out	(717,492)	(899,561)	(899,561)	-
Proceeds from sale of capital assets	11,500	11,500	8,099	(3,401)
Total other financing sources (uses)	(705,992)	(888,061)	(891,462)	(3,401)
Net change in fund balances	(579,011)	(652,691)	1,158,489	1,811,180
Fund balances, beginning of year	2,131,701	2,131,701	2,131,701	-
Fund balances, end of year	$ 1,552,690	$ 1,479,010	$ 3,290,190	$ 1,811,180

The accompanying notes to the required supplemental information are an integral part of this schedule.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 236,916	$ 236,916	$ 266,213	$ 29,297
Licenses and permits	150,000	150,000	100,777	(49,223)
Intergovernmental	243,121	243,121	244,378	1,257
Charges for services	48,828	48,828	22,493	(26,335)
Interest revenues	1,508	1,508	522	(986)
Total revenues	680,373	680,373	634,383	(45,990)
Expenditures				
Current:				
Transportation	912,154	981,723	884,545	97,178
Capital outlay	454,500	567,000	398,962	168,038
Debt Service:				
Principal	110,733	110,733	110,733	-
Interest and fiscal charges	56,634	56,634	56,633	1
Total expenditures	1,534,021	1,716,090	1,450,873	265,217
Excess (deficiency) of revenues over expenditures	(853,648)	(1,035,717)	(816,490)	219,227
Other financing sources (uses)				
Transfers in	353,648	535,717	535,717	-
Total other financing sources (uses)	353,648	535,717	535,717	-
Net change in fund balances	(500,000)	(500,000)	(280,773)	219,227
Fund balances (deficits), beginning of year	(124,002)	(124,002)	(124,002)	-
Fund balances (deficits), end of year	$ (624,002)	$ (624,002)	$ (404,775)	$ 219,227

The accompanying notes to the required supplemental information are an integral part of this schedule.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,				
	2018	2017	2016	2015	2014
Florida Retirement System (FRS)					
Proportion of the net pension liability	0.013403952%	0.013616542%	0.012974748%	0.011402375%	0.010951725%
Proportionate share of the net pension liability	$ 4,037,340	$ 4,029,064	$ 3,276,134	$ 1,472,770	$ 668,216
Covered payroll	2,817,583	2,733,987	2,494,066	1,694,975	1,475,719
Proportionate share of the net pension liability as a percentage of covered payroll	143.29%	147.37%	131.36%	86.89%	45.28%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)					
Proportion of the net pension liability	0.008624684%	0.008575529%	0.008077334%	0.007360546%	0.007151006%
Proportionate share of the net pension liability	$ 912,846	$ 916,935	$ 941,380	$ 750,660	$ 668,637
Covered payroll	2,817,583	2,733,987	2,494,066	1,694,975	1,475,719
Proportionate share of the net pension liability as a percentage of covered payroll	32.40%	33.54%	37.74%	44.29%	45.31%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

See accompanying notes to required supplementary information.

The accompanying notes to the required supplemental information are an integral part of this schedule.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,				
	2018	2017	2016	2015	2014
Florida Retirement System (FRS)					
Contractually required contribution	$ 382,002	$ 354,472	$ 316,410	$ 278,000	$ 239,889
Contributions in relation to the contractually required contribution	382,002	354,472	316,410	278,000	239,889
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,817,583	$ 2,733,987	$ 2,494,066	$ 1,694,975	$ 1,475,719
Contributions as a percentage of covered payroll	13.56%	12.97%	12.69%	16.40%	16.26%
Health Insurance Subsidy Program (HIS)					
Contractually required contribution	$ 46,772	$ 45,384	$ 41,401	$ 28,137	$ 24,497
Contributions in relation to the contractnally required contribution	46,772	45,384	41,401	28,137	24,497
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,817,583	$ 2,733,987	$ 2,494,066	$ 1,694,975	$ 1,475,719
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%

* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

See accompanying notes to required supplementary information.

The accompanying notes to the required supplemental information are an integral part of this schedule.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

	2018
Total OPEB Liability	
Service cost	$ 78,300
Interest	21,426
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments – implicit rate subsidy	(637)
Other changes	-
Net change in total OPEB liability	99,089
Total OPEB liability – beginning	561,603
Total OPEB liability – ending	$ 660,692
Covered payroll	$ 2,823,671
Total OPEB liability as a percentage of covered payroll	23.40%
Measurement date	09/30/2017
Actuarial valuation date	10/01/2016
Discount rate	3.35%

* GASB 75 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

See accompanying notes to required supplementary information.

The accompanying notes to the required supplemental information are an integral part of this schedule.

(1) Budgetary Information:

Annual budgets for all governmental funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

i. Prior to September 1st, the City Manager submits a preliminary budget to the City Commission for the ensuing fiscal year.

ii. Budget workshop sessions are scheduled by the City Commission, as needed.

iii. A general summary of the budget and notice of public hearing is published in a local newspaper.

iv. Prior to October 1st, the budget is legally enacted through passage of an ordinance.

v. The City Commission, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.

vi. The City Manager may make transfers within a department as long as the total budget for the department is not increased, and the legal level of control is $1,500. Transfers of appropriations between departments require the approval of the Commission. The City's Ordinance establishes the level at which expenditures may not exceed appropriations at the department level.

vii. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were either adopted or amended during the year by the City Commission were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. Each of the City's governmental funds have legally adopted budgets.

(2) Changes of Assumptions:

(a) **Florida Retirement System (FRS) Defined Benefit Pension Plan**—On the Schedule of Proportionate Share of the Net Pension Liability, the only significant actuarial assumption changes affecting the trend of the amount reported for total pension liability for the FRS Pension Plan were changes in the long-term expected rate of return and discount rate. These rates were decreased from 7.65% to 7.60% between September 30, 2015, and September 30, 2016. The rates were further decreased from 7.60% to 7.10% for the year ended September 30, 2017, and then 7.00% for the year ended September 30, 2018. These decreases in rates were made to better align the rates with expected future investment returns.

(2) **Changes of Assumptions:** (Continued)

(b) **Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan**—On the Schedule of Proportionate Share of the Net Pension Liability, the only significant actuarial assumption changes affecting the trend of the amount reported for total pension liability for the HIS Pension Plan were changes in the municipal bond rate and discount rate. These rates were decreased from 3.80% to 2.85% between September 30, 2015, and September 30, 2016. The rates were then increased from 2.85% to 3.58% for the year ended September 30, 2017, and then further increased to 3.87% for the year ended September 30, 2018. These decreases in rates were made to better align the rates with expected future investment returns. For information on the actuarial methods and assumptions used in the July 1, 2018, funding valuation, refer to the valuation report dated December 1, 2018, located on the Publications page of the Division of Retirement's website at www.frs.myflorida.com.

(c) **Other Post-Employment Benefits (OPEB) Plan**—Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employments, mortality, and the healthcare cost trend. The OPEB Plan is funded on a pay-as-you-go basis; there are no assets accumulated in a trust to pay related benefits. No liability for retiree dental and vision benefits are reflected in the valuation.

(3) **Contribution Rates:**

(a) **Florida Retirement System (FRS) Defined Benefit Pension Plan**—For information on the actuarial methods and assumptions used in the July 1, 2018, funding valuation, refer to the valuation report dated December 1, 2018, located on the Publications page of the Division of Retirement's website at www.frs.myflorida.com.

(b) **Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan**—The HIS essentially uses "pay-as-you-go" funding structure. As of June 30, 2018, accumulated HIS assets constituted approximately five months of projected benefit payments. The ability of the current statutory contribution rate to pay full HIS benefits is very sensitive to near-term demographic experience, particularly the volume and timing of retirements and the amount of payroll on which the statutory rate is charged.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor, City Commission, and City Manager,
City of St. Augustine Beach, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of St. Augustine Beach, Florida, (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Daytona Beach, Florida
April 29, 2019

INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL

To the Honorable Mayor, City Commission, and City Manager,
City of St. Augustine Beach, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of St. Augustine Beach, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 29, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 29, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings or recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government of the reporting entity is disclosed in Note (1)(a) of the basic financial statements.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the following recommendation:

2018-001 – Fund Deficits

During our analysis of fund balance classifications and amounts, we noted that the Road and Bridge Fund and Capital Projects Fund have fund deficit balances. Based on recent year trends of related revenues and expenses, the General Fund will likely need to subsidize the Road and Bridge Fund, similar to what has been done in prior years. The fund deficit in the Capital Projects Fund is due to an interfund payable to the General Fund. We recommend the appropriate transfers be approved in a timely manner to ensure positive fund balances are shown in subsequent years or consider closing any inactive funds, as necessary.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

City of St. Augustine Beach, Florida's Response to Findings

The City's responses to the finding identified in our audit are described starting on page 52. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies, the City Commission, management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Daytona Beach, Florida
April 29, 2019

James Moore
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of St. Augustine Beach, Florida

We have examined the City of St. Augustine Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies,* for the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies,* for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City of St. Augustine Beach, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

James Moore & Co., P.L

Daytona Beach, Florida
April 29, 2019

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Mayor, City Commission, and City Manager,
City of St. Augustine Beach, Florida

Report on Compliance for Each Major State Project

We have audited the City of St. Augustine Beach, Florida's (the City) compliance with the types of compliance requirements described in the *Department of Financial Services'* State Projects Compliance Supplement that could have a direct and material effect on each of the City's major State projects for the year ended September 30, 2018. The City's major State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and terms and conditions of its State projects applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State projects. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2018.

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Report on Compliance for Each Major State Project

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or as a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was no designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Daytona Beach, Florida
April 29, 2019

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

State Agency / Pass-Through Entity / State Program	CSFA Number	Contract / Grant Identifying Number	Expenditures
STATE FINANCIAL ASSISTANCE			
State of Florida Department of Environmental Protection			
Direct:			
Florida Communities Trust	37.078	16-014-UA17	$ 1,500,000
Total State of Florida Department of Environmental Protection			$ 1,500,000
TOTAL STATE FINANCIAL ASSISTANCE			$ 1,500,000

The accompanying notes to the schedule of expenditures of state financial assistance are an integral part of this statement.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2018

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of City of St. Augustine Beach, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes, and Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in fund balance of the City.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or the cost principles contained in Section 215, Florida Statutes wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018

I. **Summary of Auditors' Results:**

Financial Statements:

Type of audit report issued on the financial statements:	*Unmodified*	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	_X_ no
Significant deficiency(ies) identified?	___ yes	_X_ none reported
Noncompliance material to financial statements noted?	___ yes	_X_ no

State Projects:

Internal control over major State projects:		
Material weakness(es) identified?	___ yes	_X_ no
Significant deficiency(ies) identified?	___ yes	_X_ none reported
Type of auditor's report issued on compliance for major State projects:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General?	___ yes	_X_ none reported
Dollar threshold used to distinguish between type A and type B programs:	$ 300,000	

Identification of major State projects:

CSFA Number	Project Name
37.078	Florida Communities Trust

II. **Financial Statement Findings:** None.

III. **State Financial Assistance Projects Findings and Questioned Costs:** None.

IV. **Prior Audit Findings:** Not applicable as no prior year findings have been reported.

V. **Corrective Action Plan:** Not applicable as no current year findings have been reported.

City of St. Augustine Beach

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April 29, 2019

Management's Response to the Auditor's Comments

2018-001 – Fund Deficits

The City incurred expenses in the Road and Bridge find directly related to Hurricane Irma, the City expects to be reimbursed from FEMA, in the interim the City's General Fund will further subsidize the Road and Bridge Fund. The City will close out the Capital Projects Fund in Fiscal Year 2019, as all projects related to the requirement of the fund have been completed.

Max Royle
City Manager

Agenda Item #2

Meeting Date 6-17-19

MEMORANDUM

TO: Mayor George
Vice Mayor England
Commissioner Kostka
Commissioner Samora
Commissioner Rumrell

FROM: Max Royle, City Manager

DATE: June 3, 2019

SUBJECT: Review of Applications for City Attorney

BACKGROUND

At your April 1, 2019, meeting, City Attorney Jim Wilson informed you of his intention to resign. You agreed at that meeting to have a Request for Proposals for legal services prepared by City staff.

At your April 29th special meeting, you reviewed the Request for Proposals, made some changes to the draft, and approved it being advertised. Attached as pages 1-4 is a copy of the RFP.

The notice that the City was seeking legal services was posted on the City's website and Demand Star. It was also sent to the following:

- Florida League of Cities
- Florida Bar Journal
- Florida Bar News
- Florida Bar, Solo & Small Firm Section
- Jacksonville Bar Association
- Florida Municipal Attorneys Association
- St. Johns Association for Women Lawyers
- Jacksonville Women Lawyers Association
- Volusia Flagler Association for Women Lawyers

In addition, a copy of the RFP was sent to Ms. Susan Erdelyi, Jacksonville Beach City Attorney, at her request, and to Mr. James Whitehouse, St. Johns Law Group, at his request. Each had said they knew of an attorney who might be interested in applying.

The deadline for applications was 4:00 p.m., Friday, May 31, 2019.

THE APPLICATIONS

Only two applications were received. They are, in alphabetical order:

1. Attorney Ralf Brookes of Cape Coral, which is located in Southwest Florida south of Fort Myers.
2. Attorney Stephanie Marchman of the firm of Gray Robinson in Gainesville

The application of each is attached under its own tab for your review.

FEES

Mr. Brookes proposes a retainer of $6,000 with extra legal work to be billed at $185 an hour. There will be no charge for travel cost, though there is a question as to whether travel costs include only mileage but not hotel and meal costs, which the City would have to pay when he stayed overnight after Commission and Planning Board meetings.

Ms. Marchman's costs will be on an hourly basis and are broken down on Page 32 of her proposal:

- $295 for shareholders/of counsel with 7+ years of experience
- $225 for shareholders with less than 7 years of experience
- $175 for associates
- $125 for paralegals

It is unclear from the proposal whether the City or Ms. Marchman will decide when a more experienced and thus more costly shareholder is to do the legal work for the City. She has stated she will not charge the City for travel or miscellaneous expenses to attend City Commission and other meetings that are required by the City.

The City currently is paying Mr. Wilson a retainer of $3,000 and an hourly fee of $175 for extralegal work, such as litigation.

ACTION REQUESTED

We had originally intended to schedule the interviews of the candidates at your June 17th special meeting, but as only two applications were received, we suggest that at your meeting you discuss the proposals with Mr. Wilson and that you decide whether to interview the two candidates, or to seek more proposals and then to interview Mr. Brookes and Ms. Marchman along with any other applicants who respond.

Or, if you want to interview just Mr. Brookes and Ms. Marchman, you could do this at your July 1st regular meeting.

CITY OF ST. AUGUSTINE BEACH
REQUEST FOR PROPOSALS FOR LEGAL SERVICES

INTRODUCTION

The City of St. Augustine Beach is seeking an attorney licensed to practice law in Florida to be the City Attorney. Continuous membership in the Florida Bar is a precondition to consideration and a continuing condition of being City Attorney.

Questions about the City Attorney's position, its workload, the amount and type of litigation the City now has, etc., may be directed to the current City Attorney, Mr. James Wilson, at 904-810-1025 or by e-mail to James@coquinalawgroup.com or to the Assistant City Attorney, Jeremiah Mulligan, at 904-810-1025 or Jeremiah@coquinalawgroup.com.

Interested attorneys are asked to provide responses as indicated below to the City Manager at 2200 A1A South, St. Augustine Beach, FL 32080 by Friday, May 31, 2019 at 4:00 p.m.

The City Commissioners will individually review and rank the responses received and will at a special meeting inform each other of their respective rankings and determine which firm or firms will be interviewed at a special meeting for the position of City Attorney.

The firm selected will be expected to assume the duties of City Attorney within thirty (30) days after an employment agreement has been approved by the City Commission.

SCOPE OF WORK

The scope of work is divided into two parts: regular and extra-legal. Under regular is the following:

1. Attend all regular and special or workshop meetings of the City Commission.

   The City Commission has one regular meeting on the first Monday of every month. This meeting begins at 6:00 p.m. The Commission sometimes has special meetings or workshop meetings on other days of the month. These meetings may be held at 5:00 or 6:00 p.m.

2. Attend all meetings of the Comprehensive Planning and Zoning Board.

   The Board normally has one meeting a month: the third Tuesday at 6:00 p.m.

3. Attend meetings of the Code Enforcement Board as the attorney for the Code Enforcement Officer.

   The Officer brings cases to the City's Code Enforcement Board once a month, as needed, usually on the fourth Wednesday at 2:00 p.m. The City Attorney provides legal advice to the Officer. The Code Enforcement Board has its own attorney, if one is needed. Sometimes the Board has an emergency or special meeting.

4. Attend other meetings when requested or when deemed appropriate by the City Commission.

5. Perform all legal work for the City as required by the City Charter, excluding litigation.

6. Handle the negotiation and preparation of agreements, contracts, or similar documents.

7. Review and comment on contract form between the City and independent contractors.

8. Perform legislative work associated with City Commission, Planning Board, and Code Enforcement Board meetings, including preparation of ordinances and resolutions, variances, conditional use

permits, final development plans, etc., together with research work associated with the preparation of those documents.

9. Respond by telephone, email, or regular mail to requests for advice from the Mayor, Commissioners, Police Department, City Manager's office, and Building and Zoning Department regarding administrative, legislative, executive, and legal issues.

10. When requested by the City Commission or by the Police Chief or by the City Manager, perform investigations that would require interviewing witnesses, taking testimony, review of reports, and legal research.

Work performed under extra-legal consists of the following:

A. Attend City, County, State, and Federal meetings and conferences on litigation work concerning the City when approved by the City Commission.

B. Prosecute violations of local ordinances or of the zoning code in any Court, if the State Attorney is not handling the prosecution.

C. Provide labor negotiations and assist with labor relations matters that go beyond routine telephone conferences or counseling. Ability to perform labor negotiations legal work is optional as the Police Department has traditionally used separate counsel for this work.

D. Provide legal services for such matters which do not involve items covered by paragraphs 1-10 above, but which necessitate legal advice or use of the City Attorney's office, as determined by the City Commission. These matters which might be difficult to qualify, but may include attendance at meetings between City officials and officials or representatives of other business entities or governmental entities, or attendance at mediation.

E. Provide legal counsel and defense to challenges to the City's ordinances and regulations; and defend the City in lawsuits which are not defended by legal services provided by the City's insurer, the Florida League of Cities.

F. Conduct real estate or public finance closings and related legal work as bond counsel, etc.

METHOD OF PAYMENT

The City prefers that the method of payment consist of a monthly retainer for all legal work performed under paragraphs 1-10 above, and an hourly fee to be paid for extra-legal work performed under paragraphs A-E above.

The current City Attorney has charges $3,000 per month for retainer work and $175 per hour for non-retainer work.

1. How much will you charge per month for the retainer?

2. How much will you charge per hour for extra-legal work?

3. If you must perform legal work for the City outside of St. Johns County, how much will be charged per day for this work?

4. Does this amount include expenses?

5. If you will charge the City for legal services under another arrangement, please describe that arrangement in detail and specifically what the charges will be.

REQUIRED INFORMATION

The City currently compensates the City Attorney on a monthly basis for all routine matters including preparation of documents, attendance at meetings, consultation with City officials, and advice. Litigation is handled on an hourly rate. Any responses to the Request for Proposals are a public record and subject to public inspection. The City is an Equal Employment Opportunity Employer.

1. Please furnish a brief resume for the person to be primarily responsible for representation of the City.
2. In the event of unavailability, the name and address of the individual(s) who will fill in for you as Assistant City Attorney, together with a brief statement of his or her experience in representation of governmental agencies.
3. With regard to the individual to be primarily responsible for representation of the City, please indicate:
   A. Whether he or she is rated by Martindale-Hubble, and if so, the rating and how long he or she has been so rated.
   B. Please indicate whether such individual currently represents any local governmental agencies, and if so, the names of any contact persons with such agencies.
   C. Please briefly indicate such individual's experience in the following areas:
      1) Representation of Local Government agencies or boards.
      2) Experience in Zoning Matters including representation of Zoning Boards and Building Departments and handling of zoning appeals in either Circuit or District Courts of Appeal. With regard to appellate matters, please furnish the citation for any reported decisions.
      3) Experience with regard to matters pertaining to "Open Government" including "Government in the Sunshine", "Public Records, "Quasi-Judicial" hearings, and potential conflicts of interest by members of a governmental board.
      4) Whether such individual has been personally a party to a lawsuit within the past five years as a plaintiff or defendant, and if so, please furnish the style of the action, the court, and docket number.
   D. Is there any area of the work wherein you will rely upon another attorney to provide legal advice to the City, such as an area of practice or specialty? If so, please describe.
   E. If you have litigated an action for or against a local government agency, please provide a writing sample of such work, if available.

MISCELLANEOUS INFORMATION

1. Does your firm have a fax machine and e-mail address?
2. Have you ever represented a client who has been involved in litigation with the City of St. Augustine Beach? If yes, please describe the circumstances.
3. Do you currently provide legal services for any other public agencies in St. Johns County, or in other north Florida counties? If so, please list them.

4. Have you, any attorney in your firm, or any attorney who would serve as Assistant City Attorney, ever been disciplined by the Florida Bar? If so, please provide the date of such action, a brief description, and summary of the discipline.
5. Please provide any other information which you think will help the City Commission to evaluate your qualifications.

RALF BROOKES ATTORNEY

RESPONSE
TO
CITY OF ST. AUGUSTINE BEACH
REQUEST FOR PROPOSALS FOR LEGAL SERVICES

RFP 19-03

SCOPE OF WORK

The scope of work is divided into two parts: **regular** and **extra-legal.**

Under **regular** is the following:

1. Attend all regular and special or workshop meetings of the City Commission.

   The **City Commission** has one regular meeting on **the first Monday of every month.** This meeting begins at 6:00 p.m. The Commission sometimes has special meetings or workshop meetings on other days of the month. These meetings may be held at 5:00 or 6:00 p.m.

   (*Special Meetings/Workshops dates and times should be cleared with City Attorney prior to scheduling).

2. Attend all meetings of the **Comprehensive Planning and Zoning**

   Board. The Board normally has one meeting a month: the **third**

   Tuesday at 6:00 p.m.

3. Attend meetings of the Code Enforcement Board as the attorney for the Code Enforcement Officer.

   The Officer brings cases to the **City's Code Enforcement Board** once a month, as needed, usually on the **fourth Wednesday at 2:00 p.m**. The City Attorney provides legal advice to the Officer. The Code Enforcement Board has its own attorney, if one is needed. Sometimes the Board has an emergency or special meeting.

4. Attend other meetings when requested or when deemed appropriate by the City Commission.

5. Perform all legal work for the City as required by the City Charter, excluding litigation.

6. Handle the negotiation and preparation of agreements, contracts, or similar documents.

7. Review and comment on contract form between the City and independent contractors.

8. Perform legislative work associated with City Commission, Planning Board, and Code Enforcement Board meetings, including preparation of ordinances and resolutions, variances, conditional use permits, final development plans, etc., together with research work associated with the preparation of those documents.

9. Respond by telephone, email, or regular mail to requests for advice from the Mayor, Commissioners, Police Department, City Manager's office, and Building and Zoning Department regarding administrative, legislative, executive, and legal issues.

10. When requested by the City Commission or by the Police Chief or by the City Manager, perform investigations that would require interviewing witnesses, taking testimony, review of reports, and legal research.

Work performed under **extra-legal** consists of the following:

A. Attend City, County, State, and Federal meetings and conferences on litigation work concerning the City when approved by the City Commission. **NO CHARGE**

B. Prosecute violations of local ordinances or of the zoning code in any Court, if the State Attorney is not handling the prosecution.

C. Provide labor negotiations and assist with labor relations matters that go beyond routine telephone conferences or counseling. Ability to perform labor negotiations legal work is optional as the Police Department has traditionally used separate counsel for this work.

D. Provide legal services for such matters which do not involve items covered by paragraphs 110 above, but which necessitate legal advice or use of the City Attorney's office, as determined by the City Commission. These matters which might be difficult to quantify, but may include attendance at meetings between City officials and officials or representatives of other business entities or governmental entities, or attendance at mediation.

E. Provide legal counsel and defense to challenges to the City's ordinances and regulations; and defend the City in lawsuits which are not defended by legal services provided by the City's insurer, the Florida League of Cities.

F. Conduct real estate or public finance closings and related legal work as bond counsel, etc. **Closings billed at traditional / bond counsel percentage rate fees.**

METHOD OF PAYMENT

The City prefers that the method of payment consist of a monthly retainer for all legal work performed under paragraphs 1-10 above, and an hourly fee to be paid for extra-legal work performed under paragraphs A-E above.

1. How much will you charge per month for the retainer? **$ 6000.00**
2. How much will you charge per hour for extra-legal work? **$ 185.00**
3. If you must perform legal work for the City outside of St. Johns County, how much will be charged per day for this work? **$ 185.00**
4. Does this amount include expenses? **No charge for travel costs. Expenses for filing fees, court costs, court reporters to be paid by City.**
5. If you will charge the City for legal services under another arrangement, please describe that arrangement in detail and specifically what the charges will be. **Alternatives Negotiable.**

REQUIRED REQUESTED INFORMATION

The City currently compensates the City Attorney on a monthly basis for all routine matters including preparation of documents, attendance at meetings, consultation with City officials, and advice. Litigation is handled on an hourly rate. Any responses to the Request for Proposals are a public record and subject to public inspection. The City is an Equal Employment Opportunity Employer.

1. Please furnish a brief resume for the person to be primarily responsible for representation of the City. **ATTACHED.**

2. In the event of unavailability, the name and address of the individual(s) who will fill in for you as Assistant City Attorney, together with a brief statement of his or her experience in representation of governmental agencies. **TO BE ARRANGED.**

3. With regard to the individual to be primarily responsible for representation of the City, please indicate:

   A. Whether he or she is rated by Martindale-Hubble, and if so, the rating and how long he or she has been so rated. **HAVE NOT PURSUED MARTINDALE HUBBEL LISTING; BOARD CERTIFIED IN CITY COUNTY LOCAL GOVERNMENT LAW since 2004 by the FLORIDA BAR;**

   B. Please indicate whether such individual currently represents any local governmental agencies, and if so, the names of any contact persons with such agencies.

   C. Please briefly indicate such individual's experience in the following areas:

      1) Representation of Local Government agencies or boards. **SEE ATTACHED**

      2) Experience in Zoning Matters including representation of Zoning Boards and Building Departments and handling of zoning appeals in either Circuit or District Courts of Appeal. With regard to appellate matters, please furnish the citation for any reported decisions. **SEE ATTACHED**

      3) Experience with regard to matters pertaining to "Open Government" including "Government in the Sunshine", "Public Records, "Quasi-Judicial" hearings, and potential conflicts of interest by members of a governmental board. **EXTENSIVE QUASI-JUDICIAL EXPERIENCE; EXTENSIVE SUNSHINE LAW, PUBLIC RECORDS LITIGATION, SEE ATTACHED**

      4) Whether such individual has been personally a party to a lawsuit within the past five years as a plaintiff or defendant, and if so, please furnish the style of the action, the court, and docket number. **NONE**

   D. Is there any area of the work wherein you will rely upon another attorney to provide legal advice to the City, such as an area of practice or specialty? If so, please describe.

      ALLEGED POLICE MISCONDUCT CASES; FORECLOSURES OF LIENS

   E. If you have litigated an action for or against a local government agency, please provide a writing sample of such work, if available. **SEE ATTACHED**

MISCELLANEOUS REQUESTED INFORMATION

1. Does your firm have a fax machine and e-mail address? **TOLL FREE E-FAX (866) 34-6086;** RALF@RALFBROOKESATTORNEY.COM

2. Have you ever represented a client who has been involved in litigation with the City of St. Augustine Beach? **NO, NOT TO MY RECOLLECTION** If yes, please describe the circumstances.

3. Do you currently provide legal services for any other public agencies in St. Johns County, or in other north Florida counties? If so, please list them. **NO**

4. Have you, any attorney in your firm, or any attorney who would serve as Assistant City Attorney, ever been disciplined by the Florida Bar? If so, please provide the date of such action, a brief description, and summary of the discipline. **NO**

5. Please provide any other information which you think will help the City Commission to evaluate your qualifications. **SEE ATTACHED.**

RALF BROOKES

Board Certified* in *City County and Local Government Law by The Florida Bar

Ralf G. Brookes, Attorney. 1998-present. Local government law practice - Representing local governments, public and private sector clients, public interest groups and not-for-profit organizations. Prepare and present to local government councils, commissions and boards, review and file applications, litigate approvals and denials, prepare and defend ordinances, land development regulations, comprehensive plan amendments, settlements, development agreements, administrative proceedings on local, state and federal agency permits, approvals, challenges and appeals in state and federal courts, state agencies, counties and municipalities.

MUNICIPAL/CITY ATTORNEY EXPERIENCE:

- **City of Madeira Beach, Florida** (Pinellas County, population 4406) 2017-present
- **Town of Yankeetown, Florida,** (Levy County, population 760) Town Attorney 2006 – present
- **City of St Pete Beach, Florida** (Pinellas County, population 10,086) (City Attorney 2007-2008):
- **City of Bradenton Beach Florida,** (Manatee County, population 1,536) 2004 – 2009

As City/Town Attorney: Meet with and advise City Manager and Departments; Municipal Law; Contracts, RFQs/RFPs; Disputes, Litigation, Comprehensive Plan Amendments, Land Development Code Amendments and review of development application, variances, planned developments, development agreements; legislation, ordinances, audits, sunshine law, public records law; grants, government and public works projects.

COUNTY ATTORNEY EXPERIENCE:

- **Monroe County (the "Florida Keys") - Land Use Litigation Counsel** (1992-1998) Representing Monroe County Florida in land use litigation in state and federal courts, serve as counsel for Growth Management Division, counsel for Planning Department, Planning Commission and Code Enforcement; prepared and defended **vacation rental ordinance**, noise ordinances, resolutions and land development regulations, development agreements, comprehensive plan amendments, defended Monroe County in state and federal court.

- **Sarasota County Assistant County Attorney** (1990 – 1992) Advise County Attorney, Board of County Commissioners of Sarasota County; Planning Commission, Planning, Natural Resources, Code Enforcement, Solid Waste Departments, interagency and interlocal agreements; Pollution Control

MEDIATOR/ARBITRATOR/ALTERNATIVE DISPUTE RESOLUTION

- **Circuit Civil Court Mediator** - Florida Supreme Court Certified
- **Florida Court Appointed Arbitrator** – Florida Supreme Court Approved Training
- **Special Magistrate/Master, Fla. Stat. 70.51 Land Use & Dispute Resolution Act:** Alternative dispute resolution process for land use applications. (e.g., Village of Islamorada Florida)

BUSINESS MANAGEMENT:

BUSINESS MANAGEMENT CONSULTANT & ANALYST: 1998 –2000

Senior Consultant & Analyst Business Management–Cambridge Management Consulting (Celerant Consulting). Delivered measurable improvements in Operations and Maintenance systems to deliver sustainable measurable results of $2.7 to 3.5 million dollars in annual client savings and increased profits. Identify and implement systems, reporting and management procedures for sustainable continual improvements and economic return on location in Texas, NJ, La, Delaware in Oil, Gas, Technology Sectors

TEACHING:

University of Florida Law School – Conservation Clinic and Env and Land Use Law Program, Practitioner in Residence 2013 under Professors Ankersen, Flournoy and Hamann
Florida Gulf Coast University (FGCU) - Adjunct Professor Env Law 2005 - 2014.
Masters of Public Administration Program: Environmental & Land Use Law PAD 5620.

EDUCATION:

University of Florida –Law School Gainesville, Florida, Juris Doctorate (J.D. 1988)

- Jessup's Cup Moot Court Team;
- UF Law Center for Governmental Responsibility Fellowship

University of Miami - Bachelor Science degree in **Marine Sciences/Geology,** Coral Gables, (B.S. 1985)

PROFESSIONAL:

Admitted to Florida Bar – 1988 (Over 22+ years as member in good standing)
Board Certified: City, County and Local Government Law by The Florida Bar – **2004 to date**

Florida Federal Courts: Admitted Middle District Fla., Southern District Fla., Northern District Florida
Florida State Courts: Admitted all state circuits, all appellate district courts, Florida Supreme Court

The Florida Bar, Sections and Committees:

- **City, County and Local Government Law Section**, to present
- **Environmental and Land Use Law Section (ELULS)**, Executive Council, 1993-2001
- **Administrative Law Section** Executive Council, 1991- 1999

Florida League of Cities, Florida Municipal Attorney's Association Member/Lecturer

The Florida Chamber of Commerce,

- Growth Management Short Course
- Environmental Permitting Short Course

The Florida Bar, Continuing Legal Education (CLE) Programs

- City, County and Local Government Section of the Florida Bar
- Environmental and Land Use Law Section of the Florida Bar
- Administrative Law Section of the Florida Bar
- University of Florida Law program, speaker and guest lecturer

Continuing Legal Education, CLE-International Programs,

- Dealing With Government
- Litigating Land Use and Takings Claims
- Defending Local Government Land Use Denials
- Regulatory Takings under the U.S. and Florida Constitution
- Wetlands Regulations

Florida Municipal Attorney's Association Speaker Noise Ordinances
Southwest Florida Chamber of Commerce "Issues 08" Southwest Florida Legislative Delegation
A Sustainable Southwest Florida: Creating a Vision. Participant City Attorney

Board Certified* in *City County and Local Government Law by The Florida Bar

STATE OF FLORIDA
DIVISION OF ADMINISTRATIVE HEARINGS

EDWARD RUBEN ANDERSON

Petitioner,

v. DOAH Case No. 15-1651 GM

CITY OF ST. AUGUSTINE,

Respondent,

and

ST. AUGUSTINE LIGHTHOUSE
& MUSEUM, INC.,

Intervenor.

_____/

CITY OF ST. AUGUSTINE &
ST. AUGUSTINE LIGHTHOUSE AND MUSEUM, INC's
PROPOSED RECOMMENDED ORDER

Pursuant to notice, this matter was heard on May 27, 2015, in St. Augustine, Florida, by Bram D. E. Canter, the duly-assigned Administrative Law Judge of the Division of Administrative Hearings.

APPEARANCES

For Petitioner:

Edward Ruben Anderson
60 Magnolia Drive
St. Augustine, Florida 32080
Pro Se

For Respondent (City):

Ralf Brookes, Esquire
Ralf Brookes, Attorney
1217 E. Cape Coral Parkway #107
Cape Coral, Florida 33904

For Intervenor (Lighthouse):

Sidney F. Ansbacher, Esquire
Upchurch, Bailey and Upchurch, P.A.
780 N. Ponce de Leon Boulevard
St. Augustine, Florida 32084

STATEMENT OF THE ISSUE

The issue in this case is whether the City of St. Augustine's Comprehensive Plan Amendment (Ord. 2015-03), is "in compliance," as required by Section 163.3187, Florida Statutes (2014).

PRELIMINARY STATEMENT

On March 9, 2015, the City of St. Augustine adopted a small scale amendment to the Future Land Use Map (FLUM) of the St. Augustine Comprehensive Plan, pursuant to Section 163.3187, Florida Statutes (2014)[1]. Pursuant to the Community Planning Act of 2011 (the Act), Chapter 163, Part II, Florida Statutes (2014), particularly Section 163.3187(5)(a), Florida Statutes, Petitioner Edward Ruben Anderson filed a petition to challenge the proposed amendment on March 23, 2015. St. Augustine Lighthouse and Museum, Inc. (Lighthouse or Intervenor), filed a petition to intervene on April 2, 2015, which was granted on April 6, 2015.

[1] The statute applies to FLUM amendments to uses of ten (10) or fewer acres. Subsection 163.3187(1)(a), Florida Statutes (2014).

At the hearing, Petitioner presented his own testimony, but did not call any expert witnesses. Petitioner's Exhibits 1-15 were received into evidence. At the hearing, the City presented the testimony of expert planner David Birchim, City Planning and Building Department Director; and municipal utilities expert Martha Graham, City Public Works Director. The City's Exhibits 1-12 were received into evidence. The Intervenor Lighthouse presented the testimony of Lighthouse Executive Director Kathy Fleming; and expert Land Use Planner Mark Knight, AICP. The Lighthouse's Exhibit 1 was received into evidence.

The City's motion for judicial notice of the City of St. Augustine 2030 Comprehensive Plan was granted.

FINDINGS OF FACT

1. The City of St. Augustine is a municipality in St. Johns County, Florida, which has the duty and authority to adopt a local government comprehensive plan pursuant to Chapter 163, Florida Statutes (2014), and to amend the plan from time to time.

2. The Lighthouse owns approximately 6.5 acres of property located at 100 Red Cox Drive, St. Augustine, Florida, upon which the historic St. Augustine Light Station (The Lighthouse and associated out buildings of various uses) is located. A Spanish Guard and Watch Tower existed easterly on the site from before 1589. Florida's first colonial lighthouse was constructed at that location in 1824. The current lighthouse tower and lightkeepers' house were constructed in the 1870s. The lighthouse tower is a major, internationally known landmark and symbol of historic St. Augustine. *Transcript pp. 38-82 testimony of Kathy Fleming.*

3. St. Johns County, which previously owned the lighthouse property, conveyed the lighthouse property to the not-for-profit Lighthouse. The Lighthouse has operated the museum and lighthouse tower under a lease from the County since the Junior League incorporated it in 1998, and the League did so before that since 1980. The Lighthouse accepted fee simple ownership of the property through a deed on May 1, 2014. *Transcript pp. 38-82 testimony of Kathy Fleming.*

4. The City had previously zoned the property GU, or Government Use, while the County owned the property. The GU zoning category in the City Land Development Code requires government ownership. The change in ownership of the lighthouse property from government to a non-governmental not for profit rendered the existing uses "non-conforming" under the property's "government use" zoning. In addition, the 165-foot-high, 1874 lighthouse tower was also a "non-conforming" structure under the City's 35-foot-high building limitation. The City's nonconforming use provisions place limitations on additions, modifications, reconstruction and repair of the historic structures that already exist on the site. The City's non-conforming use provisions also place time requirements for completion of repairs in the event of substantial damage to a nonconforming use that would be difficult to meet if the Lighthouse were damaged by a major hurricane. *Transcript pp. 82-105 Testimony of Mark Knight; Transcript pp. 38-82 testimony of Kathy Fleming.*

5. To bring the property fully into compliance with the City's zoning code and land development regulations and remove the "non-conforming" status of the Lighthouse Museum, the Lighthouse had to choose and establish a zoning category and land use designation for the existing, but now not for profit owned, non-governmental museum. The Lighthouse examined

the available zoning categories and land use designations in the City's Comprehensive Plan and land development regulations. The first alternative examined by the Lighthouse was the Open Lands zoning district at s. 28-246, which listed a "Museum" along with many other, often more intensive uses under Subsection (1)(n). However, a second potential zoning district, "Maritime Use," included an allowable use that specifically matched the actual, existing use of the site as a "*Maritime* Museum." The Maritime Use zoning district is only specifically listed as an implementing zoning district under the Comprehensive Plan designation of "Medium Density Residential Mixed Use" land use designation. The preexisting Recreation/Open Lands FLUM category allowed Open Lands zoning, which allows "*Museum*" use, was rejected because the more specific express use of "*Maritime Museum*" more accurately reflected the existing specific uses on the Lighthouse property. Therefore, for its Maritime Museum use, the Lighthouse chose Maritime Use zoning district and an enabling FLUM amendment to Medium Density Residential Mixed Use land use designation to accommodate a rezoning that would authorize the maritime museum. *Transcript pp. 82-105 Testimony of Mark Knight*; *Transcript pp. 38-82 testimony of Kathy Fleming.*

6. The Lighthouse applied for a small scale comprehensive plan amendment under Section 163.3187, Florida Statutes, for the 6.5 acre lighthouse property. The Lighthouse small scale plan amendment did not include a development proposal, and the Lighthouse's primary interest is continuing its historic preservation, maritime museum and accessory uses as conforming, rather than "non-conforming" uses and structures. To further limit the development potential on the site, the Lighthouse utilized Section 163.3187(1)(c), Florida Statutes, to request. and to allow, the City to impose numerous site-specific FLUM limitations on

the property. Among the limiting conditions on the plan amendment that the City imposed with the consent of the Lighthouse were:

(a) a maximum 20% lot coverage;

(b) maximum individual building footprint of 7,500 square feet;

(c) site building setbacks (that are larger than any imposed in any zoning category in the City[2]), including substantial setbacks of up to 190 feet to protect the Maritime Hammock in the southwestern corner of the property and a 120-foot-deep viewshed, prohibiting any structure in front of the lighthouse tower;

(d) use restrictions limiting the use of the property to Maritime Museum;

(e) review of any development proposal by the State Historical Preservation Officer (SHPO) and finding of "no adverse effect" by the SHPO[3] as a condition precedent to any City development approval; and

(f) reverter of title to St. Johns County if the Lighthouse ceases to use the property for historic preservation[4].

Transcript pp. 82-105 Testimony of Mark Knight; 107-122 Testimony of David Birchim; pp. 38-82 testimony of Kathy Fleming.

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[2] No City FLUM category has any listed setback requirements.

[3] The SHPO determines that an "undertaking" will not directly or indirectly alter characteristics of a historic property that qualify it for inclusion in the National Historic Register.

[4] Pursuant to a reverter clause in the warranty deed that is expressly referenced in the approval of the comprehensive plan amendment

7. The current FLUM category of Recreation/Open Lands is found at Policy 1.3 of the City Comprehensive Plan. A comparison between the density and intensity and other criteria for the current and proposed comprehensive plan land use designations follows:

	PREEXISTING OPEN LANDS AND RECREATION FLUM DESIGNATION	SUBJECT PROPOSED SMALL-SCALE AMENDMENT
MAXIMUM LOT COVERAGE	60%	20%
SETBACKS	None	Ranging from 5 feet adjacent to tennis court; to 10 feet along common southern boundary with R.B. Hunt Elementary School; to 25 feet along eastern, or front, with no building located in front of Historic Keeper's House (120-foot-wide clear zone); to 50 feet along northern boundary and 50 on west; except south 150 feet of western boundary, which has a 190-foot setback and next 120 feet of western boundary to north of that 150 feet shall have 120-foot setback.
MAXIMUM INDIVIDUAL BUILDING FOOTPRINT	No Limit	7,500 sq. ft.
DENSITY AND INTENSITY	(Adhering to the most restrictive adjacent land use designation) 8 Residential Units per acre, or 52 total, per adjacent Residential Low Density	None
HISTORIC USE AND REVERTER		FLUM incorporates obligations to maintain

	historic use. Reverter per deed from County if the Lighthouse ceases the use for historic preservation as set forth therein
TOWER HEIGHT	Site-specific exception from the City's 35 foot height limit for the existing, historic 165-foot-high lighthouse tower originally constructed in 1874.

Transcript pp. 82-105 Testimony of Mark Knight; 107-122 Testimony of David Birchim.

8. Anderson's unamended petition framed the issues for hearing, as follows:

> a. "The surrounding neighborhood referred to as "Lighthouse Park Neighborhood" and "Carver Park Subdivision," is a small, residential neighborhood on the Salt Run Bay and the majority of the properties, including ours, are still on septic tanks. Previously, the City of St. Augustine's public works director stated that the city sewer transport lift stations are at capacity and the City of St. Augustine is not accepting applications from existing residences for sewer access. Additionally, there are no sidewalks on the narrow streets (13 ft. – 16 ft.), few traffic controls, and little stormwater management capacity. In short, the city has no intention of developing the existing infrastructure and related community services, nor do they (or the private, 'not-for-profit' corporation which now owns the property) have the funds to do so. The current baseline assessment for the city shows that the city has 140 million dollars in deficiencies for the basic city services of roads, sewer, water, and stormwater management."
>
> b. "... I am requesting a review of the process by the State of Florida as this appears to me to have been pushed through without the funds to pay for the infrastructure which is contrary to the intent of the Growth Management Act of 1985. [sic[5]].... The adverse effects of this decision being that my family, and

[5] Now called "*The Community Planning Act of 2011.*"

> residential community, will be paying for the basic public services of sanitary sewer for 81 Lighthouse Avenue, St. Augustine, FL 32080 [now 100 Red Cox Drive], which I, and the majority of my neighborhood, do not have access to."

9. The applicant's proposed amendment substantially reduces the development potential of the lighthouse property authorized by the current FLUM designation. The existing Recreation/Open Lands FLUM designation allows substantially more intensity and intensity on the property than the small scale plan amendment with site-specific conditions. The proposed amendment eliminates residential deusity available under the current existing FLUM category, and dramatically reduces the intensity and amount of development available on the site under the existing FLUM. The amendment is conditioned with numerous use restrictions that substantially reduce the potential impact of any potential future development on the subject site. With the reduction in development potential contained in the Plan Amendment, the property's potential impact on potable water and sewerage facilities is thereby also reduced. *Transcript pp. 82-105 Testimony of Mark Knight; 107-122 Testimony of David Birchim.*

10. The Petitioner raised for the first time at hearing an argument that limited, on-site building of wooden boats by volunteer craftsmen using only hand tools as part of an educational display constituted a prohibited "Industrial" use. This argument is not credible because of the small scale and nature of the wooden boat building activity by volunteers' who participate in limited handcrafting of small, traditional wooden boats historically typical of the area as a wholly appropriate activity in a maritime museum. *Transcript pp. 38-82 testimony of Kathy Fleming; Transcript pp. 107-122 Testimony of David Birchim.*

11. The subject lighthouse property is currently served by sanitary sewer from an adjacent City sewer line. The City sewer system has continued available capacity to accommodate the existing uses at the subject property. No additional uses are planned at this time. The City had no capacity or maintenance issues with the existing use of the Lighthouse property. Any additional future development on the lighthouse property would be subject to concurrency review for water and sewer capacity availability at the time of the application for any and all such development, and the City would determine sewer capacity availability at the time an application for additional or new development is submitted for that specific amount and type of development. *Transcript pp. 129-152 testimony of Martha Graham.*

12. Petitioner complains that his property is not served by sewer, however Petitioner's property is not adjacent to an existing City sewer line. The fact that petitioner is not served by sewer is irrelevant to whether the Lighthouse is served by sewer and whether there is adequate capacity at this time to accommodate the lighthouse. There is a sewer line that serves and is adjacent to the lighthouse property. The lighthouse is served by sewer from an adjacent line and adequate capacity exists to serve the existing lighthouse. Any future development at the lighthouse will be evaluated for adequate sewer capacity at the time of future development. *Transcript pp. 129-152 testimony of Martha Graham.*

13. Petitioner alleges that a lack of adequate sidewalks in portions of the surrounding neighborhood in its petition challenging the applicant's small scale plan amendment for the subject lighthouse property. No provision of the City's Comprehensive Plan requires that the lighthouse provide new sidewalks on other property as part of an applicant-generated small scale plan amendment to the Comprehensive Plan. The City reviews and addresses installation of new

sidewalk facilities as part of any new development on a site at the time an actual development application is submitted, not as part of a plan amendment to the Future Land Use Map. The Lighthouse has existing internal sidewalks from the parking and bus areas to the visitor center leading visitors throughout various areas within the Museum property. Whether there are sidewalks on other properties is not relevant to approval and adoption of this applicant's small scale plan amendment. The neighborhood street right of way may be too narrow to accommodate sidewalks. Sidewalks are not required in all existing residential neighborhood locations. *Transcript pp. 82-105 Testimony of Mark Knight; Transcript pp. 129-152 testimony of Martha Graham.*

14. In his May 18, 2015, response to the Division's prehearing instructions, the Petitioner raised an issue in addition to those in his Petition, and cited for the first time Policy 1.3.2 of the City Comprehensive Plan Public Schools Facilities Element concerning construction of sidewalks for schools. Sidewalks associated with schools are expressly addressed in the City's annual capital budget. *Id.* The Lighthouse abuts the rear of Hunt Elementary School. Sidewalks at the front of the school have nothing to do with the Applicant's small scale plan amendment for the specific institutional lighthouse property. Sidewalks already exist in front of the school and on portions of the school property at school drop-off and pick-up, and related sidewalks, are located at the front of the school, on Anastasia Boulevard[6], extending over two miles of sidewalk leading to, and accessible from, the front of the school (from County Road 312 north along Anastasia to the School, and then extending further north to the Bridge of Lions). The public rights-of-way on most of the neighborhood streets at the rear of the school are likely too narrow

[6] Anastasia Boulevard is an FDOT right-of-way.

to accommodate additional sidewalks. The entire rear of the school is fenced to discourage access to the school except from the front entrance of the school. Further, the School Board only requires development exactions, (e.g., impact fees or improvements such as sidewalks), for residential development applications. The proposed comprehensive plan amendment eliminates residential uses on the subject Lighthouse property. *Transcript pp. 82-105 Testimony of Mark Knight*

15. The Lighthouse signage directs traffic south toward the shortest, direct route between the lighthouse property and Anastasia Boulevard, and does not direct traffic through the residential neighborhoods north of its site, and no lighthouse parking is allowed on neighborhood residential streets. All parking for the Lighthouse takes place in designated parking lots and the lighthouse does not allow on-street parking for the lighthouse along any of the surrounding streets or roads. *Transcript pp. 38-82 testimony of Kathy Fleming; Transcript pp. 82-105 Testimony of Mark Knight.*

16. The Lighthouse pays a City Stormwater Utility Fee and stormwater capacity exists to serve the existing lighthouse. No additional development has been proposed. Any future development applications would be evaluated for stormwater capacity at the time a specific development application is submitted. *Transcript pp. 82-105 Testimony of Mark Knight; Transcript pp. 129-152 testimony of Martha Graham.*

17. Finally, Petitioner's petition cited City Resolution 2011-28, which named the Southern Red Cedar as the "City Tree" of the City of St. Augustine. No evidence showed that resolution was contained in any Comprehensive Plan goal, objective or policy (or any part of the Comprehensive Plan). The maritime hammock located on site is protected by increased setbacks

contained in the conditions of approval for this plan amendment. The plan amendment conditions of approval include substantial increased setbacks of up to 190 feet to protect the Maritime Hammock in the southwestern corner of the property. The City will review any future development applications for tree and habitat impacts to ensure compliance with all City Ordinances and Land Development Regulations (including City Resolution 2011-28) at the time an actual proposed development application is submitted, if and as future development is sought. More to the point, Petitioner waived that issue by failing to address it at hearing. *Transcript pp. 82-105 Testimony of Mark Knight; Transcript pp. 107-122 Testimony of David Birchim; Transcript pp. 38-82 testimony of Kathy Fleming.*

CONCLUSIONS OF LAW

18. The Division of Administrative Hearing has jurisdiction over the subject matter and the parties pursuant to Sections 120.659, 120.57(1), and 163.3187(5)(a), Florida Statutes (2014).

19. Under the comprehensive planning scheme established in Florida's Community Planning Act, Chapter 163, Part II, Florida Statutes (2014), the standard of review of proposed and adopted local government comprehensive plan amendments is whether the amendment is "in compliance" as defined in Subsection 163.3184(1)(b), Florida Statutes (2014). This does not require the local government to choose "the best" of all alternative approaches available for the local government to address the subject, but only that the decision is "fairly debatable." Subsection 163.3187(5)(a), Florida Statutes (2014). If it is "fairly debatable" that the small scale plan amendment is "in compliance" then the plan amendment is in compliance. Petitioner must

show beyond fair debate that the plan amendment is not in compliance with the minimum state requirements.

20. Subsection 163.3187(5)(d), Florida Statutes (2014), states that compliance review of a small scale amendment requires that "consideration be given to the plan amendment as a whole and whether the plan amendment furthers the intent of … [P]art [II of Chapter 163, Florida Statutes (2014)]."

21. Under these facts, the "in compliance" review pursuant to Section 163.3184(1)(b) requires analysis for consistency of the proposed plan amendment with the requirements of Section 163.3177, Florida Statutes (2014).

22. Subsection 163.3187(4), Florida Statutes (2014), provides that "[c]omprehensive plans may only be amended in such a way as to preserve the internal consistency of the plan pursuant to s. 163.3177."

23. Concurrency review is not appropriate at this time under Section 163.3180, Florida Statutes (2014), because the City does not address concurrency under the Comprehensive Plan until development permit review.

24. The Petitioner has not alleged inconsistency with the strategic regional policy plan as set forth in Section 163.3184(1)(b), Florida Statutes (2014).

25. Although the zoning issue provides useful background as to why the Lighthouse sought the FLUM amendment, the zoning decision is not subject to review in this proceeding, which is limited solely to the small scale comprehensive plan amendment. *See, Machado v.*

Musgrove, 519 So.2d 629, 631 (Fla. 3d DCA 1987). ("Land use planning and zoning are different exercises of sovereign power, ... therefore a proper analysis, for review purposes, requires that they be considered separately.")

26. The lighthouse property conveyance from the County to the Lighthouse left the lighthouse property non-conforming under the zoning code, meaning it could remain, but could not be increased, extended, or modified. Nor could its structures be rebuilt or repaired after damage absent compliance with the City code requirements, including a requirement that repairs must be performed within one year. *See generally,* Sidney F. Ansbacher, *Nonconforming Uses and Structures,* FLA BAR ELULS TREATISE (June 2014), and decisions cited therein. In addition, the lighthouse tower's height exceeds that allowed by the zoning code and is nonconforming. Id. *See also, Lake Rosa and Lake Swan Coalition v. Bd. of City Comm'rs,* 911 So.2d 206 (Fla. 5th DCA 2005) (comprehensive plan must be amended to authorize use not authorized under existing plan). This small scale plan amendment and approval conditions resolved the non-conforming status of the existing uses and structures on the lighthouse property.

27. No evidence demonstrated that the transfer in title increased the intensity or density of use of the lighthouse property. *See, City of Kissimmee v. Ellis,* 431 So.2d 283, 285 (Fla. 5th DCA 1983) (concerning privately owned museum that would "be no more obnoxious or detrimental to the residents of this zone or to the general public than would a similar use made in in a [museum] owned and operated by a governmental or public agency"). The Lighthouse and City, respectively, applied for and approved rezoning and corresponding land use district designation to accommodate the existing specific use for a "Maritime Museum" – the use most specifically describing the existing use of the property in the City code and existing

implementing land development regulations. *See, e.g., Saadeh v. Stanton Rowing Foundation*, 912 So.2d 28 (Fla. 1st DCA 2005), and *Saadeh v. City of Jacksonville*, 969 So.2d 1079 (Fla. 1st DCA 2007), (use must meet the most specific use contained in the list of allowable uses in the applicable zoning code).

28. This background explains the reason for, and scope of the conditions placed on the proposed small scale plan amendment for the enabling FLUM category authorizing the rezoning in turn authorizing as an specifically described allowable use of the lighthouse property for the existing use as a non-governmental, maritime museum. Regardless, my review is limited to the small scale plan amendment and the limiting plan amendment conditions.[7]

29. Anderson is a resident of the City and spoke at the adoption hearing and therefore has standing. Section 163.3184(1)(a), Florida Statutes (2014).

30. The Lighthouse has standing to intervene in this proceeding because it owns the subject property within the jurisdiction of the local government and its applicant-generated small scale plan amendment is the subject of this hearing

31. The extremely deferential fairly debatable standard applies. Subsection 163.3187(5)(a) states: "In the proceeding, the plan amendment shall be determined to be in compliance if the local government's determination that the small scale development amendment is in compliance is fairly debatable." The fairly debatable standard is applied as follows:

[7] "[A]mendments to comprehensive land use plans are legislative decisions. This conclusion is not affected by the fact that the amendments to comprehensive land use plans are being sought as part of a rezoning application in respect to only one piece of property." *Martin County v. Yusem*, 690 So.2d 1288, 1294 (Fla. 1997). The enabling FLUM amendment is considered separately from its companion rezoning. *Id.* This is no less true for a small scale FLUM Amendment. *Coastal Development of N. Fla. v. Jacksonville Beach*, 788 So.2d 204 (Fla. 2001).

> 163.3187 Process for adoption of small-scale comprehensive plan amendment
>
> * * *
>
> (4) Comprehensive plans may be amended in such a way as to preserve the internal consistency of the plan pursuant to s. 163.3177 ....
>
> * * *
>
> (5)(d) In all challenges under this subsection, when a determination of compliance as defined in s. 163.3184(1) is made, consideration shall be given to the plan amendment as a whole and whether the plan amendment furthers the intent of this part.

32. *Martin County v. Section 28 Partnership*, 772 So.2d 616, 619 (Fla. 4th DCA 2000), summarizes the fairly debatable standard:

> The Florida Supreme Court clarified that amendments to comprehensive land use plans are legislative decisions subject to the fairly debatable standard of review. *Martin County v. Yusem*, 690 So.2d 1288 (Fla. 1997). The fairly debatable standard of review is "highly deferential" and requires approval of a planning action if reasonable persons could differ as to its propriety. *Id.* at 1295 (citing *B & H Travel Corp. v. State Dept. of Community Affairs*, 602 So.2d 1362 (Fla. 1st DCA 1992). As the court further explained, "'[a]n ordinance may be said to be fairly debatable when for any reason it is open to dispute or controversy on any grounds that make sense or point to a logical deduction that in no way involves constitutional validity.'" *Id.* (quoting *City of Miami Beach v. Lachman*, 71 So.2d 148, 152 (Fla. 1953)).

33. The Petitioner does not use the term, but he appears to argue that the proposed amendment is not based on appropriate data and analysis as required by Section 163.3177, Florida Statutes (2014). Each amendment to a comprehensive plan must be "hased" on relevant and appropriate "data." Subsection 163.3177(1)(f) states: "To be based on data means to react to it in an appropriate way and to the extent necessary indicated by the data available on that

particular subject at the time of adoption of the plan or plan amendment at issue." Additionally, the data "must be taken from professionally accepted sources." *Id.* at 2.

34. Data that existed at the time of adoption of a plan amendment may be subject to different or even original analysis at the time of administrative hearing held to hear a challenge to a plan amendment. *See, e.g., Zemel v. Lee County, 15 FALR 2735 (DCA June 22, 1994), aff'd, 642 So.2d 1367 (Fla. 1st DCA 1994).* Analysis, as opposed to data, need not exist at the time of adoption of a plan amendment. *Id.*

35. All data actually in existence and available to the local government at the time of adoption of the plan amendment may be relied upon to support a plan amendment in a *de novo* proceeding. *Id.* The data and analysis supporting the plan amendment are not limited to those identified or actually relied on by the local government. *Id.* The challenger who claims the data and analysis for a comprehensive plan amendment are insufficient must do more than show some of the data were inaccurate. The data and analysis can include hundreds, even thousands of individual "facts," with wide variation in their importance and contribution to the local government's decision to adopt a particular plan amendment. Only errors in data and analysis that are shown to undermine the action taken by the local government will serve to meet the challenger's burden of proving an amendment not in compliance. In this case, the Petitioner did not establish that any data and analysis were insufficient to support the City's plan amendment. The Petitioner did not demonstrate the plan amendment was not supported by appropriate data and analysis or that the City did not react to the data and analysis in an appropriate way. The Petitioner did not prove that the City did not react to the data in an "appropriate way and to the extent necessary indicated by the data available on that particular subject at the time of adoption

of the plan or plan amendment at issue" as required by Section 163.3177, Florida Statutes (2014). Data and analysis showed that the lighthouse property that is the subject of this small scale plan amendment is "in compliance" with the minimum state requirements.

36. The statutory definition of "in compliance" requires consistency with Section 163.3177, Florida Statutes. The statute identifies and describes the mandatory and optional elements of a local government comprehensive plan.

37. The Petitioner contends the plan amendment is inconsistent with Section 163.3177, Florida Statutes (2014), which requires a local government to have a comprehensive plan that addresses the provision of adequate sanitary sewer services. The City of St. Augustine Comprehensive Plan has a Public Facilities Element, and as explained above, the small scale plan amendment is consistent with that element. The lighthouse property is currently served by sanitary sewer service and capacity exists to serve the existing lighthouse uses. Any future development applications will be reviewed for concurrency at the time of any future development application is submitted to ensure adequate capacity exists to serve any specific future development before any such specific future development is approved.

38. The Petitioner contends the plan amendment is inconsistent with Section 163.3177, Florida Statutes (2014), which requires a local government to have a comprehensive plan that addresses the provision of adequate schools. The City of St. Augustine Comprehensive Plan has a Public Schools Element, and as explained above, the plan amendment is consistent with that element. *See generally, Volusia County v. Aberdeen at Ormond Beach,* 760 So.2d 126 (Fla. 2000) (public school mitigation tied to a use that "increases the need for new schools"). The small scale plan amendment as conditioned prohibits any residential use of the subject property.

39. The Petitioner contends the plan amendment is inconsistent with Section 163.3177, Florida Statutes (2014), which requires a local government to have a comprehensive plan that addresses, among other related subjects, the designation of proposed future general distribution and extent of the uses of land that are internally compatible, including compatibility of adjacent land uses. The pre-existing historic lighthouse pre-dates most, if not all of, the surrounding residential neighborhood. The residential neighborhood near the lighthouse and the lighthouse have co-existed for many years and are compatible uses. The City of St. Augustine Comprehensive Plan has a Future Land Use Element, and the small scale plan amendment with conditions of approval is consistent with that element.

RECOMMENDATION

Based on the foregoing Findings of Fact and Conclusions of Law, it is: RECOMMENDED that the Department of Economic Opportunity enter a Final Order determining that the City of St. Augustine Plan Amendment 2015-03 is "in compliance" as defined in Chapter 163, Part II, Florida Statutes (2014).

DONE AND ORDERED this ____ day of _____, 2015, in Tallahassee, Leon County, Florida.

BRAM D. E. CANTER
Administrative Law Judge
Division of Administrative Hearings
The Desoto Building
1230 Apalachee Parkway
Tallahassee, Florida 32399-3060
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Filed with the Clerk of the Division of
Administrative Hearings this ___ day of
_____, 2015.

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GRAY | ROBINSON

ATTORNEYS AT LAW

ORIGINAL

City of St. Augustine Beach
Request for Proposals for Legal Services

RFP 19-03

May 31, 2019

PRESENTED BY:

Stephanie M. Marchman

720 S.W. 2nd Avenue

Suite 106

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GRAY ROBINSON
ATTORNEYS AT LAW

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GRAY ROBINSON
ATTORNEYS AT LAW

REQUIRED INFORMATION

1. Please furnish a brief resume for the person to be primarily responsible for representation of the City.

Stephanie M. Marchman

Shareholder
stephanie.marchman@gray-robinson.com

720 S.W. 2nd Avenue
Suite 106
Gainesville, Florida 32601
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Fax: 352-376-6484
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Suite 2700
Tampa, Florida 33602
Phone: 813-273-5000
Fax: 813-273-5145

Experience

Stephanie is a shareholder in GrayRobinson's Gainesville and Tampa offices representing private and public sector employers in the areas of labor and employment law, civil litigation and government law.

Prior to joining GrayRobinson, Stephanie was a Senior Assistant City Attorney with the City Attorney's Office in Gainesville, Florida. For 11 years, she was a counselor, litigator and transactional lawyer for the City of Gainesville in the areas of labor and employment law, employee benefits, constitutional law, ethics and Sunshine Law. Her work included providing legal advice on workplace investigations and the administration of discipline to any of the City's 2,000 employees, as well as preparation of employment policies and contracts. Stephanie also represented the City in labor arbitrations, impasse resolution proceedings and state and federal litigation.

Stephanie is a member of The Florida Bar Board of Governors, the governing body for Florida's 100,000+ lawyers, representing the Eighth Judicial Circuit. She has also served as President of the Eighth Judicial Circuit Bar Association, President of the North Central Florida Chapter of the Federal Bar Association and Chair of The Florida Bar's Federal Court Practice Committee.

After earning her undergraduate and law degrees with honors from the University of Florida, Stephanie served as law clerk to the Honorable William Terrell Hodges in the United States District Court for the Middle District of Florida.

Areas of Practice

- Employment & Labor
- Religious Organizations
- Litigation
- Government

Background

Stephanie has lived in Gainesville, Florida 20 years. She is married to Brian K. Marchman, Ph.D., Assistant Provost and Director of Distance and Continuing Education at the University of Florida. They are proud parents of two children, Marina and Landon.

Education

- University of Florida, B.A. political science (with honors, 1999)
- University of Florida, B.S. finance (with honors, 1999)
  - University of Florida Hall of Fame
  - University of Florida Outstanding Graduating Female Leader
- University of Florida Levin College of Law, J.D. (magna cum laude, 2004)
  - Center for Governmental Responsibility Public Service Fellow
  - Center on Children and Families Fellow
  - Family Law Certificate
  - Intern to The Honorable Barbara J. Pariente, Supreme Court of Florida
  - Journal of Law and Public Policy

Admissions

- Florida, 2004
- U.S. District Court, Middle District of Florida
- U.S. District Court, Northern District of Florida
- U.S. Court of Appeals, 11th Circuit
- U.S. Supreme Court

Professional Associations & Memberships

- The Florida Bar
  - Board of Governors, Eighth Judicial Circuit Representative, 2017 – present
    - Legislation Committee
    - Review Committee on Professional Ethics

      Board Liaison to City, County and Local Government Section Executive Council

      Board Liaison to Student Education and Admission to the Bar Committee

    - First District Court of Appeal JNC Screening Committee Chair
    - Florida Supreme Court JNC Screening Committee
    - Succession Planning Committee
  - Constitutional Judiciary Committee, Member, 2016 - 2017
  - Eighth Judicial Circuit Grievance Committee "A", Chair, 2016
  - Federal Court Practice Committee, Chair, 2015 – 2016
  - Labor and Employment Law Section, Member, 2006 – present
  - City, County and Local Government Law Section, Member, 2006 – present
- Eighth Judicial Circuit Bar Association
  - President, 2016 – 2017
  - Board Member, 2013 – 2018
  - Leadership Roundtable – The Eighth Judicial Circuit's Annual Diversity Conference, Chair, 2014 – 2018
- North Central Florida Chapter of the Federal Bar Association, President, 2008 – 2009
- Gerald T. Bennett American Inn of Court, Board Member, 2014 – 2017
- James C. Adkins, Jr. American Inn of Court, Member, 2007 – 2009
- E-Discovery Working Group, Middle District of Florida, Member, 2009
- Society for Human Resource Management, Member, 2007 - present

Awards & Recognitions

- *Florida Trend*'s "Legal Elite," Government / Non-Profit Attorney, 2016
- Eighth Judicial Circuit Bar Association President's Award, 2016, 2018
- City Attorney's Office Employee of the Year, 2014
- North Central Florida Chapter of the Federal Bar Association
  - Chapter Service Award, 2012
  - Chapter Activity Presidential Citation for "A Toast to Judge Hodges", 2013
  - Featured Contributor for the Federal Bar Association's First National Women in the Law Conference, 2014
- Boys & Girls Club of the Big Bend Exceptional Volunteer Service Award, 2001
- University of Florida Outstanding Graduating Female Leader, 1999
- University of Florida Hall of Fame, 1999

Civic

- University of Florida Law Center Association Board of Trustees, 2018 – present
- Guardian ad Litem Volunteer, 2000 – 2001, 2003 – 2006, 2018 – present
- Justice Teaching Volunteer, 2006 – present
- UF Innovate | The Hub Advisory Board, 2018 – present

Presentations & Seminars

- "Abuse Awareness and Prevention", Harden Seminar, May 2019
- "Best Practices in Conducting Police Misconduct Investigations", Government Operations and Liability Committee of the ABA Section of State and Local Government Law Hot Topics Presentation, March 2019
- "The #MeToo Movement and The Bar", Marion County Bar Association Luncheon, February 2019
- "Public Employees Relations Act", 19th Labor and Employment Law Annual Update and Certification Review, January 2019
- "Employment Matters for Startups", UF | Innovate – Sid Martin Incubator, January 2019
- "Affirmative Action Training", City of Gainesville, November 2018
- "What Public Employers Should Do in the Wake of #MeToo," The Florida Bar's 44th Annual Public Employment Labor Relations Forum, October 2018
- "What Employers Should Do in the Wake of #MeToo," #MeToo Sexual Harassment Avoidance Seminar, July 2018
- "Conducting Effective Sexual Harassment Investigations in the Wake of the #MeToo Movement," Gainesville-Alachua County Employment Seminar, June 2018
- Co-presenter, "Conducting Effective Internal Investigations," GrayRobinson 21st Annual Employment Law Seminar, Orlando, April 2018
- "Constitutional Revision Commission," Chiefland Rotary, Alachua League of Women Voters, Ocala Chamber of Commerce, Alachua County Citizens Academy, Spring 2018
- "Citizen Involvement in The Florida Bar," Gainesville Rotary, December 2017
- "Labor Arbitrations from the City's Perspective," Public Employment Labor Relations Forum, October 2017
- "Labor Arbitration Basics," Florida Municipal Attorneys Association Annual Conference, July 2017
- "Criminal Background Checks & Second Chances," Gainesville-Alachua County Employment Seminar, June 2017
- "Public Employment Law," The Florida Bar's Basic Employment Law Seminar, April 2017
- Panelist, "Careers and Internships in Public Service," University of Florida, January 2017
- Panelist, "Women in the Legal Profession," University of Florida Levin College of Law, October 2016
- Introduction and/or Moderator, Leadership Roundtable, Spring 2014 to 2019
- Panelist, Eighth Judicial Circuit Bar Association and Josiah T. Walls Bar Association Law & Justice Youth Conference, February 2016 and 2015
- "Law Practice in Context," University of Florida Law School Orientation, August 2014, 2015 and 2016
- "How to Avoid Being Front and Center in a Public Records Lawsuit," January 2015
- Introduction, Federal Judicial Roundtable at the Florida Bar Convention, June 2014
- Panelist, "Public Sectors Careers," University of Florida Levin College of Law, January 2014
- Panelist, "Balancing Work and Life," University of Florida Levin College of Law, October 2013
- "Hot Topics: Considerations When the City Faces Public Records Litigation," Florida Municipal Attorneys Association Annual Conference, July 2013
- Internal Affairs Process Supervisory Training, Gainesville Police Department, October 2011
- "Firefighters' & Police Officers' Bill of Rights," Florida Municipal Attorneys Association Conference, July 2011
- "Fair Labor Standards Act," Gainesville-Alachua County Employment Seminar, October 2010

- Underage Drinking Ordinance Training, Gainesville Police Department, February 2009
- Public Records Training for City of Gainesville Employees, April 2009
- Panhandling Ordinance Training, Gainesville Police Department, June 2007

2. In the event of unavailability, the name and address of the individual(s) who will fill in for you as Assistant City Attorney, together with a brief statement of his or her experience in representation of governmental agencies.

In the event that Stephanie Marchman is unavailable, Bill Andrews and/or Heather Ramos will serve as Assistant City Attorney. Their full biographies can be found in section five of the miscellaneous information section.

William H. "Bill" Andrews

50 North Laura Street, Suite 1100, Jacksonville, Florida 32202

Bill is of counsel at GrayRobinson, and is based in the Firm's Jacksonville office. He focuses his practice on representing employers in labor and employment law matters. This representation includes representing public sector employers in all areas of labor and employment law, including responding to EEOC and related employment claims, conducting wage and hour audits, defending collective actions filed under the Fair Labor Standards Act, defending union-organizing drives, preparing personnel policies and employee handbooks, and advising clients in compliance with Title III (public accommodation) of the Americans with Disabilities Act.

Bill has received a certification from The Florida Bar as a Board Certified labor and employment lawyer. He has received an "AV" rating from *Martindale-Hubbell* and is also included in the editions of *Best Lawyers in America* from 1989 to the present, *Florida Trend* Legal Elite in the Labor and Employment Law category, *Chambers USA*'s Leading Business Lawyers, Florida Super Lawyers in the Labor and Employment Law category, and also listed in Super Lawyers Corporate Counsel Edition. Additionally, Bill was chosen as one of the 100 leading lawyers in the state of Florida, regardless of classification, in the inaugural edition of Florida Super Lawyers, and in 2010, he was named the Best Lawyers' Jacksonville Labor and Employment Lawyer of the Year.

Heather Ramos

301 East Pine Street, Suite 1400, Orlando, Florida 32801

Heather focuses on all aspects of state and local government law, such as land use law, Florida's Public Records and Open Meeting Law, ethics and gift laws, Sunshine Law, public records law, taxation and finance, utility law, constitutional law, administrative law, and litigation. She assists clients with issues relating to annexation, land use and zoning changes, real estate acquisitions and sales, real estate financing and legislative and governmental affairs on both local and state levels.

Heather's experience involves the representation of private and public entities in the development of commercial, residential, and mixed-use projects in all phases of development. She helps landowners obtain all forms of local government approvals, ranging from zoning and comprehensive plan amendments, special exceptions,

variances and conditional use permits to the negotiation of development agreements, development orders and annexation agreements. Heather's experience involves planned unit developments, subdivision plats, annexation agreements, vested rights, impact fees, utility agreements, concurrency, transportation mitigation, road construction agreements, wetlands mitigation and permitting, and many other aspects of land use and real estate development.

3. With regard to the individual to be primarily responsible for representation of the City, please indicate:

A. Whether he or she is rated by Martindale-Hubbell, and if so, the rating and how long he or she has been so rated.

As a longtime in-house government lawyer, Stephanie Marchman is not yet rated by Martindale-Hubbell, but she is in the process of submitting references for consideration. Further, Stephanie is recognized by her peers as a leader in the legal community, having been elected by lawyers in a contested race to represent the Eighth Judicial Circuit on The Florida Bar's Board of Governors and having previously served as President of the Eighth Judicial Circuit Bar Association and North Central Florida Chapter of the Federal Bar Association, as well as Chair of the Eighth Circuit Grievance Committee. She has also been recognized by several other organizations, listed below.

- *Florida Trend's* "Legal Elite," Government / Non-Profit Attorney, 2016
- Eighth Judicial Circuit Bar Association President's Award, 2016, 2018
- City of Gainesville City Attorney's Office Employee of the Year, 2014
- North Central Florida Chapter of the Federal Bar Association
  - Chapter Service Award, 2012
  - Chapter Activity Presidential Citation for "A Toast to Judge Hodges", 2013
  - Featured Contributor for the Federal Bar Association's First National Women in the Law Conference, 2014
- Boys & Girls Club of the Big Bend Exceptional Volunteer Service Award, 2001
- University of Florida Outstanding Graduating Female Leader, 1999
- University of Florida Hall of Fame, 1999

B. Please indicate whether such individual currently represents any local governmental agencies, and if so, the names of any contact persons with such agencies.

Stephanie Marchman currently represents the following local government agencies:

- Alachua County Board of County Commissioners
  Sylvia Torres, County Attorney
  storres@alachuacounty.us
- City of Gainesville
  Nicolle Shalley, City Attorney
  shalleynm@cityofgainesville.org
- Tampa Sports Authority
  Mickey Farrell, Senior Vice President of Stadium Operations
  Mfarrell@TampaSportsAuthority.com
- City of Macclenny
  Phil Roden, City Manager
  citymanager@cityofmacclenny.com
- City of Vero Beach
  Monte Falls, City Manager
  mfalls@covb.org

C. Please briefly indicate such individual's experience in the following areas:
1) Representation of Local Government agencies or boards.

Prior to joining GrayRobinson, Stephanie was a Senior Assistant City Attorney with the City Attorney's Office in Gainesville, Florida. For 11 years, she was a counselor, litigator, and transactional lawyer for the City of Gainesville in the areas of labor and employment law, employee benefits, constitutional law, ethics, Sunshine Law, public records law, and general local government law. At GrayRobinson, Stephanie continues to represent her public sector clients in these areas.

2) Experience in Zoning Matters including representation of Zoning Boards and Building Departments and handling of zoning appeals in either Circuit or District Courts of Appeal. With regard to appellate matters, please furnish the citation for any reported decisions.

In her position as the City Attorney for the City of Vero Beach, Stephanie routinely advises the City Planning Director and related boards and officials on zoning matters, including applications for zoning compliance, interpretations of the zoning code, amendments to the zoning code, as well as historic preservation and certificates for appropriateness. During her tenure with the City of Gainesville, Stephanie lead the City's response to a Department of Justice Investigation into the City's land use practices under the Religious Land Use and Institutionalized Persons Act (RLUIPA), which included a comprehensive review and rewrite of the City's Land Development Code to ensure its compliance with RLUIPA. Stephanie also served as counsel to the City of Gainesville's City Commission and Community Development Committee during its yearlong process to review and rewrite regulations related to food distributions centers for the needy.

3) Experience with regard to matters pertaining to "Open Government" including "Government in the Sunshine", "Public Records, "Quasi-Judicial" hearings, and potential conflicts of interest by members of a governmental board.

Stephanie routinely advises her public sector clients on all matters pertaining to open government, including their obligations under the Sunshine Law, Public Records Act, and Code of Ethics, as well as serves as counsel to public boards in carrying out their quasi-judicial functions. While in-house with the City of Gainesville for over a decade, Stephanie developed and implemented the City's first public records policy and procedure, as well as delivered public records training to approximately 500 City employees.

Stephanie was involved in public records litigation with the City of Gainesville (with the City prevailing), routinely responded to public records requests, developed forms for City officials to respond to public records requests, and advised City officials of their obligations under the public records law. Stephanie also routinely advised the City Commission and boards of their obligations under the Sunshine Law, as well as rendered opinions as to whether meetings by staff or other groups were subject to sunshine requirements.

Stephanie rewrote the City of Gainesville's ethics policy to be consistent with or exceed the requirements of the Florida Code of Ethics and routinely advised City officials of their ethical obligations under both.

Finally, Stephanie served as the long-time counsel to the City of Gainesville Human Rights Board, which held monthly quasi-judicial hearings on alleged human rights violations, where she trained and counseled this citizen board on their obligations with respect to impartiality and due process.

Since joining GrayRobinson, Stephanie continues to counsel her public sector clients with regard to their obligations under Florida's Open Government and Code of Ethics, including the preparation of a public records policy for a quasi governmental client, rendering an opinion as to whether a nonprofit carrying out a public function was subject to the Sunshine Law, and counseling City of Vero Beach boards on properly carrying out their quasi-judicial functions.

4) Whether such individual has been personally a party to a lawsuit within the past five years as a plaintiff or defendant, and if so, please furnish the style of the action, the court, and docket number.

Stephanie has not been party to a lawsuit at any time during her career.

D. Is there any area of the work wherein you will rely upon another attorney to provide legal advice to the City, such as an area of practice or specialty? If so, please describe.

As a local government attorney with 15 years of experience, Stephanie is familiar with the all areas of law likely to be involved with City Attorney representation. However, if a need arises outside of Stephanie's experience, she can call upon any of the other 300 attorneys and consultants at GrayRobinson, focusing their practices in over 70 areas, to assist.

E. If you have litigated an action for or against a local government agency, please provide a writing sample of such work, if available.

Please see the writing sample on the pages following.

STATE OF FLORIDA
PUBLIC EMPLOYEES RELATIONS COMMISSION

GATOR LODGE 67, INC.,
FRATERNAL ORDER OF POLICE,

Employee Organization,

Case No.: SM-2017-015

vs.

CITY OF GAINESVILLE

Employer.

_____/

CITY OF GAINESVILLE'S BRIEF TO THE SPECIAL MAGISTRATE

The Employer, the City of Gainesville ("City"), hereby files the following Post-Hearing Brief regarding the issues at impasse between the City and Gator Lodge 67, Inc., Fraternal Order of Police ("Union" or "FOP").

On October 24, 2017, an impasse hearing was held before Special Magistrate James D. Stokes ("Special Magistrate") over the following five (5) issues: Discharge and Discipline (Article 8); Hours of Work (Article 11); Premium Pay (Article 14); Miscellaneous Employee Benefits (Article 19); and Wages (Article 29).[1] Each party had the opportunity to give opening statements, examine witnesses, submit evidence, present arguments, and submit briefs. This matter is now properly before the Special Magistrate to render a recommended decision "with the objective of achieving a prompt, peaceful, and just settlement of disputes" between the parties. See Fla. Stat. §447.405.

[1] The parties tentatively reached an agreement on Article 33, Pensions, at the hearing. Thus the matter of pension benefits is no longer at issue and the City's related exhibits, City Exhibits 8 through 12, are no longer relevant.

I. SUMMARY OF ARGUMENT

While there are five issues at impasse, management rights and wages are at the heart of the parties' dispute. The City's wage proposal for its police officers, corporals, and sergeants is fair under the circumstances and allows the City to maintain financial security and flexibility. The City's management rights proposals reasonably foster its ability to efficiently and effectively manage its police force to better serve the public. The City respectfully requests the Special Magistrate to recommend the City's proposals on these issues as impasse, as they are just and in the best interest and welfare of the public. Id.

a. Wages

The FOP is seeking to disrupt the longstanding tradition of how wage increases have been given to members of this bargaining unit, as well as all other bargaining units of the City. Traditionally, wage increases are budgeted during the City's budgeting process, approved by the City Commission, and the manner in which these budgeted increases will be distributed is negotiated with the City's unions (of course, City management may return to the City Commission to request more funding, as appropriate). The time-honored practice of the parties is for wage increases to be awarded to bargaining unit members on a percentage basis for the term of the contract. Consistent with this practice, the City's wage proposal at impasse is essentially a two percent across-the-board increase in the form of different flat dollar amounts for each of the classifications in the FOP bargaining unit, plus an additional one-time, lump sum payment equivalent to two percent, all of which would cost the City approximately $1.5 million.

On the other hand, the FOP seeks a step plan which would guarantee wage increases of specific amounts year after year so long as FOP bargaining unit members continue to be employed with the City and a wage cut is not ratified by the parties in the future. The FOP's

wage proposal costs $2 million more than the City's wage proposal over the term of the contract. But the FOP's step plan will likely cost the City far more than $3.5 million, as it locks in wage increases long after the contract expires unless the step plan is bargained out of a successor agreement. And these indefinite wage increases would be provided without regard to the City's financial position or other funding priorities, and without regard to any changes to the nature of the work or market.

The FOP has failed to demonstrate that this monumental change in tradition is necessary or prudent. There are no retention or recruitment problems at GPD. The nature of their work has not changed. Gainesville police officer pay is competitive with the pay of law enforcement officers at other agencies. And while the City does not claim funds are unavailable for the FOP's wage proposal, the City has funds in reserve because it has been fiscally responsible and it should continue to be fiscally responsible.

Admittedly, guaranteed, indefinite pay increases would provide a sense of stability and predictability. But the City's tradition of awarding pay increases on a contract basis ensures that the City remains financially strong, retains flexibility to address uncertainties in the near future that may have a substantial financial impact, gives the City the ability to fund other priorities, and provides the opportunity for City management to regularly review employee compensation to ensure that it is competitive and fair given the nature of the work. To create a costly step plan, or indefinite wage increases, especially when FOP bargaining unit member pay is competitive, is simply against the interest and welfare of the public.

b. Management Rights

City management's positions on Discharge and Discipline (Article 8) and Hours of Work (Article 11) reasonably foster its ability to efficiently and effectively manage the police force to better serve the public.

With regard to Discharge and Discipline (Article 8), the City must be able to address police misconduct in a manner that instills trust, both by its officers and the citizens it serves. Presently, the Discharge and Discipline Article requires citizens to file complaints under oath – this creates a potential chilling effect on reporting misconduct and is inconsistent with national best practices and the Police Officers' Bill of Rights. The City needs to be able to take in all complaints from citizens, regardless of whether they are under oath, and then conduct fair and thorough investigations. As part of those investigations, GPD will comply with the Police Officer Bill of Rights. In addition, the City is seeking to simplify the investigative process by removing varying timelines from the agreement. Instead, the City will follow the timelines established by the Police Officers' Bill of Rights.

City management also needs to be able to allocate police resources effectively and efficiently through the parties' Hours of Work Article. Patrol officers have worked a four-on/four-off schedule or an 11 hour, 25 minute day since 2014. This schedule has proven to be unworkable. Sick leave usage is up. Overtime costs are up. And the City needs the ability to have more officers on duty at peak times of the week when citizens need them most. City management understands the officers' desire to have notice of schedule changes – the City offered to provide this to no avail. While the FOP members enjoy four days off, this schedule is not in the best interest of the citizens. Nor is it in the officers' best interest, given the data

showing the negative effects of working nearly 12-hour shifts, including sleeplessness and lower levels of alertness.

II. BACKGROUND

The City of Gainesville is the largest city in Alachua County. Its population is approximately 130,000. The University of Florida is the area's largest employer with about 28,000 employees and the City of Gainesville is the fifth largest employer with about 2,000 employees. See T-60-61; City Financial and Operating Plan Fiscal Year 2017, p. 10-11.

The City of Gainesville provides a full range of municipal services, including police and fire protection, comprehensive land use planning and zoning services, code enforcement and neighborhood improvement, streets and drainage construction and maintenance, traffic engineering services, refuse and recycling services, parks, cultural and nature services. The City also owns a regional transit system, a utility, and a golf course. Id.

In terms of organization, the citizens of Gainesville elect members of the City Commission. Six Charter Officers report to the City Commission, including the Equal Opportunity Director, City Attorney, City Auditor, City Manager, General Manager for Utilities, and Clerk of the Commission, and their powers and duties are set forth in Article III of the City's Charter. General Government, including the Gainesville Police Department ("GPD") and Police Chief, report to the City Manager. See T-59-60; City Financial and Operating Plan Fiscal Year 2017, p. 8.

With regard to the City of Gainesville's workforce, about 80 percent of the workforce is covered by one of its seven bargaining units. 267 of the City of Gainesville's 2,034 employees are covered by the FOP bargaining unit. T-199; City Ex. 1.

308 sworn positions are presently budgeted for the GPD (this includes sworn members outside of the FOP bargaining unit), 285 sworn positions are budgeted for the FOP bargaining unit, and 397 employees in total are assigned to GPD. T-77-78. GPD's budget for fiscal year 2017 is approximately $38 million of the City's $113 million total general fund budget, or about one-third of the City's budget. T-78. About $30 million of GPD's budget is wages and fringe benefits. Id.

The parties have a 23-year bargaining relationship with the FOP. The unit covers police officers, corporals, and sergeants. The City of Gainesville has entered into eight collective bargaining agreements with the FOP, and the last one covering October 1, 2013 to September 30, 2016 was entered into after an impasse hearing on November 2, 2015 focusing on wages.

Indeed, at the 2015 impasse hearing, the FOP sought a step plan which was costed at $1.258 million. Conversely, at the 2015 impasse hearing, the City's wage position was one and one half percent, zero, and two percent across-the-board wage increases over three years, at a cost of $827,000. Following the 2015 impasse hearing, the special magistrate largely recommended management's proposal. Ultimately, but before a public hearing occurred, the parties resolved the 2015 impasse with an agreement whereby individual officers received specific wage increases outlined in a spreadsheet that cost $1.457 million, which included base rate increases of $698,000 and one-time payments totaling $759,000. T-202-203; City Ex. 1, 6.

Negotiations for the successor agreement commenced on October 3, 2016, and impasse was formally declared by the FOP on May 16, 2017. T-200-201; City Ex. 1. Again, in large part, the parties were unable to reach an agreement due to wages.

III. ARGUMENT

a. Wages

i. The City's wage proposal is consistent with the wage increases agreed to by the FOP previously and offered to other City employees and more than fair given the local market.

At impasse, the City's wage proposal is a straightforward offer of what essentially amounts to two percent across-the-board wage increases for the three years of the successor agreement, plus a one-time, lump sum payment equivalent to a two percent increase. T-205. Rather than use percentage increases, the following specific dollar increases are used in the City's proposal, which means that employees whose pay is at the lower end of the pay range in each classification will see a greater percentage increase:

- $800 one-time lump sum payment for all bargaining unit members effective upon ratification
- Merit increases for those who receive a score of 3.0 on their performance evaluation (meets expectations or higher) as follows:

Calendar Year	Rating Period	Eligibility	Job Classification	Increase to Annual Base Rate*	Effective Date of Increase
2017	Oct. 1, 2015 – Sept. 30, 2016	Overall performance score of 3.0 or higher	Officer	$0	N/A
			Corporal	$0	
			Sergeant	$0	
2018	Oct. 1, 2016 – Sept. 30, 2017		Officer	$2,020	Upon ratification or resolution of impasse
			Corporal	$2,310	
			Sergeant	$2,825	
2019	Oct. 1, 2017 – Sept. 30, 2018		Officer	$1,040	January 14, 2019
			Corporal	$1,190	
			Sergeant	$1,455	

See T-214, 231; City Ex. 6. The total cost of the City's wage proposal is $1.5 million. T-205; City Ex. 1.

This wage proposal is more than fair given the pay of FOP bargaining unit members compared to the pay of officers at other agencies in the local operating area, and in consideration of wage increases awarded to other City employee groups. See Fla. Stat. § 447.405(1). City management is particularly concerned with being competitive in the local market, so it studied local agencies and did not consider wage data from agencies located elsewhere, such as South Florida. T-216-217. In its study, management found that in comparison to the Alachua County Sheriff's Office, which is local and similarly sized, GPD's average wage is approximately $3,000 higher. T-217; City Ex.7.

The City's wage proposal for the FOP is also consistent with its past wage agreements with the FOP and with what has been agreed to with its other bargaining units, including fire. Specifically, the FOP does not presently have a step plan and none of the bargaining units for the City, including fire, have a step plan. T-175, 206. Traditionally, wage increases have been awarded to the FOP as across-the-board percentage increases on a contract term basis. T-176, 199; City Ex. 1. And while the FOP is seeking a $3.5 million wage deal which includes a step plan, the City's other bargaining units have agreed to two percent wage increases and the City's wage proposal to the FOP is reasonably in alignment with those increases. T-200; City Ex. 1.

ii. Wages: The FOP's wage proposal is too costly, unwarranted, and against the interest and welfare of the public.

The FOP wage proposal is contained in FOP Exhibit 7. First, it provides for designated step increases to all officers, corporals, and sergeants based on years of service (as long as the bargaining unit member 'meets expectations' on his/her performance evaluation). T-146; FOP Ex. 7. It further provides a slotting and five percent increase for corporals and sergeants who are

promoted. Id. Each step is worth approximately two percent. T-147. The FOP wage proposal gives steps to new officers with prior law enforcement experience – one step for five years or less experience, two steps for more than five years experience, and up to three steps for years of prior service with GPD. So if an officer comes to GPD from the Alachua County Sheriff's Office with 15 years experience, that officer would only be slotted into Step 2 in the Step Plan. T-176. The FOP wage proposal also includes a new educational incentive – $1,000 per year for Bachelors degrees or $1,400 per year for Masters degrees – even if obtained before the labor agreement is ratified. T-178-179, FOP Ex. 7. This education incentive is above and beyond what the bargaining unit members already receive from the State of Florida for their education, $360 for Associates degrees or $720 for Bachelor's degrees. T-177-178. The FOP wage proposal contains no expiration date. Thus unless a new agreement is negotiated, the FOP membership can expect wage increases in the form of steps for the next 18 years or longer. T-175.

The FOP wage proposal is too costly. In terms of its cost, the FOP admits that the "big hit", or $805,814, comes in the first year implementation of their step plan, where bargaining unit members' wages will need to be moved up to the designated pay rate based on their years of service. T-155. At the hearing, the FOP initially estimated the cost of three years of its wage proposal at about $1.4 million. T-155. And then the FOP contended that the City's wage proposal was $874,140, so the parties were just $482,905 apart. T-156. However, the FOP's costing in FOP Exhibit 14 does not take into account the recurring nature of wage increases year after year. In other words, if a $1,000 raise is given each year for three years, the cost is not just $3,000 as suggested by the FOP costing. The total cumulative cost is $6,000 ($1,000 in year one plus $2,000 in year two plus $3,000 in year three). Ultimately, the FOP's labor chair, Sergeant

Leah Hayes, agreed and admitted that the actual total cost of the FOP wage proposal is $3.5 million for the three year agreement, which is $2 million more than the City's wage proposal. T-179-181, 183, 206.

The FOP contends their costly wage proposal is in order because the agency is understaffed and officers are overworked. However, this is simply not the case. The rosters provided by the FOP showing 112 officers in 2017 and 110 officers in 1999 do not accurately reflect the staffing of the agency. For instance, they do not include sworn members assigned to specialty units. T-167-168; FOP Ex. 8. Indeed, Assistant Chief Pierce testified that out of 307 sworn positions, there are currently 11 vacancies. T-261.

The FOP further contends that workload is up in the form of increased 911 calls, increased area to patrol (15 more square miles since 1999), and increased population. T-119-120. But the reality is that the City population has only increased by about 8,000 people since 2000 (about a 7 percent growth rate). T-165; City Ex. 17. Further, while 911 calls may be up, incidents requiring significant police involvement are down. T-263-265. Indeed, injury-produced traffic accidents are down by 50% and moving violations and DUI arrests have decreased significantly as well. See 193-195. Meanwhile, the number of sworn positions for GPD has increased from 252 in 1999 to 308 in 2017, or by 22 percent. T-166-167. Thus GPD's staffing level is sufficient to meet the needs of the citizens of Gainesville and its officers are not working at any greater levels than previously. See T-263.

Significant changes to GPD wages or pay structure are also not necessary to recruit or retain officers. Assistant Chief Pierce testified that GPD has been able to recruit and hire "exemplary" classes of officers recently. T-261; City Ex. 20. One candidate was an attorney, one had a Ph. D, and several had Masters degrees. Id. Indeed, one of the FOP's very own

representatives left the Alachua County Sheriff's Office to work for GPD. T-218. GPD was also able to attract Assistant Chief Pierce from his agency in the Washington D.C. area despite the benefits that agency offered. T-289. In terms of retention, the voluntary attrition rate at GPD is about 3 to 4 percent, well below the national average of 6 to 12 percent. T-262.

The FOP claims its wage increases are swallowed up by increased health insurance premiums. See FOP Ex. 13. However, in terms of employee-only coverage, the premium only went up about $8 a pay period from 2017 to 2018, and family coverage went up about $20 per pay period. See T-183-185; City Ex. 18, 19. In addition, the FOP's health cost analysis in FOP Exhibit 13 did not take into account the $800 lump sum payment in the City's wage proposal. T-185. The health insurance premiums and wage increases for City employees are reasonable, especially given the market.

iii. In arguing that the City is currently financially healthy and capable of funding the FOP's wage proposal, the FOP ignores negative long term consequences.

The FOP contends that the City is financially healthy and capable of funding the Union's wage proposal. As evidence of such, the FOP points to the $1.313 million police and fire underspent in their 2016 budgets and the City's $20 million in the unreserved fund balance in the general fund in 2016. T-11-12, 28, 30. The City's Budget Manager, Diane Wilson, testified that these funds have likely already been spent as part of the 2017 budget and that only about $6 million was available for discretionary spending in 2016. T-32, 56, 58. Moreover, it is contrary to City policy and best practices to use one-time money such as the fund balance to fund a recurring expenditure such as wage increases or a step plan. T-56, 75-76, 82-83; See City Financial and Operating Plan Fiscal Year 2017, p. 77. The purpose of the general fund undesignated, unreserved fund balance is in place in case of emergencies, such as budget

fluctuations, electric deregulation, natural disasters, public safety emergencies, or other financial uncertainties. T-75; See City Financial and Operating Plan Fiscal Year 2017, p. 77. So while the City could fund the FOP's wage proposal for a limited period of time using the 2016 fund balance, it would be without a funding source for subsequent years and would need to eventually find another revenue source. And while the economy is recovering from Great Recession, Gainesville lags behind in economic growth. Due to its large educational and governmental employment base, Gainesville's growth is slow and not exceptional, so it would be difficult to find additional revenue sources. T-39.

The FOP contends that their step plan will give their members predictability. T-151-152. While this desire for predictability is understandable, the City is opposed to the FOP's wage proposal due to its significant cost and because it expands payroll year after year without regard to the City's circumstances – its ability to pay due to unexpected fluctuations in revenue or expenditures or other funding priorities. See T-216-218.

One of the major uncertainties facing the City which may substantially impact its revenue in the near future involves the City-owned utility. The expected revenues for the general fund in 2017 are $113 million. T-62. The City's largest revenue source comes from a transfer from the City-owned utility, with $35.8 million in expected revenue in 2017. T-35, 65. The amount of revenue to be transferred each year from the utility to General Government (where GPD sits) is presently decided by the City Commission. T-60. However, the Florida Legislature passed a bill which could significantly impact this revenue source. T-66-67; City Ex. 16. In short, the voters will decide in 2018 if they would like to amend the City Charter to create a governing body for the utility separate from the City Commission. This new governing body would have the authority to reduce the transfer to the general fund by three percent each year, to eventually

nothing. Id. And while it is uncertain as to whether this will be approved by the voters, voters are certainly interested in a new governing body given that the utility rates in Gainesville are the highest or second highest in the state. T-109.

There are also other uncertainties facing the City with regards to expected revenues and expenditures. For example, the City is in the process of purchasing a power plant, which may impact the revenues from the utility tax. The County cancelled its Fire Services Assistance Agreement with the City, under which the City expected about $1 million in revenue during fiscal year 2018. There is legislation pending creating additional property tax exemptions, which, if passed, would reduce revenue by $1 to $2 million per year for the City. T-67-68.

In terms of expenditures, the City is implementing an Enterprise Resource Planning ("ERP") system, budgeted at $7 million, but the actual expense is unknown because the City has not requested proposals from vendors yet. The City is conducting a Total Rewards Study, which will study the compensation and benefits of all City employees, the financial impact of which is unknown. However, the financial impact of the last study in 2012, if it was fully implemented, would have been in excess of $2 million. The City is also undertaking other initiatives, including citizen centered and smart cities initiatives, City Hall complex renovations, an ADA study, adding technology positions, updating Human Resources systems, purchasing body worn cameras, evaluating fire stations, and so on, the total costs of which are unknown. See T-68-71, 79-81; City Ex. City Manager's Proposed Budget in Brief Fiscal Years 2018 and 2019, p. 1-8.

d. Discipline and Discharge

The City's position on the Discipline and Discharge Article (Article 8) is to strike deadlines and related provisions set forth in 8.11, 8.12, 8.13, and 8.14 to simplify the investigative process and avoid confusion. T-248. Instead of having varying timelines for

varying types of investigations, the City will conduct all disciplinary investigations within 180 days as provided in the Police Officers' Bill of Rights. See T-206-207; City Ex. 2; Fla. Stat. §112.532(6). The FOP is agreeable to this, but they are seeking 180 day language in the agreement. T-130, 168; FOP Ex. 3. The 180 day language in the FOP proposal is unnecessary, as the City must comply with the Police Officers' Bill of Rights. Furthermore, it is insufficient because it does not provide for the tolling set forth in the Police Officers' Bill of Rights.

The City is also seeking to remove the recently inserted oath requirement for complaints of police misconduct in Article 8.15 because it may have a chilling effect on citizens bringing forward legitimate complaints. T-207; City Ex. 2. The oath requirement is inconsistent with national best practices which require agencies to accept all complaints no matter how they come in to the agency. T-248-249; City Ex. 13. The FOP is agreeable to removing this requirement. T-131, 168; FOP Ex. 3. However, the FOP is seeking to add a provision which provides that "[a]ny testimony that is considered for final disposition in a sustained internal investigation must have been taken under oath." The City is not agreeable to this addition because it may be read to prevent the City from taking disciplinary action when there is no sworn testimony or it relies on unsworn statements made outside of the investigation (like statements made on an in-car camera, 911 recordings, or during criminal investigations). T-250-251. The FOP's proposal does not address this concern. See T-169-170. The City will comply with the Police Officers' Bill of Rights, which requires statements provided by a law enforcement officer during the course of a complaint investigation of that officer to be made under oath. See Fla. Stat. § 112.533(2)(a). The Police Officers' Bill of Rights does not require "any testimony that will be used in a sustained finding" to be taken under oath. See T-131; Fla. Stat. § 112.531-535.

The FOP's concern is that the City will discipline people based on anonymous complaints, rumors, or innuendo. T-131-132. However, without some additional investigation and evidence of police misconduct, the City would not be able to prove that it took a disciplinary action for just cause, which is required under Article 8.1.

e. Hours of Work

In terms of Hours of Work (Article 11), the City is seeking to change the 11 hour, 25 minute day (or the four-on/four-off schedule) presently in place for patrol. See T-135; FOP Ex. 4. Instead, the schedule would be an 8, 10, or 12-hour day as designated by the Chief of Police to meet the operational needs of the Department. T-208, 238-239; City Ex. 3. Management's proposal also seeks to change the work period from 28 days to 14 days to relieve the administrative burden associated with normalizing time across the 28 day work period. T-208-209. Existing language in Article 11 provides a one week notice requirement to change the basic work schedule. City Ex. 3.

The 11 hour, 25 minute day (or the four-on/four-off schedule) was agreed to just four years ago as a way to ensure there was greater overlap between the shifts, allow for more resources to be deployed at peak times, and reduce overtime. T-209. However, this schedule has not achieved those goals. T-209.

Assistant Chief Terrence Pierce, who recently joined GPD from an agency in the Washington D.C. area and is over all of GPD's operations, testified that agencies used to have day, evening, and midnight shifts, and they were all staffed the same. T-252. But now agencies are using predictive policing technology, including GPD, based on historical calls for service data to better allocate resources. T-252, 254. This allows the agency to schedule officers when they are most needed for calls of service and what areas they are needed. T-252, 254, 258.

According to a patrol workload analysis prepared by Corona Solutions in September 2017, GPD's current schedule for patrol of the 11 hour, 25 minute day is completely inefficient and ineffective. T-255-257; City Ex. 14. Essentially, the schedule forces GPD to deploy officers when their services really are not needed in the City. Id. The analysis recommends that patrol work a 10-hour day, or four-on/three-off. T-257.

In addition to this issue, GPD has seen a marked increase in the use of sick leave and overtime. T-257. Indeed, studies of the 8, 10, and 12-hour schedules found that the 12-hour day (close to GPD's 11 hour, 25 minute day) causes increased levels of sleeplessness and lower levels of alertness, while the 8-hour shift causes considerable overtime. Thus the 10-hour shift is the most effective and efficient. T-258-259; City Ex. 15.

As explained by Assistant Chief Pierce, the 8-hour day shift, Monday through Friday with the weekends off, would work well in Gainesville, where more officers are needed at certain times because of the traffic and issues related to schools during the months that schools are in session. T-253. The four/ten schedule gives the agency the ability to be flexible enough that they could start at a time that is more conducive to the management of this predictive policing model that GPD is using by allowing GPD to have a full 10-hour day and then have an overlap with another group of officers for that 10-hour day. This would essentially double GPD's allocation on those days that GPD needs twice as many officers to work during that time period. T-253-254. And the 12-hour shift is really designed for training purposes. T-254. Management would not widely use the 12-hour shifts. T-260.

The City's position is not a waiver of bargaining rights over a mandatory subject of bargaining, as claimed by the FOP. T-132-133. The City has bargained this matter and simply is seeking to change 11 hour, 25 minute day in the current collective bargaining agreement to an 8,

10, or 12-hour day based on the operational needs of the department. As testified by Assistant Chief Pierce, GPD now has predictive software to allow the agency to determine peak times of service. The agency would use this software to develop the schedule, thus the schedule would be objectively developed and operational needs would be based on this data.

The FOP raised concerns about notice of schedule change and predictability, however, City management proposed to commit to the same schedule for one year, which the FOP rejected. T-226-227. Consistent with its recent patrol workload analysis, management also offered 10-hour shifts over four days followed by three days off, which FOP rejected. With the 10-hour schedule, management also offered rotating weekend and notification of schedule changes based on whatever the FOP wished. But again, it was rejected. T-238, 257, 259-260; City Ex. 21.

The FOP seeks the status quo and they provide no rationale for that position. T-135. However, Assistant Chief Pierce recalled that bargaining unit members enjoy the four days off in a row. T-253. But this schedule is not in their best interest or the best interest of the public.

f. Premium Pay

The City is seeking to eliminate vacation hours from the computation of overtime. T-210; City Ex. 4. Normally, vacation hours do not count as "hours of work" for purposes of calculating overtime because the employee is not working. T-210. The FOP opposes the City's position as they see it as a pay cut. T-136. However, paying premium pay (or time in a half) for hours worked after a bargaining unit member was on vacation is inconsistent with why premium pay is normally paid – to award employees who work in excess of their regularly scheduled work period or go above and beyond their regular work duties in some manner. Paying overtime

because an employee worked extra hours after he or she was on vacation simply does not make sense, is not a wise use of limited resources, and is not in the best interest of the public.

Moreover, the FOP seeks to expand the premium pay available under Article 14.4 by allowing it even when vacation is taken for full work weeks (presently it is only allowed when vacation is taken for less than one full week). The FOP admits that a member could take vacation for three weeks and then work one extra shift, and that extra shift would be at an overtime rate. See T- 139-140, 171; FOP Ex. 5. City management opposes this expansion for the same reasons it seeks to eliminate vacation hours from the computation of overtime.

The FOP is seeking to add a provision to Article 11 where all bargaining unit members would receive double time for all overtime assignments when they are given less than one week's notice. See FOP Ex. 5. This potentially creates a scenario where now most overtime could be at a double time rate – members just do not need to sign up for overtime and hold out until the week of the assignment to obtain double time. Furthermore, members are already paid at premium for overtime – time in a half. Double time is just more for the same work as before. See T-172-173; FOP Ex. 5. In addition, this double time provision limits management's flexibility with regard to assigning overtime to respond to emergencies. T-212.

The FOP also seeks overtime for administrative meetings and out of class pay any time (as opposed to a full shift or 40 hours, depending on the assignment). FOP Ex. 5. The costs of these additional provisions are unknown, but they could be substantial, and the City is opposed to these additional costs. T-211-212. Especially in light of the $3.5 million wage package already proposed by the FOP. See T-181-182. In addition, working out of class for a few hours is a development opportunity and does not warrant out of class pay. It would also be administratively burdensome to track the different pay codes by the hour. T-212-213.

g. Miscellaneous employment benefits

The City proposes to renew the existing dry cleaning allowances provided under Article 19.1 upon ratification of the agreement. The FOP agrees, but they seek to make the dry cleaning allowances retroactive to October 1, 2016. T-142-143; FOP Ex. 6.

Further, the City proposes minor changes to the leave bank provision under Article 19.6, including allowing bargaining unit members to utilize leave bank on an intermittent basis. City Ex. 5. The FOP is agreeable to using the leave bank on an intermittent basis and the other minor leave bank changes set forth in City Exhibit 5. See T-144, 174; FOP Ex. 6.

Thus the parties' only disagreement with respect to Article 19, Miscellaneous Employee Benefits, is whether dry cleaning allowances will be retroactive. See T-174-175.

IV. CONCLUSION

In conclusion, the City respectfully requests the Special Magistrate to recommend its proposal on premium pay, miscellaneous employee benefits, and wages as set forth in City Exhibits 4, 5, and 6. The City's wage proposal ensures that employees represented by the FOP are paid justly and comparably to the pay of public employees performing similar work for other local law enforcement agencies, as well as other City employees. Moreover, the City's proposals are fiscally responsible and in the best interest and welfare of the public.

The City also requests the Special Magistrate to recommend its proposals fostering management's rights to protect and serve the public effectively and efficiently, as set forth in City Exhibits 2 (Discharge and Discipline) and 3 (Hours of Work).

Respectfully Submitted,

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Gainesville, FL 32627
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marchmansm@cityofgainesville.org

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were furnished this 15th day of December, 2017, via email to Special Magistrate James D. Stokes, 100 Rialto Place, Suite 700, Melbourne, Florida 32901, jstokes1627@gmail.com, and via email to Union Counsel, James F. Brantley, Esquire, and Cole A. Barnett, Esquire, Donnelly + Gross, P.A., jim@donnellygross.com and cole@donnellygross.com.

Respectfully Submitted,

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5. Please provide any other information which you think will help the City Commission to evaluate your qualifications.

Proposed Cost

GrayRobinson strives to deliver the highest quality of services while keeping a close watch over the cost incurred to do so. The Firm prides itself in delivering cost effective client service. We are prepared to offer the following discounted hourly rates for our services to the City of St. Augustine Beach:

- $295 for shareholders/of counsel with 7+ years of experience;
- $225 for shareholders with less than 7 years of experience;
- $175 for associates; and
- $125 for paralegals.

Lead attorney Stephanie Marchman will not charge for travel or miscellaneous expenses to attend City Council meetings and other meetings as deemed appropriate or necessary by the City. Alternatively, and if the Firm and the City deem it appropriate and mutually beneficial in light of the magnitude of certain cases or matters, GrayRobinson will work with the City to develop a blended rate for attorneys.

About the Firm

GrayRobinson is a full-service law and lobbying firm with attorneys and government relations professionals throughout 15 offices spanning the State of Florida and Washington, DC. Our attorneys, consultants, and regulatory professionals provide legal and government affairs services to our clients throughout Florida, our nation's capital, across the country, and all over the world. We offer not only an extensive range of services but also depth and proficiency in each one.

We are at the forefront of emerging legal and legislative issues, work expeditiously on behalf of our clients, and respond quickly to their needs. We help our clients accomplish their objectives and conduct post-matter reviews to determine if those objectives were met. We maintain constant awareness of changes within and affecting our clients' industries and issue timely electronic updates (E-lerts) advising of changing regulations and policy, including how changes might affect our clients' companies, industries, or municipalities. We have created a firm that serves our clients and our communities while counting creativity as a hallmark characteristic and insisting on ingenuity and innovation.

GrayRobinson's mission is to apply our legal, lobbying, and regulatory backgrounds and skills in ways that enable our clients to define and achieve their goals while supporting our communities as a matter of mission as well as passion. We do this while honoring and continuing an established tradition of serving our clients and communities through the cultivation of relationships based upon respect, loyalty, and integrity.

MISCELLANEOUS INFORMATION

1. Does your firm have a fax machine and e-mail address?

Yes, please find the requested information below.

Fax: 352-376-6484
Email: stephanie.marchman@gray-robinson.com

2. Have you ever represented a client who has been involved in litigation with the City of St. Augustine Beach? If yes, please describe the circumstances.

Stephanie Marchman has not represented a client that has been involved in litigation with the City of St. Augustine Beach.

A GrayRobinson shareholder in the Jacksonville office represented TD Bank in a case against the City of St. Augustine Beach which involved a sewer lift station serving a TD branch bank site. The matter was resolved and the file closed in 2009.

3. Do you currently provide legal services for any other public agencies in St. Johns County, or in other north Florida counties? If so, please list them.

The following public sector clients are represented by various attorneys at GrayRobinson, and are located in St. Johns County, or in another North Florida County:

- Florida A&M University Board of Trustees
- Florida Dept. of Children and Family Services
- Florida Department of Corrections
- City of Milton Firefighters Pension Board
- Pensacola State College
- University of Central Florida
- Gilchrist County School Board
- Escambia County Tax Collector
- Emerald Coast Utilities Authority

4. Have you, any attorney in your firm, or any attorney who would serve as Assistant City Attorney, ever been disciplined by the Florida Bar? If so, please provide the date of such action, a brief description, and summary of the discipline.

Stephanie Marchman, Heather Ramos, and Bill Andrews have never been disciplined or had a complaint filed against them.

There have been isolated cases where The Florida Bar was required to make inquiry of GrayRobinson attorneys regarding alleged grievances or complaints. All inquiries have concluded with no determinations made in favor of the complainants or a finding of probable cause and thus those inquiries were dismissed.

Practice & Industry Groups

GrayRobinson provides legal and lobbying services to *Fortune* 500 companies, emerging businesses, lending institutions, local and state governments, developers, entrepreneurs, individuals, hospitals and other health care organizations, regulated products clients, resorts, and hotels.

- Administrative & Regulatory
- Admiralty & Maritime Law
- Affordable Care Act
- Alcohol Beverage
- Alternative Dispute Resolution
- Antitrust & Trade Regulation
- Appellate
- Attorney General Defense
- Aviation and Drone Law
- Banking & Finance
- Bankruptcy & Creditors' Rights
- Business Contingency Litigation
- Cannabis Industry
- Class Action Defense
- Communications, Cable & Broadband
- Construction
- Corporate
- Criminal & White Collar Defense
- Customs & International Trade Law
- Cybersecurity
- Education
- Elder Law
- Election Law
- Eminent Domain & Condemnation
- Employment & Labor
- Entertainment & Sports
- Environmental & Sustainability Law
- ERISA & Employee Benefits
- ESOPs
- Estate Planning
- Exempt Organizations
- Family Law
- Food Law
- Franchising & Licensing
- Government
- Government Affairs & Lobbying
- Guardianship
- Health Care
- Health Information Technology
- Higher Education
- Hospitality
- Immigration
- Insurance
- Insurance Defense
- Insurance Regulatory
- Intellectual Property & Technology
- International
- Land Use Law
- Latin America Capital Flight
- Litigation
- Managed Care
- Media & Communications Law
- Medicaid Planning
- Medical Malpractice Defense
- Mergers & Acquisitions
- OSHA
- Patent
- Personal Injury
- Petroleum
- Probate
- Product Liability & Toxic Tort
- Professional Liability Defense
- Public Finance
- Real Estate
- Religious Organizations
- Residential, Resort & Club
- Restaurant
- Securities
- Securities Litigation, Arbitration & Regulatory Practice
- Senior Housing
- Special Needs Law and Advocacy
- Subrogation
- Taxation
- Technology Transactions
- Tobacco
- Trademark
- Transportation
- Trusts
- Utilities
- Venture Capital
- Wealth Transfer

Locations

GrayRobinson services clients throughout the State of Florida, our nation's capital, across the country, and all over the world from our offices in Boca Raton, Fort Lauderdale, Fort Myers, Gainesville, Jacksonville, Key West, Lakeland, Melbourne, Miami, Naples, Orlando, Tallahassee, Tampa, Washington, DC, and West Palm Beach.

Representation before State Government

LEGISLATIVE REPRESENTATION

The Firm has decades of experience in lobbying the Florida Legislature, both offensively and defensively, on behalf of public and private entities. Many of our government lawyers began their careers as staff to the Florida Legislature, Governor's

Office and state agencies, providing our clients with a unique perspective on the most efficient means of meeting their legislative goals. The Firm is quite active in the political process and maintains close relationships with its local delegations and political leadership.

ADMINISTRATIVE REPRESENTATION

GrayRobinson's state government experience does not stop with the legislature. Whether the issue is lobbying executive agencies, safeguarding legislation through the rule-making process, licensing, regulatory matters, or Chapter 120 Administrative Law proceedings, GrayRobinson has the experience and relationships necessary to provide our clients with effective representation before all state agencies, offices, and the Florida Cabinet.

PROCUREMENT

The Firm provides legal counsel relating to all aspects of procurement, including assistance in the preparation of bids, RFPs and proposals; contract negotiation; bid protests; appellate review and contract disputes.

ENVIRONMENTAL AND LAND USE LAW

The Firm's experience as Orange County Attorney has generated a sophisticated and wide-ranging practice in the fields of environmental regulation and land use planning. Our government lawyers are recognized throughout the state for their experience and ability in representing both public and private clients in land use, DRI, zoning, comprehensive planning, and environmental proceedings involving new development.

ELECTION LAW

The Firm is ideally situated to meet client needs in the full range of state elections, campaign, and ethics matters. The Firm has represented political candidates in election contests and resign-to-run law litigation. The Firm has also represented members of the legislature, the cabinet, and served as Special Counsel to Governor Bush in public officer impeachment litigation. In addition, in 1992, members of the Firm represented the Republican Party of Florida in Redistricting litigation and in 2002, the firm represented the Florida House of Representatives as Redistricting Counsel.

GRAY | ROBINSON
ATTORNEYS AT LAW

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Experience

Throughout his legal career, he has limited his practice to representing employers in labor and employment law matters. This representation includes representing private and public sector employers in all areas of labor and employment law, including responding to EEOC and related employment claims, conducting wage and hour audits, defending collective actions filed under the Fair Labor Standards Act, defending union-organizing drives, preparing personnel policies and employee handbooks, and advising clients in compliance with Title III (public accommodation) of the Americans with Disabilities Act. Bill is a frequent speaker on labor and employment law topics at public and private sector seminars and trade association meetings throughout the United States.

Bill has received a certification from The Florida Bar as a Board Certified labor and employment lawyer. He has received an "AV" rating from *Martindale-Hubbell* and is also included in the editions of *Best Lawyers in America* from 1989 to the present, *Florida Trend* Legal Elite in the Labor and Employment Law category, *Chambers USA*'s Leading Business Lawyers, Florida Super Lawyers in the Labor and Employment Law category, and also listed in Super Lawyers Corporate Counsel Edition. Additionally, Bill was chosen as one of the 100 leading lawyers in the state of Florida, regardless of classification, in the inaugural edition of Florida Super Lawyers, and in 2010, he was named the Best Lawyers' Jacksonville Labor and Employment Lawyer of the Year.

Areas of Practice

- Employment & Labor
- Construction
- Health Care
- Higher Education
- Insurance Defense

- Litigation
- OSHA
- Cannabis Industry
- Restaurant
- Senior Housing
- Administrative & Regulatory
- Government

Education

- University of Florida, B.S.
- University of Florida, J.D.

Admissions

- Florida
- U.S. District Court, Middle District of Florida
- U.S. District Court, Northern District of Florida
- U.S. District Court, Southern District of Florida
- U.S. Courts of Appeal for the 4th, 5th, 8th, 10th, 11th and D.C. Circuits
- U.S. Supreme Court

Professional Associations & Memberships

- The Florida Bar
  - Board Certified in Labor and Employment Law
  - Labor and Employment Law Section, Member
    - Certification Committee, Member, 2011-2012
  - County and Local Government Section, Member
  - Wage and Hour Liaison Committee, past Chairman
  - Labor and Employment Law Certification Grade Review Committee, Panel Member
  - Labor and Employment Law Certification Examination Review Committee, Panel Member
- 4th Judicial Circuit Grievance Committee, past Chairman (twice)
- Academy of Florida Management Attorneys, Charter Member
- Florida School Board Attorneys Association, Associate Member

Awards & Recognitions

- AV Preeminent™ rated by *Martindale-Hubbell*
- Florida Bar President's Pro Bono Service Award, Recipient
- The Florida Bar's 2018 Justice Harry Lee Anstead Award, Nominee

- Florida's *Super Lawyers*, Inaugural Edition, Top 100 Lawyers in the State of Florida (regardless of specialty)
- Recognized by *Jacksonville Magazine* as one of the "250 Best Lawyers of 2010"
- Florida's *Super Lawyers*, Employment and Labor Law category, 2006-2018
- *Chambers USA*, Labor & Employment, 2009-2015
- *Best Lawyers in America*, Labor and Employment Law, 1989-2019
  - Lawyer of the Year, Labor and Employment, 2010
- *Florida Trend*, Legal Elite, Labor and Employment Law, 2010-2015
- *American Lawyer* & *Corporate Counsel*, Top Rated Lawyer in Healthcare, 2013

Civic

- Jacksonville Regional Chamber of Commerce
  - Board of Governors
  - Past General Counsel
- Community Advisory Board, WJCT Public Television
- Rotary Club of West Jacksonville
  - Past President
- Air Service Development Task Force and Business Recruitment Standing Committee of the Jacksonville Regional Chamber of Commerce
- Cummer Museum of Art and Gardens
  - Ponce Society Member
- ARC of Jacksonville
  - Former Board Member
- Jacksonville Civic Council
  - Pension Sub-Committee Task Force, Member
  - Pro-Bono Legal Team, Member

Articles & Publications

- "Recent Developments in Wage and Hour Law," 13th Annual Public Employment Relations Forum
- Co-Author, "Many Florida Public Sector Employers Ignore FLSA Compliance," The Florida Bar Journal

Presentations & Seminars

- "Appropriate Workplace Behavior for Tax Collectors," Department of Revenue Continuing Education Workshop for Tax Collectors Seminar, Tampa, Florida, June 7, 2017
- "Ten Commandments to Avoiding a Wrongful Discharge Lawsuit," Department of Revenue Continuing Education Workshop for Property Appraisers, Tampa, Florida, May 24, 2017
- "Ten Commandments for Avoiding an Unlawful Discharge Lawsuit," St. Johns County Non-Profit Organization, April 19, 2017

- "Employment and Labor Update," Continuing Education Workshop for Tax Collectors, Jacksonville, Florida, May 2, 2016
- "ADA Updates and Labor Law Changes," Florida Restaurant & Lodging Association, First Coast Chapter Luncheon, Fernandina Beach, Florida, July 21, 2015
- Presenter, "National Labor Relations Board 'Quickie Election' Rules," Space Coast Business Dinner, Associated Builders and Contractors, Inc., Melbourne, Florida, June 16, 2015
- "National Labor Relations Board 'Quickie Election' Rules," Associated Builders and Contractors, Inc., Orlando, Florida, May 14, 2015
- "Drafting Must Have Policies for Today's Handbooks," Labor and Employment CLE Seminar, National Business Institute, Jacksonville, Florida, May 11, 2015
- "Labor and Employment Law Update," Continuing Education Workshop for Property Appraisers, Department of Revenue, Daytona Beach, Florida, May 4-6, 2015
- "Executive & Agency Regulations that will Affect Your Business this Year," First Coast Manufacturers Association Workforce Workshop, Jacksonville, Florida, February 25, 2015
- "Recent Developments on Hiring Criteria and Work Rules," First Coast Manufacturers Association Workforce Workshop, Jacksonville, Florida, September 24, 2014
- "Are you covered," Affordable Care Act Workshop, Restaurant and Lodging Association, Jacksonville, Florida, June 12, 2014
- "A Primer on the Americans with Disabilities Act and Family and Medical Leave Act and How They Interplay," First Coast Manufacturers Association Workforce FMLA-ADA Workshop, March 27, 2013
- "Highlights of the Migrant and Seasonal Agricultural Worker Protection Act," The Florida Bar Agricultural Update Seminar, Gainesville, Florida
- "Liberty Interests and Freedom of Speech," Florida Association of Property Appraisers, Inc. Seminar, Key West, Florida
- "Sexual Harassment - The Rules Have Changed: Update on Requirements," Department of Revenue Continuing Education Workshop for Tax Collectors Seminar, Orlando, Florida
- "Making Unions Unnecessary," Florida Association of Property Appraisers, Destin, Florida
- "Wage and Hour Speech," Florida Association of Court Clerks, Amelia Island, Florida
- "Non-Compete Clauses and Wrongful Termination," Florida Association for Retarded Citizens, Orlando, Florida
- "Florida Compensation Law Compliance," Lorman Education Services, Jacksonville, Florida
- "Mediation of Special Masters B Alternative Resolutions to Public Employment Disputes," XXVI Annual Public Employment Labor Relations Forum, Tampa, Florida
- "Recent Developments in Employment and Public Sector Law: Things You Need to Know," Florida Department of Revenue Continuing Education Workshop for Property Appraisers, Orlando, Florida
- "New United States Supreme Court Decision Expanding Employee Rights in the Workplace and Compliance With Minimum Wage and Overtime Provisions of the Fair Labor Standards Act," Department of Revenue Continuing Education Workshop for Tax Collectors Seminar, Orlando, Florida
- "Hire Right . . . Recruiting & Screening Methods," NAC Seminar, San Antonio, Texas

- "Wage and Hour Issues Including Overtime, Hours Worked and Exempt Staff Issues" and "Ten Commandments of a Happy Office Including Interviewing and Hiring," Lorman Education Services, Jacksonville, Florida
- "Avoiding or Eliminating Employees' Due Process Claims, Monitoring All Usage of Office Computers and Effective Handling of Unemployment Compensation Claims," Department of Revenue Continuing Education Workshop for Property Appraisers, Orlando, Florida
- "Property and Liberty Interests: Avoiding or Eliminating Employees Due Process Claims, Monitoring All Usage of Office Computers and Effective Handling of Unemployment Compensation Claims," Department of Revenue Continuing Education Workshop for Tax Collectors Seminar, Orlando, Florida
- "Alternative Pay Plans to Comply with Fair Labor Standards Act," National Convenience Store Advisory Group Conference, Myrtle Beach, South Carolina
- "Employment Law Update: Strategies for Challenging Times," Florida Department of Revenue Continuing Education Workshop for Property Appraisers, Daytona Beach, Florida
- "Issues Unique to the Public Sector Under the Minimum Wage and Overtime Provisions of the Fair Labor Standards Act," Florida Personnel Associations Conference, Marco Island Marriott Beach Resort, July 2010

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ATTORNEYS AT LAW

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Experience

Heather focuses on all aspects of state and local government law, such as land use law, Florida's Public Records and Open Meeting Law, ethics and gift laws, Sunshine Law, public records law, taxation and finance, utility law, constitutional law, administrative law, and litigation. She assists clients with issues relating to annexation, land use and zoning changes, real estate acquisitions and sales, real estate financing and legislative and governmental affairs on both local and state levels.

Heather's experience involves the representation of private and public entities in the development of commercial, residential and mixed-use projects in all phases of development. She helps landowners obtain all forms of local government approvals, ranging from zoning and comprehensive plan amendments, special exceptions, variances and conditional use permits to the negotiation of development agreements, development orders and annexation agreements. Heather's experience involves planned unit developments, subdivision plats, annexation agreements, vested rights, impact fees, utility agreements, concurrency, transportation mitigation, road construction agreements, wetlands mitigation and permitting, and many other aspects of land use and real estate development.

For the public sector, Heather is the town attorney for Howey-in-the-Hills and the assistant town attorney for Windermere. She is assistant general counsel to Space Florida, the state agency responsible for developing commercial aerospace industries in Florida. She is the assistant lead counsel for the Orange County Library District and assistant counsel to the Orange County and Seminole County Property Appraiser.

For her local government clients, she performs a substantial amount of ordinance and resolution drafting, and contract drafting, review and negotiation. She provides guidance on a regular basis regarding the Sunshine Law, the public-records act, financial disclosure, and ethics and gifts law.

Heather has served as special counsel to several hospital districts regarding Sunshine Law, ethics, gift law, financial disclosure rules and public records law. She has assisted in the establishment of community redevelopment agencies and other local government financing mechanisms.

Areas of Practice

- Government
- Higher Education
- Land Use Law
- Utilities

Background

Heather was born in Washington, D.C., and raised in Melbourne, Florida. After attending the University of Central Florida and receiving her bachelor's degree in accounting, Heather enrolled in Stetson University College of Law with a scholarship. She graduated *cum laude* and received her juris doctor from Stetson in May 2002.

Education

- University of Central Florida, B.A. accounting (*honors*, 1999)
- Stetson University College of Law, J.D. (top 10%, *cum laude*, 2002)
  - Moot Court, Board Member
  - Florida Association for Women Lawyers, Member

Admissions

- Florida

Professional Associations & Memberships

- The Florida Bar
  - Local Government Law Section
  - Environmental and Land Use Section
- Orange County Bar
  - Environmental and Land Use Committee, Co-Chair, 2004-2005

Awards & Recognitions

- AV Preeminent™ rated by *Martindale-Hubbell*
- "Legal Elite" *Florida Trend*, "Up & Comers", 2009
- Florida *Super Lawyers*, "Rising Star," 2009, 2011

Civic

- Habitat for Humanity of Seminole County and Greater Apopka, Board of Directors, 2013-present
- Cystic Fibrosis Foundation, Board of Directors, 2004-2011
- Orlando Regional Chamber of Commerce, Board Member, Leadership Alumni, 2006-2008
- Orlando Regional Chamber of Commerce, Vice Chair Membership, Executive Committee, Leadership Alumni, 2006

- Tiger Bay Club, Membership Committee, Member, 2005-2007
- Florida Hospital Cancer Institute, Board Member, 2004-2007
- Leadership Orlando, Graduate, Class 63, 2004
- League of Women Voters, Board Member, 2003-2005

Agenda Item # 3

Meeting Date 6-17-19

MEMORANDUM

TO: Mayor George
Vice Mayor England
Commissioner Kostka
Commissioner Samora
Commissioner Rumrell

FROM: Max Royle, City Manager df

DATE: May 28, 2019

SUBJECT: Review of Long-Range Financial Plan

INTRODUCTION

Section 2-106 of the City Code requires there be long-range financial planning, and the plan developed "shall forecast both estimated revenues and proposed expenditures for a minimum of five (5) years."

Each year, the long-range financial plan is usually presented to you in May. However, this year it will be provided to you at your June 17th special meeting, when you'll discuss budget and finance matters, as well as guidelines for the preparations of the Fiscal Year 2020 budget and potential revenue sources. The plan may have information that you'll find useful for your discussion of potential revenue sources.

THE PLAN

It was prepared by the City's Chief Financial Officer, Ms. Melissa Burns, and is attached as pages 1-7. Its structure is simple.

- An example of the revenue and expenditure categories (pages 1-2)
- An explanation of the basis for estimating the revenue and expenditure projections for the next five years (page 3)
- Past five years of historical revenues and expenditures (pages 4-5)
- Projected revenues and expenditures for FY 2019-2023 (pages 6-7)

CONCERN

You'll note at the top of each column of numbers for historical revenues and expenditures, and for projected revenues and expenditures, that Ms. Burns provided a total. When you compare the total revenues with the total expenditures for each year, you'll note that for several of the historical years, the expenditures exceeded revenues, meaning that the City had to dip into savings. For the projected revenues and expenditures (pages 6-7), expenditures exceed revenues for each of the five years.

Our concern for the City's future financial health is that either expenditures must be lowered, or revenues increased by raising property taxes or finding other revenue sources, or a combination of expenditure reduction and revenue enhancement.

ACTION REQUESTED

It is that you discuss the long-range financial plan with Ms. Burns and that you consider its five-year projected revenues and expenditures when you discuss the fourth topic on the agenda, new revenue sources, such as the franchise fee for solid waste haulers and a non-ad valorem assessment to pay the costs to collect household waste, recyclables, yard trash, and special wastes. The five-year projections clearly show that without new revenue sources, the Commission will have only one option: reduce services in order to reduce expenditures.

City of St. Augustine Beach Long-Range Financial Planning
Fiscal Year 2019

Introduction

Per City's Code, in May of each year, a financial plan is to be submitted to the City Commission and is to contain estimated revenues and proposed expenditures for a minimum of five (5) years. The following information will illustrate where the City has been for the past five years, and where we project the City to be over the next five years.

The revenues and expenditures are broken down into groups also known as functions. Below is an outline of what is comprised of each group or function.

Revenues

- **Taxes**
  - Ad Valorem Taxes
  - Utility Taxes
  - Telecommunication Tax
  - Business Tax Receipts
  - Local Option Gas Tax
- **Licenses & Permits**
  - Building Permits
  - Other Permits
  - Franchise Fees
  - Impact Fees
- **Intergovernmental Revenue**
  - Grants (State, Federal & Local)
  - State Revenue Sharing
  - ½ Cent Sales Tax
  - Alcoholic Beverage Licenses
  - County Business Tax Receipts
  - Fuel Tax Refund
- **Charges for Services**
  - Zoning Fees
  - Plan Review/Plat Fees
  - Sales of Maps
  - Impact Fee Administrative Charge,
  - Solid Waste Disposal Fees
  - Beach Patrol
  - Police Reports
  - Certification and Copying Fees
- **Fines and Forfeitures**
  - Court Fines
  - Parking Tickets

- Other Fines and Forfeitures
- Code Enforcement Fines

- **Miscellaneous**
  - Scrap Sales
  - Discounts Earned
  - Refunds of Prior Year Expenditures
  - Other Miscellaneous Revenues
  - Contractor License/Special Permits

Expenditures

- **General Government**
  - City Commission
  - City Manager
  - Finance/Administration
  - Comprehensive Planning
  - Other Governmental Services
- **Public Safety**
  - Police
  - Building (Protective Inspections)
- **Physical Environment**
  - Garbage/Solid Waste
  - Infrastructure
- **Economic Environment**
  - Advertising in conference programs/community publication
- **Human Services**
  - Dog registration tags
- **Culture & Recreation**
  - Maintenance of Parks
  - Events
  - Park Projects

With planning for the future, the capital improvements plan is incorporated into the projected expenditures, as well as the actual debt service payments. As stated above we begin with the past and move into the future on the following pages.

Historical

The graphs on the next three pages depict historical revenues, expenditures and fund balance. Taxes, mainly property taxes, are the City's primary source of revenue used to provide its services. Most revenues have been slowly growing which can be attributed to the overall economy, however, additionally in FY17 and FY18 the City received sizeable revenues which are one-time revenues, these are reimbursements from FEMA and the grant from the Florida Communities Trust which are reported in the intergovernmental category.

Expenditures show slight increases over the same time period, however, there have been a couple of large spikes which are directly related to the purchase of the 4.5 acres now known as Ocean Hammock Park. In FY16 in the capital outlay category, this is where the City purchased the land; and in FY17 is where the City paid off the lease/purchase with the Trust for Public Lands.

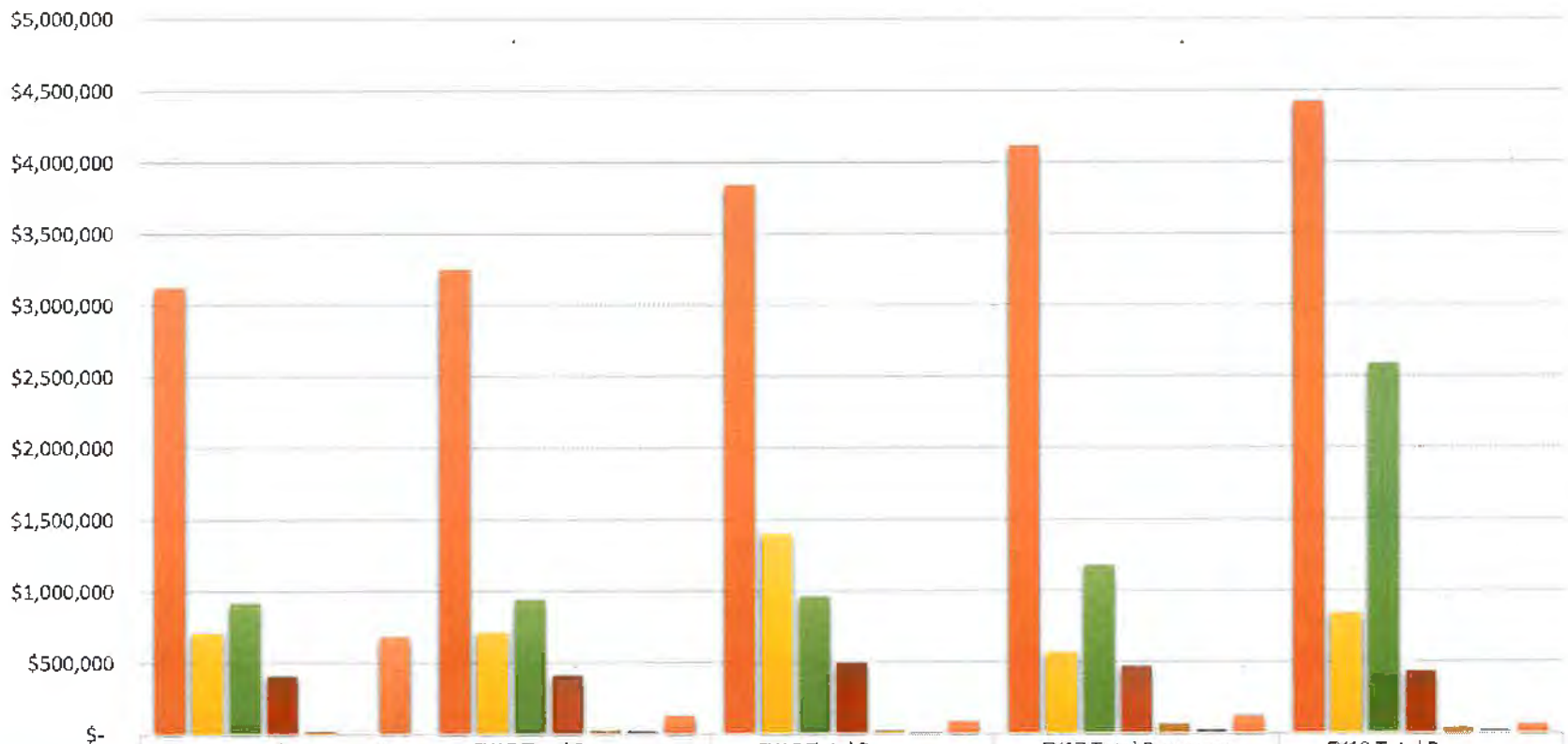
In Historical Fund Balance, the General Fund fund balance is recovering from removing the $1.5 million to secure the remaining 4.5 acres of Ocean Hammock Park, but the Road & Bridge fund balance remains in the negative. This was primarily by the damage to the weir from Hurricane Irma. The City expects to recover funds from FEMA for both the temporary fix and the permanent repair work. In the meantime, the General Fund will have to increase its subsidy to the Road and Bridge Fund.

Projected

The last two pages are illustrating the projected revenues and expenditures from FY19 through FY23. Projections were calculated using a hybrid approach utilizing a combination of historical trend analysis, known economic factors, and judgmental estimates which are basically educated estimates that are based on known variables. Only slight increases are expected in both revenues and expenditures. A few revenue and expenditure functions will remain almost flat.

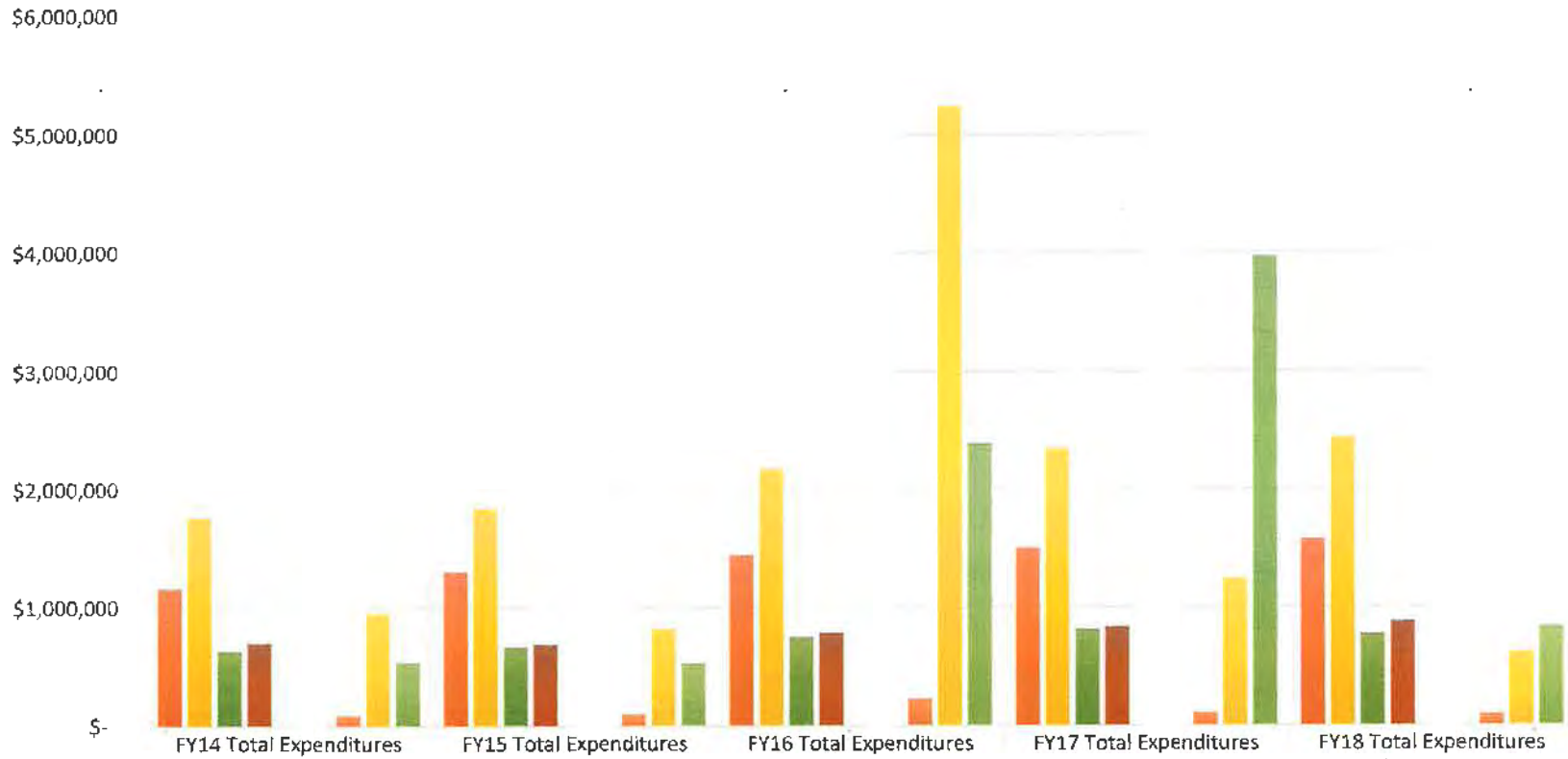
The information presented are one of the many tools utilized when preparing the annual budgets, however, is should be noted that most of the revenue estimates are provided to the Finance Office from the Florida State Office of Economic and Demographic Research in June and July of each year.

Historical Revenues
FY14 - FY18



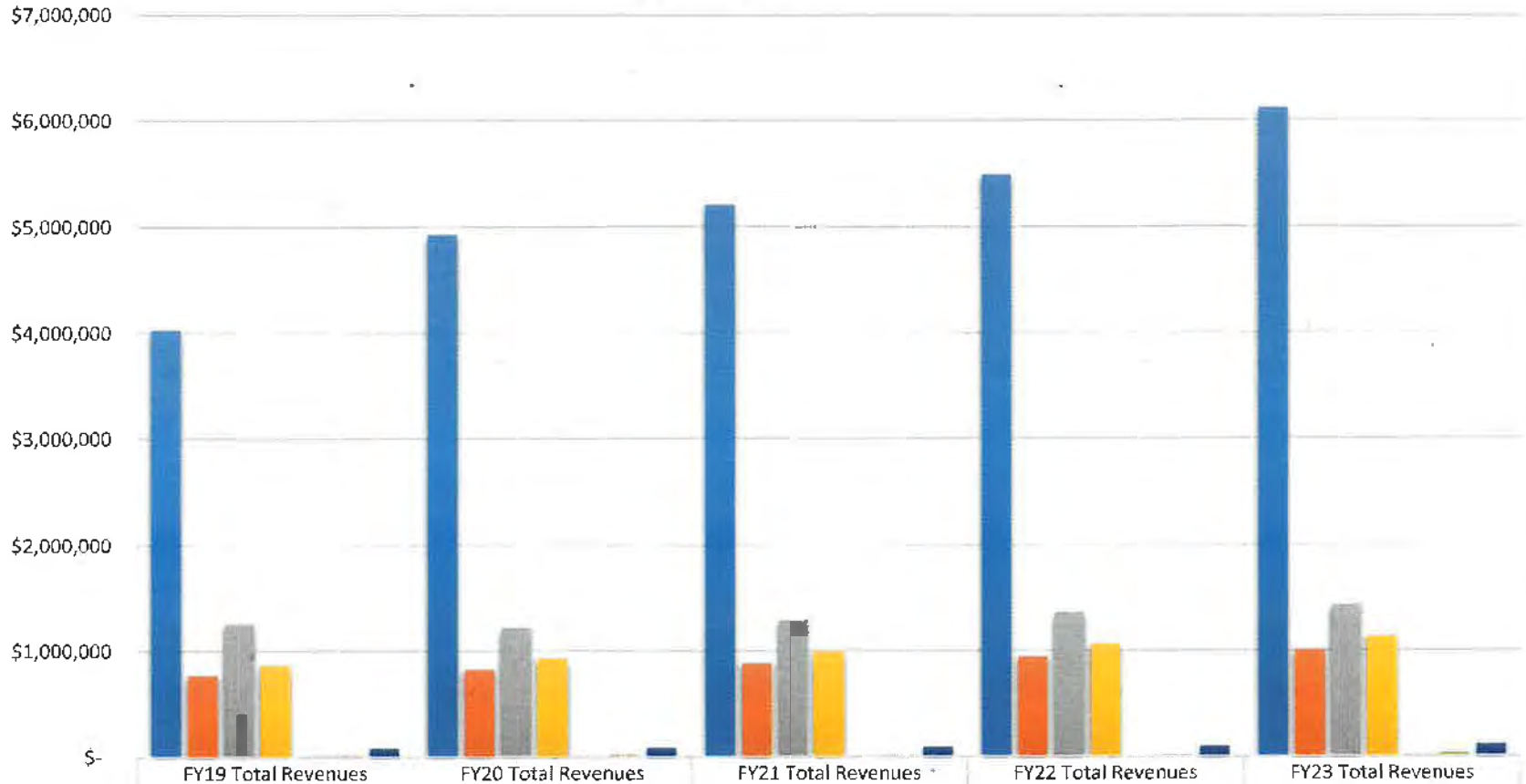
	FY14 Total Revenues $5,893,916	FY15 Total Revenues $5,513,290	FY16 Total Revenues $6,845,609	FY17 Total Revenues $6,565,741	FY18 Total Revenues $8,443,809
Taxes	$3,130,921	$3,255,528	$3,847,957	$4,121,909	$4,431,370
Licenses & Permits	716,592	716,666	1,406,442	572,939	846,493
Intergovernmental	920,895	943,892	962,833	1,178,965	2,592,828
Charges for Services	413,710	415,861	496,652	470,719	437,507
Fines & Forfeitures	21,321	26,258	24,177	68,876	42,994
Interest	1,867	20,123	16,464	23,739	24,274
Miscellaneous	688,610	134,962	91,084	128,594	68,343

Historic Expenditures
FY14-FY18



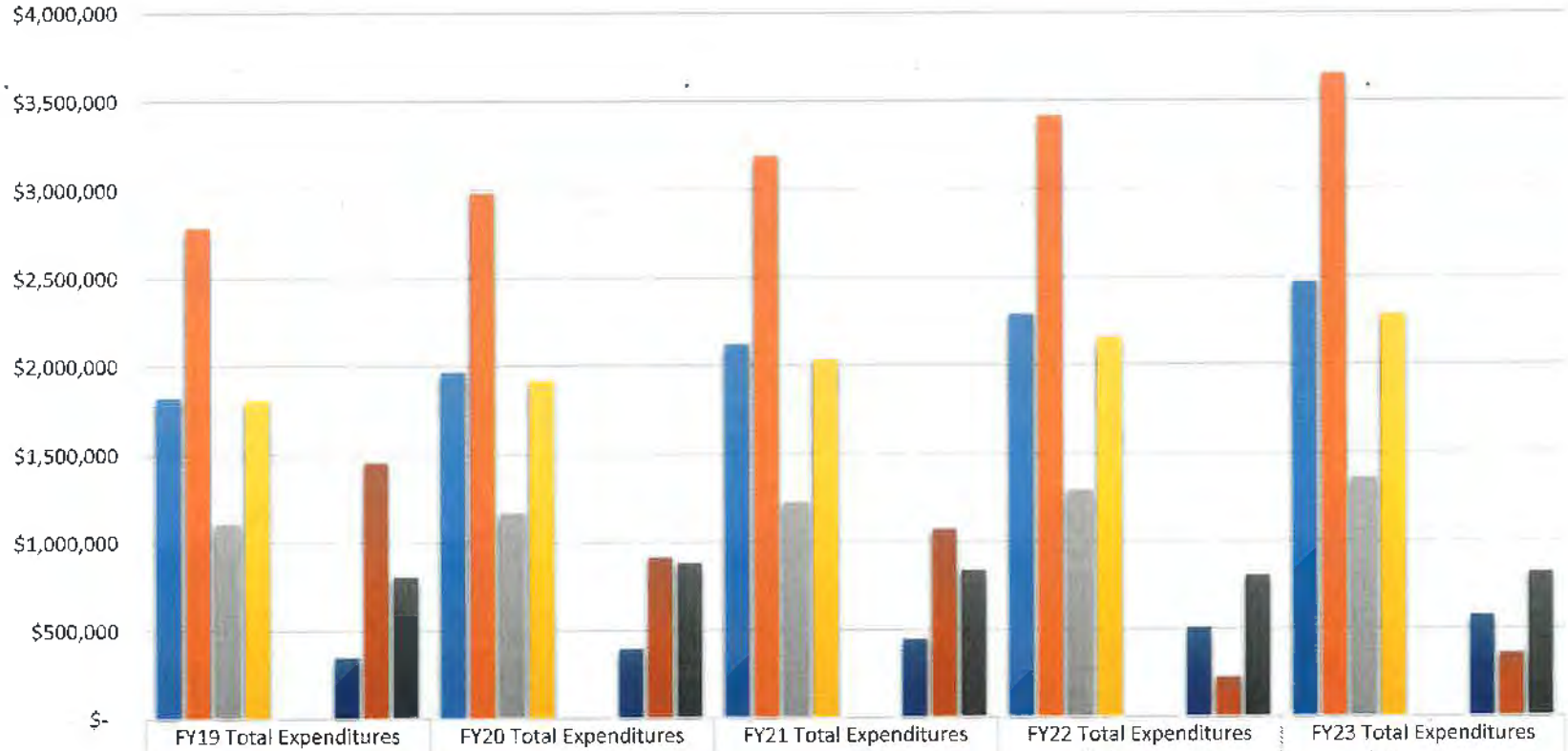
	FY14 Total Expenditures	FY15 Total Expenditures	FY16 Total Expenditures	FY17 Total Expenditures	FY18 Total Expenditures
	$5,871,635	$5,979,221	$13,029,945	$10,846,492	$7,225,649
General Government	$1,160,620	$1,300,555	$1,442,292	$1,502,863	$1,576,424
Public Safety	1,766,910	1,837,029	2,177,136	2,351,855	2,438,502
Physical Environment	637,145	669,633	750,608	817,064	777,854
Transportation	704,106	694,965	788,250	835,419	884,545
Economic Environment	5,250	5,250	-	5,250	-
Human Services	46	51	54	49	53
Culture & Recreation	97,344	106,107	238,093	115,844	96,121
Capital Outlay	957,583	828,737	5,244,913	1,248,857	623,489
Debt	542,631	536,894	2,388,599	3,969,291	828,661

Projected Revenues
FY19 - FY23



	FY19 Total Revenues $7,052,689	FY20 Total Revenues $8,040,513	FY21 Total Revenues $8,511,981	FY22 Total Revenues $9,011,359	FY23 Total Revenues $9,861,780
Taxes	$4,031,139	$4,935,966	$5,209,419	$5,498,021	$6,124,076
Licenses & Permits	777,200	830,827	888,154	949,437	1,014,948
Intergovernmental	1,256,735	1,217,960	1,285,800	1,357,419	1,433,027
Charges for Services	874,265	934,589	999,076	1,068,012	1,141,705
Fines & Forfeitures	11,700	12,507	13,370	14,293	15,279
Interest	19,100	20,418	21,827	23,333	24,943
Miscellaneous	82,550	88,246	94,335	100,844	107,802

Projected Expenditures
FY19-FY23



	FY19 Total Expenditures $10,149,768	FY20 Total Expenditures $10,234,174	FY21 Total Expenditures $10,939,773	FY22 Total Expenditures $10,697,078	FY23 Total Expenditures $11,536,065
General Government	$1,824,954	$1,968,943	$2,124,293	$2,291,900	$2,472,731
Public Safety	2,790,467	2,985,800	3,194,806	3,418,442	3,657,733
Physical Environment	1,108,261	1,166,445	1,227,683	1,292,136	1,359,973
Transportation	1,815,325	1,924,063	2,039,314	2,161,469	2,290,941
Economic Environment	250	250	250	250	250
Human Services	55	60	60	60	60
Culture & Recreation	346,850	393,571	446,585	506,740	574,998
Capital Outlay	1,459,859	914,850	1,071,850	223,500	359,500
Debt	803,747	880,192	834,932	802,581	819,879

Agenda Item # 4

Meeting Date 6-17-19

MEMORANDUM

TO: Mayor George
Vice Mayor England
Commissioner Kostka
Commissioner Samora
Commissioner Rumrell

FROM: Max Royle, City Manager

DATE: June 3, 2019

SUBJECT: Discussion of Revenue Sources: Franchise Fee for Solid Waste Haulers; Non-Ad Valorem Assessment to Pay Costs to Collect Solid Waste and Recyclables; and Update on Paid Parking

ITEM A. FRANCHISE FEE

You last discussed this at your March 4th regular meeting and your March 5th continuation meeting. The outcome of the discussion was for the City Attorney to prepare an ordinance for your April 1st meeting. Though the ordinance wasn't received for that meeting, it is attached.

Attached for your review is the following information:

a. Pages 1-3, the memo, minus the attachments, that Ms. Burns provided to you for your March 4th meeting.

b. Pages 4-5, the minutes of that part of your March 4th meeting when you discussed the franchise fee for solid waste haulers.

c. Page 6, the minutes of that part of your March 5th meeting when you continued the discussion.

d. Page 7, the memo prepared by Ms. Burns for your June 17th meeting.

e. Pages 8-12, Ordinance 19-10

Action Requested

It is that you discuss the proposed ordinance with Mr. Wilson and Ms. Burns, and whether to pass it on first reading.

ITEM B. NON-AD VALOREM ASSESSMENT

The City already levies a non-ad valorem assessment of $74 per residential unit to pay part of the cost to DISPOSE of household waste. The assessment each year is put on the tax bill that is sent to every owner of residential property from which solid waste is collected by Public Works employees. The $74 does not pay the cost to dispose of recyclables. That cost is paid monthly by the City from general revenues to Advanced Disposal, the company that collects and disposes of the recyclables.

The Proposal

It is that the City levy a non-ad valorem assessment fee to pay the costs to COLLECT solid waste, such as household waste, yard trash, and special waste. The amount approved by the Commission would be put on the tax bill of each residential unit that is served by the City, just as currently the $74 non-ad valorem assessment for the disposal of solid waste is on the tax bill.

Attachments

For your review, we have attached the following:

a. Pages 13-14, a memo from the Chief Financial Officer, in which she provides the full costs to collect and dispose of solid waste and recyclables.

b. Pages 15-17, the minutes of that part of the Commission's February 12, 2018, meeting when the Commission discussed the non-ad valorem assessment for the collection of solid waste. Ms. Burns refers to this meeting in her memo (pages 13-14).

Recommendation

It is that you approve the same non-ad valorem assessment for the collection of solid waste and recyclables that the County and St. Augustine are now levying. The amounts would be:

- $111 for collection
- $ 37 for recycling
- $ 74 for disposal*
- $222 total

* As the City is already levying the $74 for disposal, the requested additional non-ad valorem assessment is $148.

If you approve this, then the City would receive $620,712 a year, starting in FY 2021.

Process for Establishing the Non-Ad Valorem Assessment

It is outlined in Section 197.3631 and subsequent sections of Florida Statutes: The steps are described below:

1. Prior to January 1, 2020, the City Commission adopts a resolution at a public hearing. The resolution is to state the uniform method of collecting such an assessment.

2. Four consecutive weeks prior to the hearing, the City must publish in a newspaper of general circulation the notice of the City's intent to use the uniform method of collecting the assessment. The resolution must state the need for the assessment and must include a legal description of the boundaries of the real property that will be subject to the assessment.

3. If the Commission adopts the resolution, then a copy of it must be sent by January 10th to the Tax Collector, the Property Appraiser, and the Florida Department of Revenue.

4. Between January 1, 2020, and September 15, 2020, the City must adopt another resolution at a public hearing. This resolution will adopt a non-ad valorem assessment roll of the properties that will be charged the assessment.

5. At least 20 days before the public hearing, the City must notify every property owner who will be affected by the special assessment of the assessment's purpose, the amount of the assessment, the total revenue the City expects to collect, and other information concerning the specific assessment. A notice must be published in a newspaper of general circulation in the County about the public hearing. The notice must also contain specific information about the proposed assessment.

6. If the resolution is adopted, the City then must have an interlocal agreement with the Tax Collector for his office to collect the assessment and remit it, minus an administrative charge of 2%, to the City.

Action Requested

It is that you decide whether to adopt a non-ad valorem assessment to pay the costs for the collection of household waste, special waste, and recyclables.

If you do, then the City will follow the steps required by state law. Also, the CFO and the City Manager will meet with the Tax Collector for any guidance/information he may have about the process.

If you decide not to adopt the non-ad valorem assessment, then as the long-range financial plan clearly shows, other recurring revenue sources will have to be found and/or expenditures will have to be reduced.

ITEM C. UPDATE ON PAID PARKING

You have directed the City staff to be involved with the County staff in their negotiations with Republic Parking System, one of the companies that responded to the County's request for proposals. The County Commission accepted the staff's request that it be authorized to negotiate the terms for a parking management program with Republic.

Since then, the City Manager has contacted the County Administrator and the County's Director of Management and Budget about when the City can participate in the negotiations with Republic. He has been told that a meeting will be scheduled in June and that the County staff will bring the results of the negotiations to the County Commission in July.

The County's Director of Management and Budget has also told the Manager that the County's parking management system, if approved by the County Commission, won't be implemented until March 2020. This will give the City time to either adopt the County's system or have its own system in place by March 2020, which will be the start of the spring/summer beach season.

Effect of Different Parking Fees on Federal Funding for Beach Renourishment

At a recent meeting, some of you expressed concern that different parking fees could adversely affect the funding by the Federal government for beach renourishment projects. We checked with the County and learned the following:

- A price differential for handicapped parkers, seniors, and veterans will not change the calculation for the Federal cost share funding for beach renourishment.
- A price differential for residents versus non-residents would make those parking areas ineligible towards the calculation of the Federal cost share funding.

You may recall that earlier this year you approved the following hourly parking fees: 50¢ for residents and business employees, $2 for visitors, and $1 for parking at Ocean Hammock Park. The County Commission has tentatively approved a daily (not hourly) parking fee of $5 and an annual pass fee of $50.

Based on information from the County, the conclusion is that no matter which paid parking system the City adopts, the County's or its own, it cannot, without jeopardizing Federal cost-sharing for beach projects, have differing parking fees based on residency or if the parker is an employee of a beach business.

Also, there is then the question of whether the Federal funding calculation will be affected if the County has one parking fee for the Pier Park and the east end of Pope Road while the City has a different fee for its parking areas. The City Manager has sent this question to the County's Director of Management and Budget.

Action Requested

As your goal is to have a parking plan that is seamless with the County, the action requested at this time is that you see what the County Commission decides at one of its July meetings, such as to continue negotiations with Republic, or some other action concerning the County's intent to have a parking management plan. You will then know whether to proceed with the County's plan.

Agenda Item # 6

Meeting Date 3-4-19

M E M O R A N D U M

TO: MAX ROYLE, CITY MANAGER

FROM: MELISSA BURNS, CHIEF FINANCIAL OFFICER MB

SUBJECT: SOLID WASTE FRANCHISE FEES

DATE: 2/20/2019

This topic was first presented at the City Commission's Regular meeting held November 13th, more information was requested for its meeting held on December 3rd such as ordinances from both St. Johns County and the City of St. Augustine, applications, and how the franchise fee program is enforced. At the December 3rd meeting at which time additional information was requested such as may other cities and counties charge such a fee, as well as noticing potential haulers about the possibility of the City of St. Augustine Beach charging a franchise fee.

Since the December 3rd meeting I reached out to other local government finance personnel throughout the state and a few responded with the closest City being Flagler Beach which charges $1,000 initial application fee and $900 annual permit fee. Both St. Johns County and the City of St. Augustine charge a $500 application fee; which is renewed every three years and an annual "per vehicle" fee. This is in addition to the 10% of monthly revenues collected. Of the other cities that responded to my request, the highest monthly percentage I saw was 22%. Additionally, I received a list from St. Johns County of commercial haulers and construction and demolition haulers that currently hold a non-exclusive franchise agreement and sent the companies a notice of the City's discussion of this topic at its March 4th meeting.

For your convenience, I have included the information packet that was included for the December 3rd meeting which contains the information below:

St. Johns County:

- Ordinance No. 2017-39 - Section 8 addresses franchise fees
- Non-Exclusive Franchise Agreement for Commercial/Industrial Solid Waste
- Non-Exclusive Franchise Agreement for C&D Debris

- Applications for both Commercial/Industrial and C&D Debris haulers franchise

- Fees: $500 Application Fee plus $100 per vehicle fee which is renewed every three (3) years then:

    - 5% of monthly revenue collected for Commercial/Industrial haulers

    - 10% of monthly revenue collected for C&D debris haulers

- The County currently has 25 C&D haulers and 15 Commercial haulers paying franchise fees

- Have two (2) solid waste inspectors on staff to enforce the guidelines outlined in the franchise agreements.

City of St. Augustine:

- Section 30-14 of the City of St. Augustine's Code of Ordinances mandating the franchise fees for C&D debris haulers as set forth by Ordinance 2011-17.

- Franchise Agreement for C&D debris haulers

- Application form, instructions and vehicle registration form for C&D debris haulers

- Fees: $500 application fee (renewed every 3 years) plus $25 per vehicle registration fee (annually) then:

    - 10% of monthly revenues collected

- The City of St. Augustine currently has 8 franchise haulers.

- Enforcement is handled by the department employees who are given a list. If they observe a company not on the list, they report it to the department who then contacts the non-compliant company which then has 24 hours to have the dumpster removed.

- Franchise haulers are listed on the City's website

Action Requested

The Commission discusses the information provided and determine whether to move forward with the franchise fee program for Commercial and C&D debris haulers.

6. Franchise Fee for Solid Waste Haulers: Continuation of Discussion (Presenter: Ms. Melissa Burns, Chief Financial Officer)

Mayor George introduced Item 6 and asked Chief Financial Officer Burns to give a staff report.

Chief Financial Officer Burns reported that southern cities were using non-exclusive franchise fees for solid waste; however, Flagler Beach was the closest to our City that is using non-exclusive

franchise fees and charging $1,000 for the initial application fee and $900 annual permit fee. She advised that she notified all the haulers regarding this issue.

Discussion ensued regarding this ordinance including commercial solid waste and construction debris; haulers would be paying the County or City they would be doing the work in; a hauler email that did not want this to go into effect, which was sent to the Commission; whether a pro forma was done; revenues would be approximately $35,000 annually; no business tax receipts would be required for haulers; this impacts businesses and they will put it on their customers; whether this was legally sustainable; whether to charge a per vehicle inspection fee; reducing the fee for the haulers because the City is smaller.

Commissioner Kostka advised that she is not in favor of this.

Vice Mayor England advised that the Commission cannot keep turning down revenues that staff presents. She suggested reducing the amount of the fees, so it is reasonable.

CFO Burns recommended keeping the fees consistent with St. Johns County.

Commissioner O'Brien suggested having an annual application fee of $100.

Commissioner Samora advised that the application fee is for a three-year fee. He commented that the City would make money on the percentage of revenues collected within the jurisdiction.

Commissioner O'Brien asked how enforcement would be done. He advised that there is only so much each employee can do.

CFO Burns advised that the Public Works employees could advise finance when a hauler is in the area and it would not be a problem implementing it.

Mayor George opened the Public Comments section. The following addressed the Commission:

Tom Reynolds, 880 A1A Beach Blvd., St. Augustine Beach, FL, advised that the Commission shouldn't do this, but should make the residents pay for garbage collection instead.

Ed Slavin, P.O. Box 3084, St. Augustine, FL, agrees to charge the haulers and agrees with the Commission to repair roads, clean roads, and pick up solid waste that comes out of the trucks.

Linda Key, 1535 State Road 207, St. Augustine, FL, explained that she is an owner of a roll off hauling company and they pass the costs on to the customer. She requested that the haulers that are out to town should have a business office in St. Johns County.

Brud Helhoski, 691 A1A Beach Blvd., St. Augustine Beach, FL, explained that he has had dumpster in all locations and he was billed for each location. He said that 10% is excessive.

Nancy Finley, 370S Deer Park Blvd., Elkton, FL, advised that she owns a transfer station and every municipality charges 5 – 18 percent and it is added into the invoice to the customer.

Mayor George closed the Public Comments section. She then asked when the Commission would like to finish the items left on the agenda.

It was consensus of the Commission to meet at 5:01 p.m. on March 5, 2019 to continue the Regular Commission meeting.

V. OLD BUSINESS

6. Franchise Fee for Solid Waste Haulers: Continuation of Discussion (Presenter: Ms. Melissa Burns, Chief Financial Officer)

Mayor George continued with discussion on Item 6 and asked if the Commission would like to comment on this issue. She advised that she would like to move forward with this revenue source, since all other municipalities are charging the fees. She asked that the City do a vehicle inspection fee for safety reasons. She suggested that the City of St. Augustine invited all the haulers to a meeting and drafted policies with their input. After, speaking with some of the haulers in the audience, they agreed to use the same policies as the City of St. Augustine.

Vice Mayor England supported an application fee of $300 and possibly reducing the percentage of monthly revenues.

Mayor George advised that the range of percentages is 5 to 18 percentage and 10% seems to be in the middle range.

Commissioner Samora suggested being consistent with St. Johns County and the City of St. Augustine because it would be easier for the haulers to calculate. He advised that it is 5% for commercial solid waste and 10% for commercial debris. He agreed with reducing the application fee to $300 and eliminating the per vehicle fee.

It was the consensus of the Commission to have City Attorney Wilson bring back an ordinance with suggested revisions to the April Regular Commission meeting and at that meeting discuss whether to do the per vehicle safety inspections.

Mayor George moved on to Item 8.

M E M O R A N D U M

TO: MAX ROYLE, CITY MANAGER

FROM: MELISSA BURNS, CHIEF FINANCIAL OFFICER MB

SUBJECT: SOLID WASTE FRANCHISE FEES

DATE: 5/15/2019

This topic was discussed on several occasions with the last being on March 5th, 2019. At that meeting the Commission reached a consensus to have the application fee for solid waste haulers to be $300, and monthly remittance of 5% on commercial solid waste, and 10% for commercial debris. The Commission also had consensus to have the City Attorney bring back an ordinance to the April meeting.

I have nothing else to add to this topic.

ORDINANCE NO. 2019-10

AN ORDINANCE OF THE CITY OF ST. AUGUSTINE BEACH, FLORIDA AMENDING SECTIONS OF CHAPTER 10, GARBAGE AND TRASH, OF THE CODE OF ORDINANCES OFTHE CITY OF ST. AUGUSTINE BEACH; CREATING SECTION 10-104, FRANCHISE REQUIRED FOR SOLID WASTE RELATED BUSINESSES; PROVIDING FOR INCLUSION IN THE CODE OF THE CITY OF ST. AUGUSTINE BEACH; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR SEVERANCE OF INVALID PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF ST. AUGUSTINE BEACH, FLORIDA, AS FOLLOWS:

Section 1. Chapter 10 of the Code of the City of St. Augustine Beach, Florida, Garbage and Trash, is hereby amended by the creation of Section 10-104, as follows:

Sec. 10-104. Franchise required for businesses conducting private collection and disposal of construction and demolition debris.

(a) It shall be unlawful for any person or other legal entity not holding a valid and appropriate franchise issued by the city and which allows such person or entity to engage in the business of, or to receive compensation or consideration for, the performance of the following: collecting, hauling or transporting construction and demolition debris by containerized motor vehicles, roll-offs, compactor containers or dumpsters from any property within the city. These provisions shall not apply (1) to the collection, hauling or transporting of land clearing debris; hazardous, radiological and biohazardous waste; wrecked, scrapped, ruined or dismantled motor vehicles, boats or motor vehicle parts; or yard trash or (2) when the collecting, hauling or transporting of construction and demolition debris is clearly subordinate and incidental to the services for which compensation is paid.

(b) The city manager, or his or her designee, may enter into a franchise agreement with qualified applicants for the non-exclusive right to collect and transport construction and demolition debris from any property within the city limits when the city manager, or his or her designee, has received satisfactory evidence of the following and when the applicant covenants as follows:

(1) The application is made in good faith.

(2) The applicant has the means and resources to carry out the collection and transportation service required by the franchise.

(3) The applicant demonstrates the ability to maintain insurance in the form and amount prescribed by the city, including liability coverage, and to indemnify the city.

(4) The applicant has complied, or demonstrates its capacity and willingness to comply, with all applicable federal, state and local laws and ordinances, rules and regulations, including required permitting.

(5) The applicant demonstrates the ability to provide a bond in the amount of $5,000.00 or other surety for the applicant's faithful payment under this ordinance and the franchise.

(6) The applicant shall maintain an office located in St. Johns County.

(c) The city manager shall prescribe forms for franchise applications, and said forms may require (i) certified copies of all corporate, partnership or other documents reflecting the applicant's owners, shareholders, partners, officers or agents; (ii) bonds; (iii) insurance; (iv) a proposed schedule of rates, fees and charges and (v) any other relevant information deemed necessary to fully advise the city commission of the applicant's qualifications and ability to perform under a franchise agreement. The city manager shall not require submittal of proprietary information if such information is exempt or confidential as defined by the Florida Public Records Act, Chapter 119, Florida Statutes.

(1) Initial application for non-exclusive franchise for the collection, transportation and disposal of construction and demolition debris shall be submitted on a form provided by the city.

(2) Any non-exclusive franchise granted shall be for a three (3) year period beginning October 1 and ending September 30 of the third year.

(3) Thereafter, renewal applications shall be submitted between July 1 and August 1 of the third year, unless otherwise provided by resolution of the city commission.

(4) Failure to submit applications as provided above shall result in a forfeiture of an applicant's ability to obtain a non-exclusive franchise.

(d) The following franchise fees shall be paid to the city for non-exclusive franchises:

(1) The franchisee or authorized collector shall pay franchise fees to the city for the privilege of using the public rights-of-way and other thoroughfares of the city for the collection and transportation of construction and demolition debris which originates within the city limits.

(2) The franchise fee schedule is as follows:

a. The franchisee's fee for construction and demolition debris shall be equal to ten (10) percent of the franchisee's gross revenue collected for collection, transportation, processing and/or disposal of construction and demolition debris.

b. Haulers shall pay one hundred dollars ($100.00) fee for the term of the franchise and for each subsequent renewal.

c. The franchisee's fee for registration of each vehicle hauling construction and demolition debris shall be twenty-five dollars ($25.00) per year per vehicle operating within the city.

(3) Franchise fees shall be paid to the city on a time schedule as determined in the franchise agreement, or if not provided in the franchise agreement, as determined in writing by the city manager or his or her designee.

(4) The franchise fee amount or percentage may be amended by resolution of the city commission following public hearing.

(e) *Regulations applicable to franchise holders.* Non-exclusive franchisees collecting, transporting and/or disposing of construction and demolition debris shall comply with the following requirements:

(1) When collecting, transporting and/or disposing of construction and demolition debris, each of the franchisee's employees shall wear a company shirt or uniform which shall have the franchisee's name or logo on a conspicuous place.

(2) All trucks used by the franchisee for the collection of construction and demolition debris shall be marked with the name and telephone number of the franchisee in plainly visible letters. Each container placed on a commercial site shall be labeled with the name of the franchisee on the side.

(3) All franchisee containers for hauling shall be totally enclosed or securely covered when transporting within the city.

(4) All vehicles used by the franchisee for transporting shall be maintained in good, clean and safe operating condition. Each franchisee shall have all vehicles used as part of the franchise agreement inspected at least once a year by a properly licensed professional mechanic and shall provide a written inspection report to the city public works department solid waste division.

(5) The franchisee shall provide the city with a current list of vehicles used under the franchise agreement and shall further provide the vehicle identification number and current license plate number of each vehicle.

(6) The franchisee immediately shall clean and properly dispose of any waste materials or products dropped or spilled by the franchisee. Upon completion of the clean-up, the franchisee shall timely report to the city solid waste division in writing the location, type of drop or spill and the corrective procedure conducted.

(7) All construction and demolition debris collected by the franchisee or collector shall be processed or disposed of at a properly permitted or licensed facility.

(8) For the purpose of verifying the amount of any franchise fee payable to the city pursuant to this ordinance, or for the purpose of verifying the items, reports and information provided by the franchisee pursuant to this ordinance, the city shall have access at all reasonable hours to the franchisee's places of business and its statistical, customer service and other records relating to the accumulation, collection, transportation and disposal of construction and demolition debris from properties within the city during the preceding year and such other information as the city may require in support of same.

(9) All reports, audits and payments shall be timely made by each franchisee and failure therein shall be a default in the franchise agreement. Any late payments of franchise fees due under the franchise shall bear interest at the maximum rate allowed by law.

(f) If the city manager deems a franchisee to be in violation of its franchise agreement, or in violation of this ordinance or resolutions, rules or regulations promulgated hereunder, the city manager shall notify the franchisee by certified mail of the reasons why the franchisee is considered to be in violation and shall provide ten (10) days for the franchisee to review the violation and to comply with the terms of the franchise agreement. Failure by the franchisee to comply in the specified time may result in termination of the franchise."

Section 2. Inclusion in Code. The City Commission intends that the provisions of this ordinance shall become and shall be made part of the Code of Ordinances of the City of St. Augustine Beach, that the sections of this ordinance may be renumbered or relettered and that the word ordinance may be changed to section, article or other such appropriate word or phrase in order to accomplish such intentions.

Section 3. Conflict with Other Ordinances. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. Severance of Invalid Provisions. If any section, subsection, sentence, clause, phrase, word or provision of this ordinance is held to be invalid or unconstitutional by a court of competent jurisdiction, then said holding shall not be so construed as to render invalid or unconstitutional the remaining provisions of this ordinance.

Section 5. Effective Date. This ordinance shall become effective ten (10) days after passage.

PASSED by the City Commission of the City of St. Augustine Beach, Florida, on final reading this _____ day of _____, 2019.

CITY COMMISSION OF THE CITY OF ST. AUGUSTINE BEACH

ATTEST: _____

City Manager, Max Royle

BY: _____

Mayor, Undine C. George

M E M O R A N D U M

TO: MAX ROYLE, CITY MANAGER

FROM: MELISSA BURNS, CHIEF FINANCIAL OFFICER MB

SUBJECT: SOLID WASTE NON-AD VALOREM ASSESSMENT

DATE: 5/15/19

Background

The City is re-evaluating the possibility of implementing non-ad valorem assessments for the collection of solid waste and recycling in addition to the solid waste disposal non-ad valorem assessment already in place. For the Commission meeting held on February 12, 2018, a report was provided outlining what the solid waste function costs the city per month per resident and commercial customer. These costs are determined by completing a full cost accounting. The information below has been updated utilizing figures from Fiscal Year Ending September 30, 2018.

Full Cost Accounting

Full Cost Accounting (FCA) is a systematic method of identifying, summing, and reporting the costs incurred by providing solid waste services. It includes not only direct costs, but indirect costs and future outlays to provide necessary support to solid waste services. There are three components to the Solid Waste function and they are, Collection, Disposal and Recycling. Those components are further separated between residential units and commercial customers. The results of the FCA revealed the following:

In FY 18, the cost of Solid Waste is as follows:

Component	**Cost**
Solid Waste Collection	$ 767,185.26
Solid Waste Disposal	442,220.21
Recycling	156,117.88
Total Cost	$ 1,365,523.35

customers in FY18. To allocate the above costs between residential and commercial, percentages are applied to each separate component. In this case, residential is 93.83% of the total units/users and commercial is 6.17%.

- The annual cost per residential unit is $468.24:
  - $261.85 for Collection
  - $150.93 for Disposal
  - $ 55.41 for Recycling

Commercial Customers

- The annual cost per commercial customer is $338.87:
  - $190.55 for Collection
  - $109.83 for Disposal
  - $38.49 for Recycling

Commercial customers are billed monthly with a per can charge for the disposal of their solid waste. Staff will be revisiting how and when the commercial customers are billed in the very near future.

Conclusion

The City is re-evaluating the possibility of implementing non-ad valorem assessments for collection of solid waste and recycling. The above information is what it actually cost the City to provide the services in FY18.

If further information is required, please let me know.

4. Non-Ad Valorem Assessment for Collection of Solid Waste and Recyclables: Continuation of Discussion Whether to Adopt (Presenter: Mr. Joe Howell, Public Works Director)

Mayor George introduced Item 4 and then requested Chief Financial Burns to give a staff report.

Chief Financial Burns advised that the Finance Department did a full cost analysis accounting, which captures direct costs and indirect costs, which are administrative costs, depression, fees, and reserves to build up fund to purchase needed equipment. She broke down the costs per unit for residential as $201 for collection, $118.44 for disposal, and $47.04 for recycling per year. She explained that the commercial costs per unit is $201.36 for collections, $118.56 for disposal, and $61.80 for recycling per year.

Mayor George asked if staff needed more time to review the costs.

Chief Financial Officer Burns advised that the commercial accounts have many components. She explained that some commercial accounts need more than one pickup per week, some want yard trash pickup, etc. She explained that the commercial accounts need to be revamped totally.

Mayor George asked staff whether the commercial components on the solid waste portion included the costs for special pickups, such as yard waste and hurricane debris.

Chief Financial Officer Burns advised that staff did remove a large portion of the costs for commercial special pickup for hurricane debris, but included the yard waste pickup in the costs.

Mayor George asked if staff felt that both residential and commercial costs accounting should be revamped.

Chief Financial Officer Burns advised that just the commercial cost accounting needs to be revamped.

Discussion ensued regarding the commercial accounts being done in a separate billing; non-ad valorem taxes for residential properties cannot be done until December 2018, due to the advertising timeframe; the City is paying recycling for residential accounts; commercial accounts pay for recycling; what portion the residents and the City would pay for the collections in the future; staff is doing the cost analysis for the commercial accounts now; requesting a full cost analysis for residential properties and then moving forward with the non-ad valorem assessment for collection of solid waste by December; Commission making a decision on how to change the $74 a year fee due to the actual cost being $366.48; having public hearings before changing the $74 fee to a non-ad valorem assessment for collections of solid waste; getting the proposed non-ad valorem tax to the Tax Collector by December 2018; and businesses not being charged the $74 for solid waste if they use another vendor.

Mayor George opened the Public Comments section. The following addressed the Commission:

Tom Reynolds, 880 A1A Beach Blvd., St. Augustine Beach, FL, advised that the City is supplementing all the residents and businesses that use the City to collect their garbage, but not those who use another vendor.

Merrill Roland, 6281 Old Dixie Dr., St. Augustine, FL, complained that the St. Augustine Beach Civic Association did not pay for garage collection for 19 years for the Farmers Market because the City pay for it. He advised there are approximately 90 vendors at the Farmers Market and they only pay $21.00 per year.

Nick Binder, 232 Big Magnolia Court, St. Augustine Beach, FL, suggested to keep in mind the different price level of homes and who would benefit the most from the non-ad valorem fee. He requested to get the public's opinions near the time of their tax bills.

Ed Slavin, P.O. Box 3084, St. Augustine, FL, requested to do a national search for a new City Manager and suggested that the non-ad valorem tax should be based on the square footage of the house, not value of the house.

Don Davis, 880 A1A Beach Blvd., St. Augustine Beach, FL, advised that the Ocean and Racquet Resort decided several years ago to go with private industry due to the amount of solid waste at the resort and the need to have more than one pick up a week and the heavy liners needed to keep their garbage sanitized.

Dr. Patricia Gill, 215 B Street, St. Augustine Beach, FL, advised that an increase in thesolid waste fee would be devastating to her budget for picking up one can every other week. She suggested pricing the collection on the value of the house and how many bedrooms in the home.

Mayor George closed the Public Comments section and asked for Commission discussion.

Mayor George advised that the Commission needs to give direction to staff whether to move forward on this in September for raising the per can fee for the collection and disposal of commercial solid waste and to consider levying a non-ad valorem tax for the collection of waste per residential unit. She advised that the Commission was in consensus to pursue the commercial costs by doing a full cost analysis and bringing it back to the Commission for review. She asked the Commission to discuss the non-ad valorem tax fee.

Vice Mayor England asked staff to get the total cost per resident for the City of St. Augustine and St. Johns County and the amount charged for those residents, so the Commission could compare the differences. She advised that costs have risen greatly, but a non-ad valorem tax is a touchy subject for the residents.

City Manager Royle advised that he would bring this back to the Commission in October and will have public hearings regarding this issue.

Mayor George advised that she understood the need for funding, but is not in favor as a general policy to have another fee.

Commissioner Samora requested to see the analysis and information before he could make a decision. He requested staff to bring back what the non-ad valorem process by explaining how many public hearings would be required, what are the deadlines to get this to St. Johns County, and when would the City start receiving revenues from the non-ad valorem tax. He further requested information on how the cost per bin is determined and how many bins the City is being charged for currently.

Vice Mayor England asked how the recycling bins are counted.

Chief Financial Officer Burns advised that each resident is allowed two blue bins. They are charged by how many bins are picked up. If they have two bins, they are charged for two bins even if they only put out one bin. She explained that this is tracked by address.
Commissioner Kostka requested how many cans are picked up at each business. She advised that a family of six would have more cans than a person living alone and asked if the Commission wants to charge everyone the same regardless of how much trash is being picked up at each address. She asked whether the Commission would continue to pass these costs to the taxpayer, while increasing employee benefits. She explained that the Commission needs to make sure that the citizens are being taken care off as well as making sure that the employees are being taken care of.

Commissioner Samora asked when Advanced Disposal's contract expires and whether there will he an escalation in costs for the collections and tipping fees in the next few years.

Vice Mayor England advised that St. Johns County Tax Collector would have to have some restrictions on giving them a complicated bill by the size of the house or the number of bedrooms. She asked staff to check with the Tax Collector on any restrictions in the bill.

Chief Financial Officer Burns advised that she would look into Vice Mayor England's request.

Commissioner O'Brien advised that the residents did not want the $74 fee, but the residents are keeping track of when it will increase. He explained that if the City pays a portion of the fee and the residents pay the rest, it still comes out of tax dollars. He commented that the Public Works Department is very efficient and works very hard to keep the costs low.

It was the consensus of the Commission to do a full cost analysis and answer the questions presented by the Commission.

Agenda Item # 5

Meeting Date 6-17-19

MEMORANDUM

TO: Mayor George
Vice Mayor England
Commissioner Kostka
Commissioner Samora
Commissioner Rumrell

FROM: Max Royle, City Manager

DATE: June 7, 2019

SUBJECT: Fiscal Year 2020 Budget: Review of Salary and Benefits Survey, Request for Guidelines for Budget and Other Matters Concerning It

INTRODUCTION

The purpose of this agenda topic is for you to review the results of the salary survey, a proposed update of the salary ranges based on the survey, and the City administration's proposed adjustments to the salaries of certain employees.

Also, the City administration asks if you have any guidelines that will help it prepare the FY 2020 budget. The budget preparation and adoption schedule will likely be the same as previous years:

- The CFO prepares the budget in June and early July. By the first week in July, she has received estimates from the state for certain revenue categories and the assessed value of real property in the City from the Property Appraiser, which is crucial for determining the property tax millage.
- Submission of the budget to the Commission after the middle of July.
- Commission holds its first public review of the budget on the last Monday in July and sets the tentative property tax millage for FY 2020. The millage must be sent to the Property Appraiser during the first week in August, who will put it on the tax notice that is sent to every owner of real property in the City. The tax notice also has the date and time of the public hearings on the budgets of the respective taxing authorities: cities, County, School Board, etc.
- Commission holds the first public hearing on the budget at its regular meeting in September, which is the second Monday (September 9th this year) because the first Monday is the Labor Day holiday.
- Commission holds the final public hearing on the budget on the fourth or fifth Monday in September, either September 23rd or 30th. The budget goes into effect on October 1, 2019.

ITEM A. REVIEW OF SALARY SURVEY

The results of the survey are attached as pages 1-2. Attached as page 3 is the update pay ranges, as well as the current pay of the employee in each position. Ms. Burns, the CFO, will explain how the survey was conducted, so that the proposed pay ranges were determined.

Action Requested

It is that you discuss the proposed pay ranges with Ms. Burns and then decide whether to approve them.

If you approve them. then the pay for the employees in the proposed FY 2020 will be based on the ranges and the step plan that you have previously adopted.

ITEM B. GUIDELINES

This topic is offered in case any of you have recommendations about what should or should not be included in the FY 2020 budget. Below are some topics that may stimulate some thoughts.

1. Organization of the Budget

It is in two parts: revenues and expenditures. For revenues, the City administration has recommended that you discuss two new sources at your June 17th meeting: solid waste haulers franchise fee, and the non-ad valorem assessment fee for the collection of solid waste.

The administration probably won't include in the FY 2020 budget any revenue from paid parking. At this time, it is best to wait and see whether the County and the City will have a seamless parking management plan with the same parking fees.

For expenditures, we recommend that funding be provided for salaries to attract and retain employees, and for drainage projects, road paving, the second Public Works building, vehicle and equipment replacement or upgrading.

2. Funds of the Budget and Expenditure Categories

The budget is divided into the following funds: General, Road/Bridge, and Debt Service. There is little to discuss about the Debt Service Fund because the City's debt payments must be made.

For the General and Road/Bridge Fund, each has three expenditure categories: salaries/benefits, operating, and capital. Salaries will be determined by the step plan and the CPI (Consumer Price Index). At this time, we don't know the cost of a major benefit, employee medical insurance. We usually have an estimate of that cost in early to mid-July.

Operating expenses are fuel for vehicles, electricity for City buildings and streetlights, office supplies, vehicle/equipment repairs, and so on. Because such items are needed for the City to function, the Commission usually has few questions about the money proposed in the budget for them.

Capital expenditures include the purchase of vehicles, major repair projects, road paving, drainage projects, new buildings, etc. A list with costs will be provided in the proposed budget, so that you can decide which ones are needed.

Action Requested

It is that you provide any guidelines to the City administration to help it prepare the FY 2020 budget.

ITEM C. OTHER MATTERS

At this time, there are two. One is from the Building Official. Mr. Law describes on page 4 (attached) his proposal for advanced training pay compensation, which is meant to be an incentive for employees to attain certifications related to the work they do for the City. He will explain it further at your meeting.

The second matter is from the Public Works Director, Mr. Tredik. The information concerning it is attached as pages 5-10. He proposes dividing the current Maintenance Worker position into two categories: Service Worker I and Service Worker II. The purpose would be to provide some upward mobility in the Public Works Department, give monetary recognition to the skills and certifications that the employees attain and that make them more valuable to the City, and to groom employees for possible succession planning.

Mr. Tredik will be at your meeting to provide more information about his proposal and to answer your questions.

Action Requested

It is that you discuss the proposals with Mr. Law and Mr. Tredik, and that you decide whether to approve them.

M E M O R A N D U M

TO: MAX ROYLE, CITY MANAGER

FROM: MELISSA BURNS, CFO MB

SUBJECT: COMPENSATION PLAN UPDATE

DATE: 6/6/2019

During the Fiscal Year 2019 (FY19) budget cycle, staff was directed to update the compensation plan pay ranges also known as the step plan. During the last nine months, salary data was gathered from cities and counties immediately surrounding the City of St. Augustine Beach by the Chief of Police, Administrative Lieutenant and the Finance Assistant. These cities and counties included St. Augustine, St. Johns County, St. Johns County Sheriff's Office, Clay County, Green Cove Springs, Orange Park, Clay County Sheriff's Office, Flagler County, Flagler Beach, Bunnell, Atlantic Beach, Neptune Beach, Jacksonville Beach, Palatka, Putnam County, and Putnam County Sheriff's Office. In addition to salary data, position job descriptions were also gathered to match our positions more accurately. It should be noted that data was not available for the City Manager nor the Chief of Police as no pay ranges exist for these positions as they are the top administrators and they're salary is decided by their respective governing bodies.

The Results

The following page shows the City's current pay ranges and what the pay ranges should be. These results were obtained by calculating the median of both the minimum pay and maximum pay from the data gathered and comparing it to our current pay ranges. If there was a difference of +/- 5%, no adjustments were made. The following is a summary for each department:

- Finance/Administration- Most pay ranges in this department had minor adjustments such as expanding the range a bit. Larger adjustments to the pay ranges were required for the Chief Financial Officer, City Clerk, Deputy City Clerk and the Communications and Events Coordinator.

- Police – The pay ranges in this department are still in line with other agencies in the area. The only position that required a pay range adjustment was the Corporal position.

- Building & Zoning - As with Finance/Administration, pay ranges for the most part was expanded a bit lengthening the time it would take to achieve the highest step. There is one position that required a pay range update and that is the Code Enforcement Officer.

- Public Works – Like other departments, pay ranges for Public Works were only adjusted slightly to expand the range between the minimum and maximum. The pay ranges that had larger adjustments were for the Public Works Director, Assistant Public Works Director and Drainage Specialist.

Step Plan Utilization

It is the intent of step plans for a manager to have some flexibility when hiring personnel to be able to set a potential employee's pay somewhere between the minimum and the mid-point based on education, experience, and/or certifications. However, if a new hire has no education, experience or certifications they would be hired on at the minimum of a pay range. An employee receives a step increase only after a satisfactory or above is achieve at their annual evaluation. An employee will reach the maximum in a pay range at 15 steps. The pay ranges are adjusted each year by the May Consumer Price Index (CPI) should be Commission choose to approve its use.

Conclusion

Staff was directed to update the compensation plan during last fiscal year's budget cycle. Data from cities and counties surrounding our immediate area was gathered and pay ranges have been updated if the difference from the calculated median was +/- 5%. If further information is needed please let me know.

City of St. Augustine Beach
Updated Pay Ranges

Job Title	Current Minimum	Current Mid	Current Maximum	Updated Minimum	Updated Mid	Updated Maximum
Chief Financial Officer	64,922.00	81,152.00	97,382.00	71,554.46	89,443.07	107,331.68
City Clerk	44,346.00	55,432.00	66,518.00	56,828.48	69,669.24	82,510.00
Deputy City Clerk	32,536.00	40,670.00	48,804.00	34,509.23	43,588.06	52,666.89
Finance Assistant	28,643.00	35,804.00	42,965.00	30,164.00	39,158.00	48,152.00
IT Manager	55,090.00	68,862.00	82,634.00	55,090.00	71,322.57	87,555.14
IT Specialist	36,155.00	45,194.00	54,233.00	36,155.00	48,268.70	60,382.40
IT Support Technician	32,540.00	40,675.00	48,810.00	32,540.00	41,753.23	50,966.45
Records Clerk	22,876.00	28,595.00	34,314.00	22,876.00	28,595.00	34,314.00
Communications & Events Coordinator	30,347.00	37,924.50	45,502.00	35,471.00	45,638.70	55,806.40
Commander	66,134.00	82,667.00	99,200.00	66,134.00	82,667.00	99,200.00
Lieutenant	59,734.00	74,667.00	89,600.00	59,734.00	67,200.50	74,667.00
Administrative Lieutenant	44,800.00	56,000.00	67,200.00	44,800.00	56,000.00	67,200.00
Administrative Assistant	30,170.00	37,713.00	45,256.00	30,170.00	37,713.00	45,256.00
Sergeant	54,100.00	67,625.00	81,150.00	54,100.00	67,625.00	81,150.00
Corporal	42,000.00	52,500.00	63,000.00	47,835.00	58,226.75	68,618.50
Police Officer	40,060.00	50,075.00	60,090.00	40,060.00	50,075.00	60,090.00
Director of Building and Zoning	65,302.40	81,628.20	97,954.00	65,302.40	81,628.20	97,954.00
Executive Assistant	44,800.00	56,000.00	67,200.00	44,800.00	56,000.00	67,200.00
Building Inspector	38,953.00	48,691.00	58,429.00	41,860.46	53,875.23	65,890.00
Permit Technician	28,087.00	35,109.00	42,131.00	28,087.00	37,745.75	47,404.50
Code Enforcement Officer	19,467.00	24,334.00	29,201.00	20,641.92	27,139.89	33,637.85
Administrative Assistant	30,170.00	37,713.00	45,256.00	30,170.00	37,713.00	45,256.00
Director of Public Works	70,654.00	88,317.00	105,980.00	74,025.60	92,997.13	111,968.66
Assistant Public Works Director	50,574.00	63,218.00	75,862.00	53,271.70	67,890.85	82,510.00
Administrative Assistant	30,170.00	37,713.00	45,256.00	30,170.00	37,713.00	45,256.00
Drainage Specialist	35,424.00	44,280.00	53,136.00	37,525.80	45,898.06	54,270.32
Foreman	36,177.00	45,221.00	54,265.00	36,177.00	45,221.00	54,265.00
Equipment Operator	28,980.00	35,355.50	41,731.00	28,980.00	37,718.50	46,457.00
Maintenance Worker I	27,600.00	33,672.00	39,744.00	27,600.00	35,420.75	43,241.49
Maintenance Worker II	26,708.00	29,379.00	32,050.00	26,708.00	32,250.00	37,792.00

City of St. Augustine Beach Building and Zoning Department

2200 A1A SOUTH ST. AUGUSTINE BEACH, FLORIDA 32080
WWW.STAUGBCH.COM
BLDG. & ZONING (904)471-8758 FAX (904) 471-4470

To: Max Royle
From: Brian Law
CC: Melissa Burns
Date: 05-30-2019
Re: Advanced Training Pay Compensation

During Fiscal Year 2020 the Building and Zoning Department will provide incentives for advanced training in the fields of construction, zoning, property maintenance, code enforcement and flood plain management. These incentives are to include a $1,000.00 to $2,000.00 pay raise at time of certification through the appropriate agency. Under no circumstance shall any one employee be able to exceed a $2,000.00 increase in their annual salary. The amount of pay raise shall depend upon the certification achieved and linear scaling based upon the status of employment whether it be full or part time status. The Building Department shall pay for all necessary study references and testing through the appropriate agencies. The tests available that are eligible for compensation are as follows:

Building Inspector:

1) Any BCAIB approved inspector or plans examiner = $1000.00
2) Building Code Administrator = $2000.00
3) ICC certified accessibility inspector/plans examiner (exam id 21) = $1000.00
4) ICC certified residential energy inspector/plans examiner (exam id 79) = $1000.00
5) Certified Floodplain Manager = $2000.00

Permit Technician

1) ICC certified permit technician (exam id 14) = $1,000.00
2) ICC certified zoning inspector (exam id 75) = $1,000.00
3) ICC certified property maintenance and housing inspector (exam id 64) = $1,000.00
4) ICC combination designation permit specialist (T6) = $2,000.00
5) Certified Floodplain Manager=$2,000.00

Permit Specialist/Executive Assistant

1) ICC certified zoning inspector (exam id 75) = $1,000.00
2) ICC certified property maintenance and housing inspector (exam id 64) = $1,000.00
3) ICC combination designation permit specialist (T6) = $2,000.00
4) Certified Floodplain Manager=$2,000.00

Code Enforcement Officer

1) ICC certified zoning inspector (exam id 75) = $1,000.00
2) ICC certified property maintenance and housing inspector (exam id 64) = $1,000.00
3) Certified Floodplain Manager=$2,000.00
4) FACE certification--$1,000 per level

Sincerely

Brian Law

Brian Law CBO, CFM, MCP
Director of Building and Zoning

MEMORANDUM

Date: June 6, 2019

To: Max Royle, City Manager

From: William Tredik, P.E., Public Works Director

Subject: Modification of Maintenance Worker position

Background

The Public Works Department currently has nine (9) Maintenance Worker positions which perform a variety of services for the citizens of St. Augustine Beach. Some of these services include:

- Maintenance of rights-of-way, facility grounds and City property
- Sanitation work, including waste (household and yard) collection
- Maintenance of City equipment
- Maintenance of City drainage facilities
- Maintenance of City roadways
- Installation and maintenance of signs and barricades
- Custodial duties in City buildings and restroom facilities

The Public Works Department also provides services – beyond those listed above – which require employee certifications not required of the Maintenance Worker position. Two of these additional services are:

- Maintenance of the City's "Splash Park."
- Providing maintenance of traffic services for work in City rights-of-way

The current Maintenance Worker job description does not include these additional duties and functions, nor does it mandate the required certifications. Some Maintenance Workers have certifications – and provide these additional services – while others do not. The current classification system, unfortunately, provides no distinction between those Maintenance Workers who provide the additional services and those who do not.

Recommendation

Create two job positions to replace the current Maintenance Worker position. These two positions would be titled:

- Service Worker I
- Service Worker II

The position description for the Service Worker I would be equivalent to – and have the same pay range – as that of the current Maintenance Worker position. The position description for

the Service Worker II would include those duties and functions listed for the Service Worker I, and would have the following additional requirements:

- Certification as a Pool and Spa Operator
- FDOT certification for maintenance of traffic
- Two years of experience as a Service Worker I (or equivalent position)

Several key benefits would be realized through implementation of the above recommendations, including:

- **Recruitment of new employees** - Applicants will see that employment with the City can result in a career path which provides increasing responsibility and reward.

- **Retention of existing employees** - Existing employees will have additional opportunities for career advancement and realize satisfaction in being recognized and rewarded for personal improvement and taking on increased responsibility.

- **Level of service** - Certifications required of Service Workers II will allow Public Works to maintain and improve coverage in the City's "Splash Park", as well as provide a safe work environment within the City rights-of way.

- **Succession Planning** - Employees will have a clearer path for advancement within the Public Works Department. As higher level positions become vacant, the additional job step – and increased job duties and functions – will ensure that those interested in advancement are ready. This additional job step will also assist management in determining those most interested in, and best suited for, career advancement within the department. This will become critical in the coming years as employees in supervisory positions approach retirement.

In order to maximize the benefits listed above, it is important that positions in the Public Works Department are structured so as to provide advancement opportunity through promotion, and ensure that promotional rewards are consistent with the increased responsibilities and increased benefit to the City. With this in mind, I recommend the pay range for the Service Worker II be approximately 5% above that of the Service Worker I. Consistent with this approach, the pay range for Equipment Operator should be approximately 5% above that of Service Worker II. In order to best provide the aforementioned level of service, I recommend the upcoming FY 2019/2020 budget include funding for four (4) Service worker I positions and five (5) Service Worker II positions.

cc: Melissa Burns, CFO/Technology Director

Attachments: Position Descriptions (Service Worker I and II)

POSITION DESCRIPTION

POSITION TITLE: Service Worker I

DEPARTMENT: Public Works

REPORTS TO: Foreman/Sanitation
Foreman/Streets
Foreman/Grounds
Equipment Operator

EXEMPTION STATUS: Non-Exempt

MAJOR FUNCTIONS:

Routine work consisting of manual tasks requiring minimal special training and experience. Ability to efficiently conduct heavy physical labor; primarily in an outdoor environment. Work is under immediate supervision and direction of an Equipment Operator or Foreman, who lays out the details for specific assignments and checks the work in progress and upon completion.

DUTIES AND FUNCTIONS:

1. Maintain rights-of-way and City facility grounds by means of brush cutting, mowing, edging, weedeating, trimming, sweeping sidewalks, sweeping gutters, and litter control using both hand tools and powered tools.

2. Sanitation work including household solid waste collection, pick up refuse containers, dump contents into truck, and replace containers.

3. Sanitation work including yard waste collection, pick up piles of brush, loose debris, bagged or containerized debris and other materials, place in truck.

4. Clean trucks, equipment, tools, and refuse containers.

5. Perform a variety of other heavy manual work in connection with various construction projects and maintenance functions.

6. Maintain drainage system including gutters, culverts, ditches, swales, retention/detention areas, and other drainage structures as directed.

7. Maintain road beds and road surfaces by placement of approved materials in washouts, depressions, and potholes as directed.

8. Assist in the construction and erection of street signage and barricades.

9. Perform custodial duties pertaining to cleaning and maintaining City buildings and facilities including sweeping, vacuuming, cleaning restrooms, cleaning toilets, cleaning showers, cleaning windows, dusting, replacing paper goods, emptying trash containers, minor repairs, minor painting, and other functions normally associated with custodial services.

10. Perform other related work as may be required and/or assigned.

MINIMUM QUALIFICATIONS:

Willingness to perform routine manual work. Excellent physical condition.

Graduation from a standard high school or possession of a general equivalency diploma (GED). Appropriate work experience may be substituted for this requirement.

Ability to speak standard English, understand oral instructions and to read and write.

Possession of a current Florida driver's license and ability to operate standard-equipped City vehicles.

PHYSICAL REQUIREMENTS:

Ability and stamina to lift heavy articles and equipment weighing routinely up to 40 pounds. Ability to work in varying environmental conditions including natural heat and cold and harsh weather conditions. Ability to bend over, kneel, and stoop to do the required work. Ability to carry and move tools and equipment without assistance.

POSITION DESCRIPTION

POSITION TITLE: Service Worker II

DEPARTMENT: Public Works

REPORTS TO: Foreman/Sanitation
Foreman/Streets
Foreman/Grounds
Equipment Operator

EXEMPTION STATUS: Non-Exempt

MAJOR FUNCTIONS:

Routine work consisting of manual tasks requiring some special training and experience. Ability to efficiently conduct do heavy physical labor; primarily in an outdoor environment. Work is under immediate supervision of an Equipment Operator or Foreman, who lays out the details for specific assignments and checks the work in progress and upon completion.

DUTIES AND FUNCTIONS:

1. Maintain rights-of-way and City facility grounds by means of brush cutting, mowing, edging, weedeating, trimming, sweeping sidewalks, sweeping gutters, and litter control using both hand tools and powered tools.

2. Sanitation work including household solid waste collection, pick up refuse containers, dump contents into truck, and replace containers.

3. Sanitation work including yard waste collection, pick up piles of brush, loose debris, bagged or containerized debris and other materials, place in truck.

4. Clean trucks, equipment, tools, and refuse containers.

5. Perform a variety of other heavy manual work in connection with various construction projects and maintenance functions.

6. Maintain drainage system including gutters, culverts, ditches, swales, retention/detention areas, and other drainage structures as directed.

7. Maintain road beds and road surfaces by placement of approved materials in washouts, depressions, and potholes as directed.

8. Assist in the construction and erection of street signage and barricades.

9. Perform custodial duties pertaining to cleaning and maintaining City buildings and facilities including sweeping, vacuuming, cleaning restrooms, cleaning toilets, cleaning showers, cleaning windows, dusting, replacing paper goods, emptying trash containers, minor repairs, minor painting, and other functions normally associated with custodial services.

10. Provide maintenance to the City's "Splash Park", including monitoring and applying appropriate pool chemicals and cleaning of filtration system,

11. Providing maintenance of traffic services for work in City rights of way, including setting up appropriate signage and maintenance of traffic equipment to maintain a safe work environment within City rights-of-way.

12. Perform other related work as may be required and/or assigned.

MINIMUM QUALIFICATIONS:

Willingness to perform routine manual work. Excellent physical condition.

Graduation from a standard high school or possession of a general equivalency diploma (GED). Appropriate work experience may be substituted for this requirement.

Ability to speak standard English, understand oral instructions and to read and write.

Possession of a current Florida driver's license and ability to operate standard-equipped City vehicles.

Minimum two (2) years of experience as a Service Worker I, or equivalent position

Possession of the following certifications:

- FDOT MOT Intermediate Work Zone Traffic Control
- Certified Pool and Spa Operator

PHYSICAL REQUIREMENTS:

Ability and stamina to lift heavy articles and equipment weighing routinely up to 40 pounds. Ability to work in varying environmental conditions including natural heat and cold and harsh weather conditions. Ability to bend over, kneel, and stoop to do the required work. Ability to carry and move tools and equipment without assistance.

Agenda Item # 6

Meeting Date 6-17-19

M E M O R A N D U M

TO: MAX ROYLE, CITY MANAGER

FROM: MELISSA BURNS, CFO MB

SUBJECT: BUDGET RESOLUTIONS 19-04 AND 19-05

DATE: 5/21/2019

Once during the fiscal year, the budget is adjusted to accommodate increases and decreases and revenues and/or expenditures. These adjustments are made in the form of budget resolutions, Budget Resolution 19-04 addresses items in the General Fund, and Budget Resolution 19-05 addresses items in the Road & Bridge Fund.

Budget Resolution 19-04

In the General Fund there are several revenue line items that are realizing more revenue that anticipated, and one revenue source that the City will not collect this fiscal year which is parking fees. This budget resolution recognizes $88,423 in additional revenue but removes $403,368 in parking fee revenue. This is a net reduction in revenue of $314,945. To aid in off-setting the shortfall, $125,981 of expenditures have been identified to be removed from the budget. A large portion of this is the removal of the Parking Facilities Department expenditures.

Another item this budget resolution addresses is the need to increase the General Fund's subsidy to the Road & Bridge Fund. Currently, the Road & Bridge Fund is carrying a negative fund balance which is not allowed. This occurred in the prior fiscal year and is directly related to Hurricane Irma. We will receive some reimbursements from FEMA, but the fund balance needs to be addressed immediately.

Budget Resolution 19-04 suggests taking $527,189 from the Parks & Recreation Assigned Fund Balance (formerly known as Lots O & P money) to aid in offsetting the remaining revenue shortfall and increase the subsidy to the Road and Bridge Fund. This line item would be replenished when the City starts receiving revenues from parking and/or reimbursements from FEMA.

Budget Resolution 19-05

As indicated above, this budget resolution addresses items in the Road & Bridge Fund. It recognizes a FEMA reimbursement from the temporary repair of

the weir and additional subsidy from the General Fund. For the expenditure side, it allocates $400,000 to a Fund Balance Stabilization line item.

Both the General Fund and Road & Bridge funds will be watched closely for the remainder of the fiscal year to either identify additional revenues or savings from expenditures to reduce the utilization in the Parks and Recreation Assigned Fund Balance.

Please let me know if more information is needed.

BUDGET RESOLUTION 19-04

CITY OF ST. AUGUSTINE BEACH
ST. JOHNS COUNTY

RE: TO AMEND THE FY2019
GENERAL FUND BUDGET

The City Commission does hereby approve the transfer and appropriation from within the Fiscal Year 2018-2019 General Fund Budget as follows:

Revenues

INCREASE: Account 001-314-100 (Electric Utility Tax: General Fund) in the amount of $30,000 which will increase the appropriation in this account to $615,000.

INCREASE: Account 001-341-310 (Zoning Fees: General Fund) in the amount of $1,000 which will increase the appropriation in this account to $4,000.

INCREASE: Account 001-343-700 (Service Charge-Tree Mitigation: General Fund) in the amount of $6,000 which will increase the appropriation in this account to $6,000.

DECREASE: Account 001-344-500 (Parking Fees: General Fund) in the amount of $403,368 which will decrease the appropriation in this account to $0.

INCREASE: Account 001-354-100 (Parking Ticket: General Fund) in the amount of $500 which will increase the appropriation in this account to $2,300.

INCREASE: Account 001-354-300 (Ordinance Violation Fines: General Fund) in the amount of $2,000 which will increase the appropriation in this account to $3,000.

INCREASE: Account 001-359-000 (Other Fines and Forfeitures: General Fund) in the amount of $4,000 which will increase the appropriation in this account to $5,200.

INCREASE: Account 001-361-100 (Interest on Investments: General Fund) in the amount of $10,000 which will increase the appropriation in this account to $13,000.

INCREASE: Account 001-361-220 (Interest on Local Government Investment Pools: General Fund) in the amount of $20,000 which will increase the appropriation in this account to $20,100.

INCREASE: Account 001-362-300 (Rent on Meeting Rooms: General Fund) in the amount of $500 which will increase the appropriation in this account to $1,250.

INCREASE: Account 001-001-369-300 (Refund of Prior Year Expenditures: General Fund) in the amount of $3,000 which will increase the appropriation in this account to $8,000.

INCREASE: Account 001-369-700 (Workers' Compensation Reimbursements: General Fund) in the amount of $11,423 which will increase the appropriation in this account to $11,423.

INCREASE: Account 001-381-500 (Transfer from Parks and Recreation: General Fund) in the amount of $527,189 which will increase the appropriation in this account to $602,189.

Expenditures

DECREASE: Account 001-1900-519-6200 (Buildings: Other Governmental Services Department) in the amount of $25,000 which will decrease the appropriation in this account to $60,000.

DECREASE: Account 001-3400-534-6410 (Vehicles: Garbage/Solid Waste Department) in the amount of $20,000 which will decrease the appropriation in this account to $60,000.

DECREASE: Account 001-4500-545-1200 (Regular Wages: Parking Department) in the amount of $24,318 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-1400 (Overtime: Parking Department) in the amount of $1,000 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-1600 (Sick Pay Incentive: Parking Department) in the amount of $500 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-2100 (FICA Taxes: Parking Department) in the amount of $1,976 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-2200 (Retirement: Parking Department) in the amount of $2,133 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-2300 (Life & Health Insurance: Parking Department) in the amount of $19,374 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-2400 (Workers Comp: Parking Department) in the amount of $500 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-3400 (Other Contractual Services: Parking Department) in the amount of $24,475 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-4100 (Telephone: Parking Department) in the amount of $500 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-4630 (Vehicle Repair and Maintenance: Parking Department) in the amount of $500 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-4890 (Advertising: Parking Department) in the amount of $500 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-5100 (Office Supplies: Parking Department) in the amount of $500 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-5210 (Uniforms: Parking Department) in the amount of $2,000 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-5220 (Fuel, Oil and Lubes: Parking Department) in the amount of $1,000 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-5230 (Small Tools & Equipment: Parking Department) in the amount of $800 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-5290 (Other Operating Supplies/Expenses: Parking Department) in the amount of $480 which will decrease the appropriation in this account to $0.

DECREASE: Account 001-4500-545-5420 (Memberships: Parking Department) in the amount of $100 which will decrease the appropriation in this account to $100.

DECREASE: Account 001-4500-545-5430 (Training & Education: Parking Department) in the amount of $325 which will decrease the appropriation in this account to $0.

INCREASE: Account 001-8100-581-9100 (Intrafund Transfer to Road & Bridge Fund: General Fund) in the amount of $338,225 which will increase the appropriation in this account to $1,160,306.

RESOLVED AND DONE, this 17th day of June 2019 by the City Commission of the City of St Augustine Beach, St. Johns County, Florida.

_____
Mayor – Commissioner

ATTEST:

_____
City Manager

BUDGET RESOLUTION 19-05

CITY OF ST. AUGUSTINE BEACH
ST. JOHNS COUNTY

RE: TO AMEND THE FY2019
ROAD AND BRIDGE FUND BUDGET

The City Commission does hereby approve the transfer and appropriation from within the Fiscal Year 2018-2019 General Fund Budget as follows:

INCREASE: Account 101-334-490 (State Grants: Road & Bridge Fund) in the amount of $61,775 which will increase the appropriation in this account to $169,450.

INCREASE: Account 101-381-000 (Intrafund Transfer: Road & Bridge Fund) in the amount of $338,225 which will increase the appropriation in this account to $1,160,306.

INCREASE: Account 101-4100-541-9130 (Fund Balance Stabilization: Road & Bridge Fund) in the amount of $400,000 which will increase the appropriation in this account to $400,000.

RESOLVED AND DONE, this 17th day of June 2019 by the City Commission of the City of St Augustine Beach, St. Johns County, Florida.

_____
Mayor – Commissioner

ATTEST:

_____
City Manager

Agenda Item # 7

Meeting Date 6-17-19

MEMORANDUM

TO: Mayor George
Vice Mayor England
Commissioner Kostka
Commissioner Samora
Commissioner Rumrell

FROM: Max Royle, City Manager

DATE: May 29, 2019

SUBJECT: Request to Approve Financial Policies

Attached as pages 1-2 is a memo from Ms. Burns, in which she describes the following: two policies, Capital Asset and Purchasing, that need to be updated, and two new policies, Travel/Reimbursement and Credit Card, that she asks you to consider adopting.

Each policy is attached as the following:

- Pages 3-10, Capital Asset: The changes are shown by strikethroughs and underlining.
- Pages 11-18, Purchasing: The changes are shown by strikethroughs and underlining.
- Pages 19-25, Travel and Reimbursement: New policy
- Pages 26-29, Credit Card: New policy.

At your June 17th meeting, she will verbally brief you about each policy.

ACTION REQUESTED

It is that you discuss the policies with Ms. Burns. In accordance with whatever changes you make to them, they will be revised and will be scheduled for formal adoption by resolution at your July 1st meeting.

M E M O R A N D U M

TO: MAX ROYLE, CITY MANAGER

FROM: MELISSA BURNS, CHIEF FINANCIAL OFFICER MB

SUBJECT: UPDATED FINANCIAL POLICIES

DATE: 5/29/2019

Once a year the financial policies are reviewed, updated if required, and submitted to the Commission for approval. During this update cycle, there are changes needed to two policies and the need to introduce two new policies.

Policy Changes

As noted above there are two policies that require changes, they are the Capital Asset Policy and the Purchasing Policy.

Capital Asset Policy

Since the Government Accounting Standard Board (GASB) issued its Statement 34 which among other things required governments begin depreciating its capital assets which required the establishment of a capital threshold. In 2002, the capitalization threshold of $1,000 was established. Since that time, the Government Finance Officers Association (GFOA) issued a Best Practice that recommends that governments establish a capitalization threshold of no less than $5,000. This policy has been updated to reflect that change.

Additionally, within the policy it addresses the declaration and disposal of surplus items. The currently policy states that the resolution for declaration of surplus items would be presented at the June regular meetings, however, past years have proven that an earlier month would be more efficient. The current policy has been changed to reflect that April will be the month for Commission approval.

Purchasing Policy

This policy change is updating the amount when a purchase order is required. Currently that amount is $500 which was approved in 2002. Prices have increased over the last 17 years, and it had become difficult and sometimes inefficient to obtain the necessary quotes for items that are, in most cases, routine purchases. This policy version is updating the amount of when a purchase order is required to $1,000.

Capital Assets are also addressed in the Purchasing Policy, and that portion has been updated to include the proposed threshold change to $5,000.

New Policies

There are two new policies being introduced and they are the Travel & Reimbursement policy and the Credit Card Policy. Both policies were developed by utilizing policies from other government entities from the State of Florida through the Florida Government Finance Officers Association (FGFOA) and modifying them to reflect the City's needs and practices.

Travel & Reimbursement Policy

Currently, the City does not have a formal travel policy which would outline travel procedures for employees such as when they receive per diem for travel, how much the per diem would be and what other costs are covered. This policy also establishes how much the per diem will be for each meal by utilizing the U.S. General Services Administration (GSA) website which provides per diem rates. Currently, the rates are $7 for Breakfast, $10 for Lunch and $20 for Dinner. The GSA suggests $14 for Breakfast, $16 for Lunch and $26 for Dinner.

The policy also outlines the travel approval process, transportation, non-exempt employee travel and procedures for completing the travel form.

Credit Card Policy

Over the last several years, the need for the City to have credit cards for purchases has become necessary. The City has always maintained credit cards for places such as Home Depot, Publix and Walmart, but with internet purchases it became difficult to acquire items by a paper check. General credit cards were previously held by the City Clerk, City Manager and Chief Financial Officer for travel and emergency purchases. The City now utilizes fleet credit cards and has issued general credit cards to more users, such as the administration staff at the Police Department.

This policy addresses the purpose of utilizing credit cards, the objectives, authorizations, responsibilities as well as disciplinary actions should the policy be violated.

The new policies, once adopted, will be implemented and monitored and adjusted when necessary.

~~City of St. Augustine Beach~~
~~Capital Asset Policy and Manual~~

City of St. Augustine Beach Financial Policies Manual	
Policy: Capital Asset	**Policy Number: C.2**
Effective Date: 6/1/16	**Last Revised:** 6/17/19
Supersedes Policy: N/A	**Author:** Melissa Burns, CFO

1. Purpose

The following policies document a capital asset system designed to comply with all statutory requirements and increase control over those assets for which the City has stewardship responsibility. The intent of these policies is to obtain accountability over the City's assets, provide centralized documentation for insurance purposes, meet financial reporting needs, and generate asset management information.

2. Definition

GASB Statement 34 notes that the term "capital assets" includes land, improvements to land, wastewater disposal rights, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress, and all other tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The City of St. Augustine Beach follows GASB Statement 34's definition of a capital asset.

The City utilizes a Capital Improvement Program (CIP) as a multi-year prioritizing and budgetary tool. The CIP is scheduled over five years and is concerned with proposed capital improvement projects and capital equipment acquisitions. It is prepared consistent with the capital improvements element of the comprehensive plan, but it also includes various other capital projects and equipment purchases. It forecasts projects that will require the dedication of substantial resources and aids in the development of financial strategies to accomplish them. Only those projects scheduled during the first year are funded and adopted as part of the City's annual budget.

3. Policy

As adopted by Resolution ~~04-18~~19-XX, general fixed assets such as property, plant, and equipment with initial individual costs that are equal to or greater than ~~$1,000~~ $5,000 and have an estimated useful life of more than one year are recorded as capital assets. Assets such as roads, sidewalks, drainage are considered infrastructure and are capitalized when their initial costs exceed $25,000 and estimated useful lives of more than five years. All capital assets are entered into a fixed asset computer application for inventory and reporting purposes.

a. Individual items, equipment units, installation or facilities above the monetary capitalization threshold are capitalized as required by capital budget policy. They

are entered in the capital asset system, assigned asset tag numbers, and have the asset tags affixed where possible. Departments maintain physical custody and are responsible for their safekeeping

b. Asset Modification-Larger assets such as major pieces of equipment and many buildings are often modified to increase their lifetime or usefulness. Modifications may include partial additions or deletions, major repairs (new engine for garbage truck), or component replacement (new roof, HVAC system, etc.). Several invoices may be prepared for the modification as the work is in progress. The capital asset number should be included on the invoices of the equipment or building what is being modified.

c. Improvement/Repair/Maintenance Expenses – Routine repair and maintenance costs will be expensed as they are incurred and will not be capitalized. Major repairs will be capitalized if they result in betterments/improvements that materially extend the life of the asset. To the extent that a project is betterment/improvement, outlays will be capitalized.

   When the cost of improvement is substantial or where there is a change in the estimated useful life of an asset, depreciation charges for future periods will be revised based on the new book value and the new estimated remaining useful life. No adjustment will be made to prior periods.

d. Small and Attractive Assets – Small and attractive assets are those assets that are particularly at risk or vulnerable to loss and cost less than $5,000. Departments have discretion in defining small and attractive assets in many instances; however, departments must include, at a minimum, the following assets of $_1,000 or more as small and attractive.

   i. Communications equipment; both audio and video

   ii. Cameras and photographic projection equipment

   iii. Computer systems, laptops, notebook, and tablet computers

   iv. Other data processing accessory equipment and components (scanners, etc.)

   v. Stereos, radios, televisions, audio recorders and players, video recorders and players.

   The small and attractive assets that do not fall within the capitalization threshold will be expensed. The assets will be tracked and recorded by each department in control of those assets. Computer systems, laptops, notebook, tablet computers and phones will be tracked by IT department under the direction of the Chief Financial Officer. Tracking should include serial number, description, and location. This

information should be forwarded to the Finance Department when items are transferred to another department or disposed utilizing the *Disposal of Small and Attractive Items* and/or *Transfer of Small and Attractive Items* form(s).

4. Roles & Responsibilities

The Finance Department is responsible for the record keeping of the City's capital assets. The objectives of the Finance Department include the oversight of all capital asset additions, related depreciation, asset transfers and disposals. Departments maintain physical custody of the assets and are accountable for their safekeeping. Employees are responsible for exercising reasonable care in the operation and maintenance of City property.

a. Departments are responsible for approving the purchase invoice indicating that the item has been received in good condition and that the serial number (or other identification number), description and cost match the item received and the price agreed upon.

b. Departments maintain physical inventories and report changes in status to the Finance Department utilizing the *Disposals of Capital Assets* and/or *Transfers of Capital Assets* form(s) (see section on asset disposal). A complete physical inventory must be completed annually.

c. Departments are responsible for ensuring proper budgeting and purchasing guidelines are followed in the procurement of capital assets.

d. Finance Department has the following additional responsibilities: Pays the invoice, ~~,~~assigns a unique City Identification number (asset tag) to the asset. The assigned asset tag number will follow the property throughout its life in the City's capital asset system. The information on the newly purchased capital asset is inputted into the City's capital asset software system.

5. Tagging Assets

a. In order to accurately identify and maintain capital assets, whenever feasible, each piece of property will be tagged with the City identification number (ID) in a visible place. Such markings will be removed or obliterated only with the item is sold, scrapped, or otherwise disposed of. Should the ID number be removed or defaced, the item shall be marked again with the original number (obtained from the inventory listing).

b. Property tags are not affixed to sidewalks, streets, infrastructure, capital projects, and like assets that are not separately identifiable. Capital assets that are not physically tagged will still be assigned an asset tag number which will be recorded in the capital asset system.

~~b.~~

c. If the asset is purchased with grant funds, this will be reflected in the capital asset system as means of acquisition, and noted the grant guidelines for the selling or surplusing such assets.

6. Inventory

a. On or before July 1st of each year, the Finance Department will supply the Department Directors a current listing of assets related to their respective departments. Department Directors shall assign a department representative to conduct a physical inventory of all assets that will be reviewed by the supervisor to test its validity All items listed on the Asset Inventory List must be verified and accounted for as to description, serial number, model number, and location. The Department Director or their designee will approve the Asset Inventory List indicating that all assets are verified and accounted for and return to the Finance Department within the designated time frame.

b. Missing items must be properly explained and noted as "missing", etc. on the inventory listing.

c. After the Asset Inventory List sheets are received by the Finance Department, a representative from the Finance Department will conduct a random test samplings of assets found on the Department's list.

d. At the time of transfer or disposal (which may occur at any time during the year), any items to be disposed or transferred must have the *Disposals of Capital Assets* and/or *Transfers of Capital Assets* form(s) completed, signed by the Department Director and submitted to the Chief Financial Officer for processing.

7. Capital Assets-General Principles

The primary vehicle for the acquisition of assets is the capital budgeting process. Ideally, the requested capital asset would be forecast in the Capital Improvement Program (CIP) and budgeted funds would be allocated in the appropriate year. Capital assets should be recorded at historical cost. The cost includes both the purchase price and the ancillary charges required to place the asset in service. The matrix below presents the costs to be included in capitalization. The matrix is not intended to be all-inclusive. If a cost not reflected in the matrix is encountered and deemed appropriate to capitalize according to Generally Accepted Accounting Principles (GAAP), that cost will be added to the asset.

Remainder of page intentionally left blank

Land	Buildings	Equipment
Negotiated Price	Architect/Engineering Fees	Cost (includes freight)
Legal Fees	Cost of Materials	Insurance during transit
Broker Commissions	All other necessary Costs (e.g. permits/impact fees)	Installation and/or assembly
Title and insurance fees	Construction services cost, insurance for project	Modification/testing before actual service use
Survey fees	Demolition costs	
Delinquent Taxes		
Closing Costs Preparation Costs		
Razing/removing unwanted building		
Grading or changing land contours		

The following are not capital costs:

- Vandalism and uninsured theft
- Mistakes in installation
- Fines for not obtaining proper permits

8. Capital Asset Acquisition

Capital assets are acquired by the City in several different ways:

a. By the direct purchase of the asset
b. By donation from private individuals, state, or other governmental agencies
c. By the direct purchase of an asset using grant, state or federal funds
d. By lease-purchase agreements
e. By purchase through construction contracts
f. By in-house fabrication
g. Acquired through foreclosure on liens, or through the forfeiture and seizure process

i. An acquisition by donation is recorded at estimated fair value at the time of acquisition. Fair value in the case of vehicles is determined by blue book prices. In the case of equipment, use of market prices of identical or similar equipment of the same age or condition will determine the fair market value.

Land or buildings should be appraised in order to determine fair market value.

ii. Purchase of capital assets using state or federal grant funds shall be accounted for in the same manner as capital assets acquired with City funds. Department Directors are responsible to ensure any special requirements or conditions required by the grant are followed.

iii. Equipment that is constructed by combining or assembling modular components and/or materials into one identifiable unit is referred to as fabricated equipment. When completed, each component loses its individual identity and the end product becomes an identifiable single unit. In order to he capitalized, the finished product must have a unit cost of $~~1~~5,000 or more and a life expectancy greater than one year. If a piece of equipment is to be fabricated, the cost of its components plus all materials, supplies, and services from outside vendors will be aggregated to value the capital asset. Internal labor costs will not be taken into consideration and will be expensed at the time incurred. At the conclusion of the project, the Department Director will notify the Chief Financial Officer that there will be no further purchases and that the project has been completed.

iv. Assets acquired through foreclosure on liens or through the forfeiture and seizure process should be recorded at the lower of (a) the cost (original lien amount, interest and penalties, and the cost of sale foregone), or (b) the fair market value of the asset.

9. Emergency Purchase of Capital Assets

In cases of emergency, each department is authorized to proceed with a replacement purchase at a cost of under $10,000. It must be an emergency as defined in the City purchasing policy. The purchase will be included in the City Manager's report at the next City Commission meeting.

10. Capital Asset Disposal

The purpose of this section is to establish procedures for the transfer and disposal of excess and surplus property consistent with the requirements set forth in Florida Statutes Chapter 274. It is also the purpose to maximize returns on excess and surplus property by transferring tbe property or disposing of it through public auction, trade-in, or donation. All efforts will be made to recover as much taxpayer money as possible.

Classification of surplus property (other than land):

- Excess – materials and supplies that are acquired by the City and are not required or can no longer be used by the City, but have a residual value will be sent to auction.

- Obsolete – materials and supplies that are out of date, no longer in use or effectively usable will be sent to auction.

- Scrap – salvageable material that is damaged, defective, or deteriorated to the extent that it has no value except for its basic material content will be sold.

Prior to disposal and/or public auction, capital assets must be deemed surplus by resolution approved by the City Commission. This resolution will be prepared for approval at the regular City Commission meeting in ~~June~~ April of each year. The Finance Department will need to receive information on each asset to include asset tag number, vehicle number (if applicable), reason for disposal and condition of asset to be disposed on or before ~~May~~ March 10th of each year for compilation. All City capital assets that have resale value will be sold through public auction preferably through a government surplus auctioning website. The sale of capital assets through the website will be coordinated through the Finance Department, all surplused capital assets will be sold as-is condition. City employees will not have the opportunity to purchase surplus goods outside the public auction process.

When capital assets are declared as surplus, the Finance Department will notify the department that has custody of the capital asset it is ready for disposal and/or public auction. The department will provide the Finance Department with pictures of the disposed asset in order to move forward with the public auction.

Should an asset need to be declared surplus prior to or after the ~~June~~ April meeting date, the same procedures set forth above shall be followed.

11. Capital Assets Being Donated to another Organization

No capital assets can be donated without prior City Commission approval.

Should the department in custody of an asset up for disposal wishes to donate to another governmental agency, the request for donation along with an explanation for donation should be included in the material presented to the Commission at is June meeting. The Department in custody of the capital asset is responsible for the removal of the capital asset tag (if applicable) and arrangement for removal of material from City property.

12. Capital Asset Depreciation Method

The City has established the straight-line depreciation method using a full-month convention for all capital assets. Under this method, the basis of the capital asset is written off evenly over the useful life of the capital asset. See useful life table at the end of this section.

A construction in process asset (CIP) reflects the cost of construction work undertaken, but not yet completed. For construction in process assets, no depreciation is recorded until the asset is placed in service. Upon substantial completion, the asset will be reclassified to the appropriate general ledger asset account and should be capitalized and depreciated.

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Capital Asset Group	Depreciable Life
Land Improvements (Landscaping)	20
Buildings	40
Office Furniture	20
Computer Equipment	5
Camera Equipment	5
Police Vehicles	5
Pick Up Trucks	10
Police Radio Equipment	5
Non-Police Sedans	10
Public Works Radio Equipment	10
Garbage Trucks	15
Tractors	15
Front End Loaders	15
Backhoes	15
Trailers	15
Riding Lawnmowers	5
Public Works Maintenance Equipment	20
Infrastructure:	
Opened Streets	70
Sidewalks	40
Sidewalks/Bikepaths	40
Bike Lanes	70
Open ditches	70
Storm Sewers	50
Street Signs	15
Park Equipment	10

13. Review and Update

This policy shall be reviewed and updated, if necessary, by the Chief Financial Officer of the City on an annual basis.

~~City of St. Augustine Beach~~
~~Purchasing Policy and Manual~~

City of St. Augustine Beach Financial Policies Manual	
Policy: Purchasing	**Policy Number:** P.3
Effective Date: 5/4/2016	**Last Revised:** ~~6/1/16~~6/17/19
Supersedes Policy: N/A	**Author:** Melissa Burns, CFO

1. Purpose

The purpose of this policy is to establish procedures to ensure the City of St. Augustine Beach purchases goods and/or services in the most efficient and economical manner possible.

2. Scope

This policy shall apply to all purchases of goods and/or services by the City.

3. Ethics

The acceptance of gifts at any time, other than advertising novelties, is prohibited. Employees must not become obligated to any suppliers and shall not conduct any city transactions from which they may personally benefit.

No commissioner or employee shall bid for, enter into or be in any manner interested in any contract for city purchases. Nor shall any commissioner or employee seek to influence the purchase of a product or service from any offeree. This restriction shall not be construed to restrict persons from evaluating and appraising the quality and value of the product to be purchased or service to be rendered where the person's scope of employment contemplates advice and council with respect to the purchase. No commissioner or employee shall receive benefit of any prospective bidders. The avoidance of actual perceived conflicts of interest is a prime requisite to the efficient and sound operation of the City and maintenance of public trust.

4. Minority Business

Minority Businesses shall be ensured to have an equitable opportunity to participate in the City's procurement process.

5. Purchasing Methods and Procedures

a. Informal Purchasing

Informal purchasing may be used for the purchase of goods and/or services costing less than $~~500~~1,000. While quotes and bids are not necessary with items costing less than $~~500~~1,000, every effort should be made to ensure goods and/or services are being purchased in the most efficient and cost effective manner possible.

Only designated employees in each department shall be authorized to actually purchase the commodity, after the purchase has been approved. Employees are required to immediately turn in their purchase receipt to the appropriate departmental personnel for processing.

b. Verbal Quotes

At least three (3) quotes are necessary to be received by the City in respect to purchases of goods and/or services costing at least $~~500~~ 1,000 but less than $4,999.99. Verbal quotes shall be documented on a form produced by the Finance Department and submitted along with the supporting documentation. If at least three (3) quotes are not possible, a written explanation of such shall be included in the vendor requisition supporting documentation.

Vendor selection and award shall be based on qualification of the vendor, acceptability of the product, delivery time, inventories, past performance, degree of compliance with requirements, price and other circumstances that will encourage delivery of the best products and services for the money expended.

c. Written Quotes

At least three (3) written quotes are necessary to be received by the City in respect to purchases of goods and/or services costing at least $5,000 but less than $14,999.99. If at least three (3) quotes are not possible, a written explanation of such shall be included in the vendor requisition supporting documentation.

Vendor selection and award shall be based on qualification of the vendor, acceptability of the product, delivery time, inventories, past performance, degree of compliance with requirements, price and other circumstances that will encourage delivery of the best products and services for the money expended.

d. Capital Outlay Purchases

Capital outlay purchases are defined as those that are $~~1,000~~5,000 and have a useful life of one (1) or more years. Capital outlay purchases that are presented to the City Commission as a line item (in the explanation sheets) in the Budget are considered approved when the Budget is approved. Purchasing procedures related to the capital outlay cost thresh holds will be followed along with a purchase order signed by the City Manager/Chief of Police.

e. Invitation to Bid

The Invitation to Bid method is acceptable for purchases of goods and/or services costing at least $15,000. This method is typically used when the City is capable of specifically establishing precise specifications defining the actual commodity or contractual service.

The Invitation to Bid may be advertised in newspapers and other appropriate publications, the City's website, and any other appropriate means of advertisement. Such advertisement/notification must be at least five (5) days preceding the last day set for the receipt of proposals. The notice shall include the bid number assigned by the City Manager's office, a general description of the articles to be purchased or sold, shall state where bid blanks and specifications may be obtained. Responses to the Invitations to Bid shall be received in a sealed bid packet and opened and read aloud at a specific date, time and location.

f. Request for Proposal

The request for proposals method is acceptable for the purchase of goods and/or services costing at least $15,000. This method is used when the City cannot specifically define the scope of work for which the goods and/or service is required. This also applies to projects with many components necessary to complete and the aggregate cost would be over the $15,000 thresh hold. The vendor provides detailed information in response to the Request for Proposal and usually the purchase results in a contractual agreement. The process does allow for negotiation of requested services, price and delivery.

The Request for Proposals shall be advertised in the same manner as the Invitation to Bid. Responses to the Request for Proposal shall be received in a sealed packet, received date stamped and time received notated. The sealed packets will be opened at a specific date and time, recorded by the City Clerk or his/her designees with the responding vendor and proposal amount. The proposals will be forwarded to the requesting department for review.

After department review, a memo to the City Manager/Chief of Police and Chief Financial Officer will be sent with the vendor selected along with accompanying explanation. In the event that the item(s) were approved along with the Fiscal Year's budget, final approval lies with the City Manager/Chief of Police and reported to the City Commission. However, if the item(s) were not in the original budget or a single vendor cannot be chosen, the City Commission will make final approval.

g. Request for Qualifications

The Request for Qualifications method is used in the acquisition of professional services costing at least $15,000. Requests for Qualifications proposals primarily indicate information regarding the education and experience background of the proposer. Price is not to be indicated in the proposal. If the Request for Qualifications is for professional architectural, engineering, landscaping architectural or surveying and mapping services, then rules of Chapter 287.055 of the Florida Statutes shall apply. The Request for Qualifications shall be advertised in the same manner as the Invitation to Bid. The date and time that the Requests for

Qualifications will be received until shall be clearly identified. The responses to the request for qualifications shall be opened at the specified date and time, and recorded by the City Clerk or his/her designee.

h. Other Governmental Agencies Purchasing Contracts

Competitive selection procedures are waived in the event that the desired goods and/or services may be purchased pursuant to purchase contracts of other governmental agencies to include any political subdivision of the State of Florida or the United States, the United States Federal Services Administration, or cooperative purchasing consisting of a combination of these, when such contracts are the result of a competitive bidding process.

i. Sole Source Purchasing

Competitive selection procedures are waived when it is determined and substantiated in writing, after conducting a good faith review of available sources, that there is only one source for both the goods and/or services. Price and terms shall be negotiated and a record of the sole source procurement shall be maintained as a public record.

A written justification of the sole source purchase must be approved by the City Manager/Police Chief and accompany the requisition for processing.

j. Emergency Purchases

Competitive selection procedures are waived when the normal functioning and operation of the City would be hampered or where property, equipment or lives could be endangered through unexpected circumstances by adhering to the usual purchasing procedures.

A written justification of the emergency purchase must be approved by the City Manager/Chief of Police and accompany the requisition packet for processing.

k. Petty Cash Purchases

Petty cash purchases shall be limited to $25 per order and shall be used for the procurement of small-quantity, general supply items and emergency buys which are used infrequently. It may also be used to buy postage and to pay freight charges when due upon delivery or shipment. The receipt obtained from the supplier will serve as a receiving record and invoice for the purchase. The receipts must be properly coded and approved prior to submitting to the Finance Department for reimbursement.

6. Purchasing Approval Limits

Purchasing Amount	Approval
Less than $~~500~~1,000	Department Head
$~~500~~1,000-$4,999.99	Purchase order signed by City Manager/Chief of Police Department Head Approval for Payment
$5,000-$14,999.99	Purchase order signed by City Manager/Chief of Police Department Head Approval for Payment
$15,000 or more	City Manager/Chief of Police and/or City Commission

7. Purchasing Process

Any purchase over $~~500~~-1,000 will follow the procedure set out below. This procedure is not applicable to monthly recurring expenses.

a. Requisition Form

A requisition form is required for purchases $500 and above in order to have a purchase order generated by the Finance Department. Each department completes the requisition form prior to purchasing the item or service, and sends it to the Finance Department with all supporting documentation, including but not limited to the necessary quotes. If the information is incomplete the requisition form will he sent back to the department for completion.

b. Purchase Order

After the purchase order has been generated, it will be sent via e-mail to the department to hold until such time the goods and/or services have been satisfactorily received.

c. Invoice

An invoice for purchases is to be submitted to the Finance Department. Each invoice should be stamped and the appropriate expenditure code added. Attached to the invoice should be the completed purchase order (if applicable), and any accompanying documentation not already received by the Finance Department. All invoices and applicable purchase orders will signed by the appropriate department head. No invoice will be processed for payment unless all requirements of this policy are adhered to.

8. Bidding Process

a. Invitation to Bid

Competitive bids will be solicited by publication of notice in a local newspaper, or other appropriate means of advertisement whether in print or electronic format in addition to sending out bid invitation to vendors. The notice shall include the bid number assigned by the City Manager's office, a general description of the articles to be purchased or sold, where to obtain specifications and instructions, and the time and place for opening bids.

The City Commission may require a bid guaranty and it will be so stated in the notice of invitation to bid. Bid guarantees of unsuccessful bidders will be returned. A successful bidder shall forfeit any guaranty required by the City upon failure on the party's part to enter into a contract within ten (10) days after the award.

b. Bid Folder

A master bid folder and tabulations sheets will be prepared as soon as notice to bid is advertised. They will be prepared by the City Manager's office which will be recording the bid opening. Tab sheets will be prepared with appropriate captions for the tabular columns and lines including:

- Columns for bidders' names
- Columns for number of items and/or groups
- Identity of items and/or groups
- Units and quantities for bid comparison
- Column for guaranty acknowledgement (when required)
- Column for delivery/completion time
- Column for exceptions to bid
- Column for addendum acknowledgement (when required)

The bid folder will be marked in the upper right-band corner with the bid number and date and time for the bid opening. Bid specifications, proof of publication, list of specific bidders notified and tabulations sheets will be compiled. As bids are received, the time and date will be noted on the envelope by the receiver and initialed. Bids received after the deadline will have the date and time received noted, initialed and marked "LATE BID", and returned unopened to the bidder.

c. Bid Opening and Evaluation

Bids will be opened and read aloud by the City Manager or his designee at a time that may be determined by the City Manager. The tabulation and evaluation of all bids which have been received and recorded during the bid opening shall remain as permanent record in the bid folder. In determining lowest or lowest evaluated bid, in addition to price, the following will be considered:

- Ability, capacity and skill of bidder to perform or provide
- Whether the bidder can perform or provide promptly or within the specified time without delay or interference
- Quality of performance of previous services and existing compliance by the bidders
- Sufficient financial resources of the bidder
- Ability to provide future maintenance and service of the contract
- The number and scope of conditions and/or exceptions attached to the bid

In the event of a tie, bids and quality and service are equal, the award shall be made to the local bidder (St. Johns County). If there is no local bidder, the decision on the bids will be made by the City Commission.

d. Award of Bid

Upon acceptance by the City Commission, the bidder will be notified of acceptance of proposal either by a letter signed by the City Manager and/or a purchase order within three (3) working days of award.

A purchase order will be issued to the bidder whose proposal has been accepted. Information regarding the supplies/materials or services to be furnished will be itemized as completely as possible, with unit prices, if applicable, extensions and total of awarded bid. Bid/Contract Number shall be recorded on the purchase order as well as the date of the meeting at which the City Commission awarded the bid.

e. Rejection of Bids

The City Commission reserves the right to waive informalities in any bid and to accept bids in the best interest of the City. The City Commission may reject any bids in whole or in part, with or without cause.

f. Competitive Bidding Exemptions

Competitive bidding <u>will not</u> be required when:

- A single transaction does not exceed the authorized amount for supplies, materials, equipment or contractual services;
- Supplies, materials, equipment or contractual services can be furnished only by a single vendor (SOLE SOURCE); documentation must be provided to the Finance Department;
- Supplies, materials, equipment or contractual services purchased from or through another unit of government;
- Utilities;

- Supplies, materials, equipment or contractual services when purchased at a price not exceeding a price set forth by a State Purchasing Agency, and other State agency, or governmental agency authorized to regulate prices;
- Goods or services being purchased where the prices have been determined by competitive bidding conducted by another governmental agency or unit;
- No response received to notification for invitation to bid;
- Emergency situation.

g. Applicability

This process may apply to Request for Proposals method of purchasing when item(s) were not originally adopted with the Fiscal Year's budget, or more that one qualifying vendor exists.

9. Review and Update

This policy shall be reviewed and updated, if necessary, by the Chief Financial Officer of the City on an annual basis.

City of St. Augustine Beach Financial Policies Manual	
Policy: Travel and Reimbursement	**Policy Number:** T.1
Effective Date: 6/17/2019	**Last Revised:** N/A
Supersedes Policy: N/A	**Author:** Melissa Burns, CFO

Purpose:

To establish standard travel reimbursement rates, procedures, and limitations, with certain justifiable exceptions and exemptions, applicable to all employees, whose travel is authorized and paid by the City.

Scope:

Employees authorized to travel to an approved conference, convention, seminar, training, or meeting at a location other than any City owned location and under circumstances for which that employee will incur additional expenses; the City will reimburse the employee for those necessary and reasonable expenses in accordance with the procedures outlined herein.

Definitions:

- Travel Expense – Reasonable ordinary and incidental expenses incurred by a traveler.
- Travel – Reason for an employee to leave their official headquarters to attend a conference, convention, seminar, training, meeting, etc.
- Travel Day – A period of 24 hours
- Travel Period – A period of time between the time of departure and time of return
- Overnight Travel – Travel which involves overnight absence from official headquarters.
- Same Day Travel – Travel where the traveler is not away from his or her official headquarters overnight.
- Official Headquarters – City building where an employee is assigned.

Approval Requirements and Authority to Incur Travel Expenses

- All travel days as defined above must be authorized and approved prior to the start of travel and before any reservation is made for conference, hotel, training, meeting, airline, etc. by the department director and the City Manager/Chief of Police if out of state travel is required.

- A request for approval and documentation of expenses for travel shall be completed using the Travel Request and Reimbursement From (*aka Travel Form)* included as Exhibit A.

- The Travel Request and Reimbursement Form shall be completed, approved by the Department Director and/or City Manager, and submitted for approval to the Finance Department at least twenty-one (21) calendar days prior to start of travel or due date of any hotel/registration fees, if advance payment by check is required. If no advance payments are needed, the form must be submitted at least seven (7) days prior to the start of travel.

- Failure to obtain approval for travel through the Travel Request and Reimbursement Form prior to incurring expenses may be cause for disallowance of reimbursement.

Travel Expenses:

Travel expenses shall be limited to those expenses necessarily incurred as part of the approved City related travel authorized by the City and must be within the limitations prescribed by this section. The following travel expenses may be paid for and/or reimbursed by the City:

- Registration Fees-The City shall pay for approved conference, convention, seminar, or training registration fees. The employee may be reimbursed the actual and necessary fees for attending additional educational opportunities which are not included in the basic registration fee that directly relates to the employee's position. Such expenses may include, but not limited to, additional training sessions and other meal functions. It shall be the responsibility of the employee to substantiate that the charges are proper and necessary.

- Lodging Expenses - The City shall pay for lodging expenses for approved conferences, conventions, seminars, or trainings requiring overnight travel. The City shall pay a reasonable cost priced at a single-occupancy rate or the negotiated rate by the conference, seminar, or training organization. The criteria to be used in determining the need for lodging includes the travel distance (40 or more miles one-way), starting and ending times of educational sessions or meetings, number of days for sessions/meetings and cost of transportation.

- Meal Allowance - When traveling to an approved conference, convention, seminar, training, or meeting or when traveling within or outside the State to conduct bona fide City business, which serves a direct and lawful public purpose for the City served by the employee, meal allowance in the following amounts determined by the US General Services Administration website, gsa.gov (https://www.gsa.gov/travel-resources) will be provided as specified below:

Breakfast.....$14 Lunch.....$16 Dinner.....$26

In instances where meals at large, out-of-state cities (i.e. New York City, Washington DC) can be reimbursed up to amounts determined by gsa.gov (https://www.gsa.gov/travel-resources) using the per diem allowances for a trip calculator by city with an itemized receipt and the City Manager's approval.

If a meal is included as part of a registration fee, hotel cost, or is otherwise provided at no cost to the employee, the employee will not receive an allowance for that meal.

- Overnight Travel - For each full day of overnight travel, all three meals are reimbursable except when the cost is included in the registration fees. Per diems on the first and last day of a trip are governed as set forth below:

  - **Departure Day**
  - Depart before 6:00 a.m.; Breakfast, lunch and dinner
  - Depart before 10:00 a.m.: Lunch and dinner
  - Depart after 12:00 noon; Dinner

  - **Return Day**
  - Return before 12:00 noon; Breakfast
  - Return between 12:00 noon & 6:00 p.m.; Breakfast and lunch
  - Return after 6:00* p.m.; Breakfast, lunch and dinner

    *6:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

  - Same Day Travel – There will be no allowance if an employee is attending an approved training session that is scheduled for the entire workday conducted outside of the City of St. Augustine Beach within one hour's distance

- Transportation

  - All travel must be via a commonly traveled route. In cases where an employee travels by an indirect route for his or her own convenience, any extra costs shall be borne by the employee; and reimbursement for expenses shall be based only on such charges as would have been incurred by a usually traveled route. The Department Director, with the City Manager's approval, shall designate the most economical method of travel for each trip, keeping in mind the following conditions:

    - The nature of the business.

- The most efficient and economical means of travel (considering time of the traveler, impact on the productivity of the traveler, cost of transportation and Per Diem or meal required).

- The number of persons making the trip.

- Transportation by common carrier when traveling on official business and paid for personally by the employee shall be substantiated by a receipt. Federal/State tax shall not be reimbursable to the employee unless the City is also required by Federal/State law to pay such tax. In the event transportation other than the most economical class is provided by a common carrier and charged on a City credit card, the charges in excess of the most economical class shall be refunded by the employee to the City.

- When travel is by vehicle, employees may drive City vehicles to and from the approved conference, convention, seminar, training, meeting, or hotel, if available. Employees may not use City vehicles for personal use, including allowing non-City employees to travel in the vehicle, unless the passengers are employees of another government agency and are car-pooling to the same destination, does not apply to marked City Police Vehicles.

- If a City vehicle is not available and the employee must drive his/her own vehicle, the City will reimburse the employee at the current IRS per mile rate. The mileage will be computed from the employee's Official Headquarters or residence whichever is closer to the travel destination.

- The use of privately-owned vehicles for official travel in lieu of publicly owned vehicles or common carriers may be authorized by the City Manager/Chief of Police. Whenever travel is by privately-owned vehicle:

  - The employee shall be entitled to a mileage allowance based on the current IRS per mile rate; or

  - The employee shall be entitled to the common carrier fare for such travel if determined by the City Manager/Chief of Police or designee to be more economical.

  - All mileage shall be shown from point of origin (Official Headquarters) to point of destination and shall be computed based on an internet map. Vicinity mileage necessary to conduct official business is allowable but must be shown as a separate item on the Travel Form.

  - No employee shall be allowed either mileage or transportation expense when transported by another person or when transported

by another traveler who is entitled to mileage or transportation expense.

- Police Department employees who choose to travel in their privately-owned vehicles instead of their assigned City-owned vehicles shall not be entitled to mileage reimbursement.

- Incidental Expenses - The following incidental travel expenses of the employee may also be reimbursed:

  - Taxi, bus, or train fare
  - Bridge, road, and similar tolls
  - Parking fees
  - Communication expense

  The employee must provide receipts stating the actual costs incurred to receive reimbursement.

- Non-Exempt Employee Travel - According to the U.S. Department of Labor, Wage and Hour Division, Section 29 of the Code of Federal Regulations, 785.33 States: The principles that apply in determining whether or not time spent in travel is working time depend on the kind of travel involved.

  785.39 States: "Travel that keeps an employee away from home overnight is 'travel away from home.' 'Travel away from home' is clearly work time when it cuts across the employee's workday."

  - Any travel time that is incurred to and from an approved conference, convention, seminar, training, meeting, or hotel during the normal workday is considered part of the normal duties for that workday and will be part of the normal workday hours and will not be paid as extra compensated hours.
  - Any time that is incurred for travel to an approved conference, convention, seminar, training, meeting, or hotel on scheduled days off, (e.g. Saturday and Sunday, for general employees) will be compensated.

<u>Form Completion</u>

- Complete top section of the Travel Form with the employee's name, department/division, position, office phone number, reason for travel/event, event location (city & state), departure and return dates/times, and expense account number.

- The Dollar Amount, Vendor Name and/or Number (new vendor numbers will be assigned by the Purchasing Division), City Advance Via Check, and City Purchasing Card columns must be completed prior to submission to the Department of Finance. Details should be completed as required by each Description Column. When requesting registration and/or hotel fees be paid by City Advance Via Check, a requisition must be submitted with the required travel form and appropriate backup attached.

- Event registration fees must be input, and a copy of the seminar/training/conference agenda must be attached to the Travel Form for submittal. CEU/CPE fees should be included as part of the registration fee and should not be listed under other expenses.

- Hotel Reservations: If hotel reservations are required and are not part of the seminar/training package, the first choice for hotel reservations should be at the most cost-effective location. Hotel reservations should be confirmed by the Department and the confirmation number recorded on the Travel Form.

- Meal Allowances: Receipts are not required for meals, unless the travel is to large out-of-state cities.

Travel Request and Advance/Reimbursement Form

EMPLOYEE NAME:	DEPARTMENT / DIVISION:
POSITION:	OFFICE PHONE NO.:
REASON FOR TRAVEL (Event):	
EVENT LOCATION (City & State):	DEPARTURE DATE / TIME:
EXPENSE ACCOUNT NO.: * OTHER:	RETURN DATE / TIME:

DESCRIPTION	NUMBER OF DAYS/ MEALS/ MILES	DOLLAR AMOUNT	VENDOR NAME	P.O. NUMBER	CHECK NUMBER	CITY ADVANCE VIA CHECK	CITY CREDIT CARD	CITY OWES EMPLOYEE OR (EMPLOYEE OWES CITY)	TOTAL
Registration Fee		$0.00				$0.00	$0.00	$0.00	$0.00
Event Confirmation Number									
Hotel Stay / Cost	0	$0.00				$0.00	$0.00	$0.00	$0.00
Hotel Out of State Tax Fee		0.00%				$0.00	$0.00	$0.00	$0.00
Hotel Confirmation Number									
Hotel Other	0	$0.00				$0.00		$0.00	$0.00
Breakfast	0	**$14.00**				$0.00			$0.00
Lunch	0	**$16.00**				$0.00			$0.00
Dinner	0	**$26.00**				$0.00			$0.00
Air / Train Fare									
Mileage (Private Vehicle)	0	$0.58				$0.00			$0.00
Gasoline (City Vehicle)									
Tolls / Parking									
Taxi / Bus									
Miscellaneous									
TOTALS						**$0.00**	**$0.00**	**$0.00**	**$0.00**

- BEFORE TRAVEL: Pre-Payment Approval

Please advance / prepay the items listed in the "City Advance" column above. Travel is authorized as specified above.

I certify that the travel expenses listed above are true, correct and were incurred in the performance of my official duties.

Employee	Date	Finance Department	Date
Department Head	Date	City Manager/Chief of Police	Date

Finance Department Use Only

DATE: CHECK NO.: AMOUNT PAID ON SETTLEMENT: VERIFIED BY:

City of St. Augustine Beach Financial Policies Manual	
Policy: Credit Card Policy	**Policy Number:** C.1
Effective Date: 6/17/19	**Last Revised:** 6/17/2019
Supersedes Policy: N/A	**Author:** Melissa Burns, CFO

Credit Card Policy

Purpose

This policy establishes the basis for the City's credit card program. The credit card program is designed to improve efficiency in processing purchases from any authorized vendor that accepts the Visa credit card. This policy will also apply to the Home Depot, Lowes, Voyager Fleet, Walmart, Staples and Publix credit cards.

This program will allow the cardholder to purchase approved supplies and services directly from vendors. Each credit card is issued in the name of the employee who is responsible for its use, and the "City of St. Augustine Beach" is clearly shown on the card as the governmental buyer of supplies/services.

The card may be used to purchase non-restricted commodities in person at the vendor site, over the telephone, via fax, by mail and over the internet.

Objectives

- To provide an efficient method of purchasing and paying for supplies/services.
- To ensure card purchases are in accordance with the City's Purchasing and Travel policies.
- To ensure that the City bears no legal liability from inappropriate use.
- To provide for disciplinary action if the purchasing card is misused.

Authorization

All requests for credit cards must be approved by the employee's department head in writing to the Chief Financial Officer.

Credit cards may be used only by the person whose name appears on the face of the card and may not be loaned to or used by any other person. The account number must not be given to any individual other tban the vendor from whom the employee is making a purchase.

Responsibilities

The following are the responsibilities of the card holder:

- Hold and secure credit card
- Comply with all purchasing and travel policies

- Determine the availability of budgeted funds before ordering
- Order materials and services
- Collect and submit all sales receipts/invoices
- Make sure vendor is aware of our tax exemption
- Notify supervisor and Finance Department immediately of lost, stolen or other cards requiring cancellation
- Respond to Finance Department requests for information on charges that do not have a corresponding receipt or invoice.

Limits and Restrictions

The credit cards are for official City Business only. The purchase of goods or services for the employee's personal use is strictly prohibited, the purchase of tobacco products, alcohol or obtaining a cash advance is strictly prohibited.

All items paid for with the credit card must be shipped to the city and are property of the City of St. Augustine Beach.

The Department Head and City Manager/Chief of Police must approve all capital purchases.

Gasoline purchased with a Visa credit card may be done so in the following two instances:

1. For city vehicles on city trips outside of St. Johns County
2. For an approved rental car on a city trip outside of St. Johns County

Food may only be purchased by departments authorized to purchase food items for authorized City events and purposes.

Travel Related Charges

Expenditures for the following employee reimbursable travel expenses are prohibited from being charged on the credit card:

- Meals (per diem)
- Road, Bridge, and tunnel toll charges
- Telephone Charges
- Taxi, ferry and airport limousine/shuttle fares

Purchases for conference registration/classes, airline tickets, hotels, and parking charges are permissible.

Taxes

Most purchases are exempt from sales tax. Cardholders must assure that sales tax has not been added to the receipt or request that a credit be processed. Some internet purchase will require the cardholder to call a customer services (contact us) number on the company's website in order not

to have taxes placed on the order; it is the responsibility of the cardholder to ensure that this occurs. Cardholders making a purchase out of state may be subject to that state's tax law.

Lost or Stolen Cards

If a card is lost or stolen, immediately contact the Finance Department. Verbal reports of a lost or stolen card must be confirmed by e-mail to the Chief Financial Officer.

Credits/Returns

Merchandise returned must be credited to the City's account to which the transaction was charged. Cardholders are not authorized to receive a cash payment or store credit for merchandise.

Disputes/Erroneous Charges

It is the responsibility of the cardholder to document and resolve disputes and erroneous charges directly with the vendor. If a dispute cannot be resolved, inform the Chief Financial Officer who will file a dispute with the credit card company.

Suspension Policy

The Suspension Policy is a progressive step policy and may be put into effect by a cardholder's failure to submit proper documentation to the Finance Department by the established deadlines or misuse of card privileges by making inappropriate purchases of items or services not in compliance with this Credit Card policy.

First Offense: The cardholder will receive a documented written warning from the Chief Financial Officer.

Second Offense: Suspension of card privileges for a period of one (1) to three (3) months. The effected purchasing card is to be surrendered to Finance Department during the suspension period.

Third Offense: Permanent revocation of card privileges.

Record Keeping/Receipts

It is the responsibility of the cardholder to obtain transaction receipts for all purchases. Sales receipts or packing slips must be obtained whether a purchase is made in person or via telephone, fax, mail, or over the Internet. It is the employee's responsibility to assure that the description on the sales receipt or packing slip is legible and clearly describes the purchase. These receipts will be used by the Finance Department to balance the monthly statement and be part of the documentation kept on file to substantiate the payment process.

Documentation maintained must be accurate, accessible and complete, as it not only records the transaction, but also supports the legitimate business purpose of the purchase. In addition to sales receipts and packing slips, the following are additional examples of supporting documentation:

- Copies of internal order forms
- Subscription or dues forms
- Conference registration forms
- Statement of service report from vendor performing on-site repairs
- Cash register receipts

In the event all efforts to obtain documentation of a transaction have failed, the cardholder must attach a written description of the purchase along with a signed certification that the purchase was made in accordance with City policy. Failure to provide certification may result in disciplinary action and the employee may be required to pay the City for the undocumented expense. Three or more incidents of missing documentation may result in the cancellation of the employee's credit card.

The cardholder is responsible for submitting all documentation to their department administrative staff responsible for coding and obtaining approving signatures as soon as possible after final processing. It is essential that transactions be signed off on promptly and documentation be forwarded to insure timely payments.

Changes in Authorized Users

It is the responsibility of the user department to contact the Chief Financial officer concerning any change to an authorized cardholder's employment status such as transfer or termination. Cards must be returned to the Finance Department immediately.