

# Joint Meeting of the Finance and Infrastructure Boards

February 28, 2018

## Overview

First, I would like to thank the Finance and Infrastructure Boards for all of their hard work individually and collectively on the recent creation of what we called “plan 2”. This plan became the current five-year Capital Improvement Plan “CIP” for Belleair. However, when it was adopted, there was some general uncertainty as to what would become of it should the Penny for Pinellas fail to be renewed. Nearly a year later, I’m happy to report that the Penny passed by an overwhelming margin, thus securing \$480,000 plus dollars of recurring funding that we have dedicated to infrastructure improvements. Additionally, the Capital Projects Fund or “305” ended the fiscal year 2017 with an unaudited fund balance of close to 4.5 million dollars.

Staff has identified projects in need of completion over the next 15 years, some of which are included the plan, and some we will need to prioritize onto the schedule. As always, there are more projects than there are allocated resources, so moving forward will take creative planning and prioritization. The Town Commission, with your advice, will need to evaluate the five-year CIP and make adjustments as-necessary during the upcoming budget process.

## The Five-Year Capital Improvement Plan (CIP)

### Revenues

The Capital Project Fund relies upon four primary streams of recurring revenue: the infrastructure mill, Penny for Pinellas, stormwater fees, and electric utility taxes. Also, grants, cooperative funding, and amounts held in reserve fund the remainder of the CIP budget. Shortfalls in any of these areas are a major cause to re-evaluate projects scopes, schedules, and priorities.

The “infrastructure mill” is a relative dedication of 1 mill of tax levy dedicated specifically to finance infrastructure projects. At the current total taxable value, the mill is \$678,000 annually. This amount will rise and fall in a direct correlation to the total taxable value of Town, including increases due to development and decreases due to value decreases. While the recent development around town will have an overall positive effect, staff is concerned that the third Homestead exemption ballot initiative will result in decreases in excess of \$50,000. Staff is working with the Property Appraiser to update estimates. The initiative, should it pass, would exempt the property value from \$100,000 to \$125,000 from all property taxes except the school board amounts.

The Penny passed and is secured for the next 13 years. Over the next ten-year period, staff estimates the proceeds to be in excess of 5 million dollars.

Stormwater fee revenues remain fairly static as the total number of Equivalent Rate Units (ERU) do not increase or decrease wildly. The per-ERU amount was set to collect roughly \$330,000 of revenue annually. This is a fee that the Commission may increase or decrease, and it is also one of three dedicated funding sources for the outstanding bond.

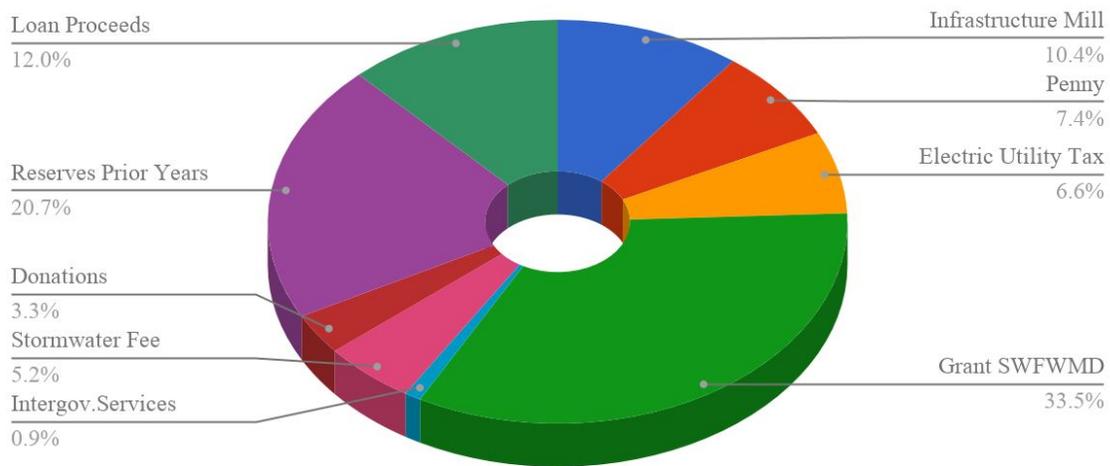
The electric utility tax revenue will increase as utilization and rates rise. At current, it provides approximately \$430,000 of annual revenue. It too is a dedicated funding source for the bond.

The grants, or perhaps more properly, the cooperative funding revenue is usually the largest non-recurring revenue in the CIP, as these funds are usually the 50% cooperative funding amounts from the Southwest Florida Water Management District (SWFMD). The Town has relied heavily on cooperative dollars over the past decade to fund the stormwater and infrastructure improvements due to the benefits provided by treating stormwater pollutants prior to their deposition into the intercoastal waterway. As projects move further east from the outfalls, there is less benefit for the water management district to fund and thus our cooperative funding award opportunities begin to dwindle. This will leave the entire burden of these large-scale projects to the Town to solely fund, or seek other

cooperators like federal grants. The pool of grantors for roadway projects, particularly local roadway projects is incredibly small.

A relatively-new funding source has been the partnership with the Belleair Community Foundation (BCF) and their funding of capital park enhancements. The BCF has donated \$115,000 this year alone, in addition to in-kind donations of the artwork, for the renovation of Magnolia and Wall Parks. In addition, the Recreation Department received a grant of \$100,000 toward its field light renovations.

### *Distribution of Capital Project Revenues*



### **Current Projects**

All of the projects budgeted for this year will commence this year. The one exception may be the Carl Avenue reconstruction project, as it may provide us opportunity to make some additional improvements at the intersection of Carl and The Mall as well.

#### ***Harold's Lake***

The Harold's Lake dredging project is currently underway and should be completed in the next 30 days. We included additional clearing at the northeast corner of the lake as the vegetation and sediments would have backfilled the freshly dredged sediment sump. Staff is actively seeking options to to more cost-effectively clear or dive this sediment accumulation. At current, the costs for Harold's Lake maintenance is \$200,000 every five years.



#### ***Pinellas/Ponce***

After significant design delays, the Pinellas/Ponce project is out for bid. Cooperative funding has been secured, and we expect to award the bid and commence work within the next 60 to 90 days. Keith and I held some community outreach efforts regarding the vegetation changes along the project, and we seem to hear from residents to replace what's out there, save for the Washingtonia palms which cannot be replaced atop of the new utilities.

### ***Palmetto***

Staff is waiting for the contract to be awarded for the Pinellas/Ponce project to analyze unit costs for the Palmetto repaving project. It is likely that we will piggyback our own bid and utilize the same staging area as the Pinellas/Ponce Project. It should commence before year-end.

### ***Carl Avenue Reconstruction***

The Carl Avenue reconstruction project, as planned, is generally a normal reconstruction project. However, we may want to take the opportunity to make some intersection improvements at The Mall/Carl/Indian Rocks Road. The solution is probably simple, but it wouldn't make sense to do that roadwork then have to modify at a later date once that intersection is realigned. The extra work would require additional engineering, which could commence after our next round of Engineer of Record awarding in 60-90 days.

### ***Bayview-Indian Rocks Road-to Bridge***

The SWFMD award rankings were released last week. The Bayview East project (Bridge to Indian Rocks ) was ranked low by SWFMD, which means it will likely not be funded. At a 3 million dollar project estimation, that leaves the Town with a million-dollar-plus hole to fill. The District staff has some ideas on project modification that we will discuss with them, but it will still likely result in a significant reduction to the amount of funding we would receive. If the modification is not realistic, staff will likely look to either phase the project or reconsider the scope.

### ***ABM***

The Town Commission approved the ABM project, which will provide much-needed electrical upgrades, HVAC replacement and retrofit, a new roof for Town Hall, LED lighting conversion, and LED lighting for the ballfields. ABM guarantees the energy savings and performance of all of the items installed. The entire program, including capital and financing, results in a slight net savings, but does, at a minimum, pay for itself.

### ***Other Concerns***

In addition to the funding concerns discussed, we are finding ourselves in a rising interest rate environment and Congress seems to have an appetite to get rid of, or reduce, tax-free borrowing for public entities. The former is obviously problematic, as our estimates will quickly go stale, and the cost of construction will rise. The latter may affect future financing options and would certainly increase the cost of borrowing.

## **Future Projects**

By far, the most worrisome element of the Capital Improvement Plan are the projects that are noticeably absent from its schedules. In order of magnitude, the stabilization of the bluff, Belleair (Rattlesnake) Creek stabilization and widening, bridge replacement, and seawall repairs. Each of these items, save for the seawalls, are likely to be multimillion dollar projects. The \$4 million of fund balance can quickly be eroded away by the addition of any one of these projects, much less all of them. Factors critical to our success will include seeking grants, other cooperators, and creative project design.

### ***Belleair Creek (Rattlesnake Creek)***

The creek is causing erosion along much of its length, with some residents losing considerable amounts of property to sloughing. In addition, during significant rain events, the creek experiences localized damming and flooding. It is likely that we will be able to find cooperators for the creek, as a joint project between Belleair, Pinellas County and Largo, which stalled at 90% almost two decades ago. I am actively trying to re-engage Largo and Pinellas County to attempt to bring this project back onto their capital plans as well.



***Bluff Stabilization***

We've been talking about bluff stabilization since at least the 1960's. The current strategy we're going to deploy is to examine what can be done to press pause on the erosion. We will be applying for cooperative funding to explore what types of works would be permissible and which engineered solution is the most cost effective. At this point, we simply don't have a solution. In addition, the Commission and staff will be holding a community-wide discussion about the use of the bluff and Hallett Park.

***Bridges***

All of the town's bridges will need some sort of scour protection in the next two years. We will need to seek an engineer's opinion as to the remaining life of each of the bridges and plan for their replacement accordingly. Staff has no cost estimates at this time

***Seawalls***

Several of the seawalls require maintenance. Our plan is to address each of these through the use of small roadway project dollars. The seawall at Hallett is likely in need of some structural repair. Staff is currently seeking estimates.