FORT MYERS BEACH
TOWN COUNCIL/RETREAT
SEPTEMBER 18, 2002
HAMPTON INN SUITES
11281 SUMMERLIN SQUARE DRIVE
FORT MYERS BEACH, FLORIDA 33931

I. CALL TO ORDER

The Retreat of September 18, 2002 was opened by Mayor Daniel Hughes on Wednesday, September 18, 2002, at 9:00 a.m..

Council members present at the meeting: Mayor Daniel Hughes, Vice Mayor Terry Cain, Howard Rynearson - Council member, Bill Van Duzer - Council member, Bill Thomas - Council member

Excused absence from meeting: None

Staff present at meeting: Town Manager Marsha Segal-George, Deputy Town Manager John Gucciardo, Damon Grant, Attorney Dick Roosa, Dan Folke, Bill Spikowski and Julia Campbell.

II. COUNCIL MEMBER ITEMS

Council member Bill Thomas - Discussed the issue of Trolley stops. LeeTran is putting together a proposal to pay for most of the cost. They do not want to put money into a Trolley stop with a bench and then have the stop eliminated.

Council member Rynearson had lunch with Chris Swenson and he had indicated he would like to include this in with his study.

Council member Thomas would like the issue of Trolley stops brought up in the October meeting. Town Manager Segal-George indicated that Chris Swenson will be coming in October.

Council member Thomas added that LeeTran will have a proposal one week prior. The proposal anticipated by the County is that they will come forward to pay for all of the cost. Advertisements will be an issue. The County will be looking to the Town for loss of revenue from the benches.

Vice Mayor Cain asked if the Town is presently subsidizing the Trolley? Deputy Town Manager Gucciardo replied in season only. He indicated that the Town pays for an additional Trolley on the beach. The cost is approximately $40,000.00 to $50,000.00.

Mayor Hughes commented that two Trolley stops exist at Smuggler's Cove. He does not want to wait until the traffic study is complete for the sign and bench to be removed. Council member Rynearson feels the bench has just been missed and should have been picked up.

Council member Thomas asked if a tree farm exists? Damon Grant replied that a nursery will be started in Bay Oaks. Palms that would have been destroyed and removed from the drainage projects will be placed in this are until another area can be prepared. Town Manager Segal-George has not heard of this issue for years. She will look into this matter.

Vice Mayor Terry Cain - Asked for clarification with the emergency policy. Town Manager Segal-George reviewed the process. Deputy Town Manager Gucciardo receives information from Emergency Operations. The decision is then made to call the Council together. Deputy Town Manager Gucciardo indicated that plenty of warning is given to the Council members with regard to where and when a meeting will take place.

Town Manager Segal-George expressed that Council members are not required to stay. The Town Manager and Deputy Town Manager are required to stay and do handle all coordination.

Vice Mayor Cain mentioned the update on projects given at the last retreat. She is looking for some type of chart and gave some examples to staff. Many items are going on and this would help to keep all information in order. This could be prepared every three to six months.

Town Manager Segal-George will try to do project updates for November in the Beach Access.

Vice Mayor Cain mentioned the water quality issue. Deputy Town Manager Gucciardo reported that he has been monitoring this situation for about 3 years. He indicated that this was a first time anything has shown up to retest on Fort Myers Beach. This was not isolated to just Fort Myers Beach, but also effected anyone down drift of the river. The cause was identified from the runoff from storms.

Council member Van Duzer questioned if the check points in the back bay are still being done?

Vice Mayor Cain replied that the back bay is being monitored more than it has been in the past 20 years.

Deputy Town Manager Gucciardo added that ECT will take the data from the last five years and graph the information. This information will be needed for the five-year report.

Council member Bill Van Duzer - Began with the alternating light on Old San Carlos. This has been deferred to the next meeting of the MPO. The County Commissioner was talking against this, but it has been put back on as a priority.

Town Manager Segal-George expressed that Chris was trying to get written verification that a temporary alternating light will be in place for season this year. Council member Van Duzer will also try to obtain this information.

Deputy Town Manager Gucciardo indicated that the long term solution would be to put in the infrastructure to keep this light there permanently. John Davis estimated this would cost between $60,000.00 and $80,000.00. He felt that hints were given the Town should contribute toward this price. Attorney Dick Roosa added that the Town could participate in the cost as long as it benefits the Town.

Council member Van Duzer indicated the cost estimate is now $120,000.00. A third lane has been discussed. Another suggestion is to use the left turn lane as a straight thru lane also. Town Manager Segal-George added that Chris is looking at the center lane as an express Trolley lane.

Council member Thomas feels the alternating light is great. The signage should be better. It would be nice to have a Sheriff present when it first begins. The flex stakes were not maintained properly.

Council member Van Duzer discussed the pedestrian crosswalk and would like to see it move forward. He has met with Chris Swenson who commented that there is no reason it cannot move forward. Town Manager Segal-George indicated that some issues do exist. $200,000.00 was budgeted for the upcoming budget and the cost estimate is $400,000.00. This has not gone into design due to difficult permitting. This is being built in an area that does not belong to the Town. State and County must get involved. She is unsure if everything would be in order to start in the Spring after season. The discussion of a design build with a not to exceed price is being discussed. She has a lot going on and is unsure if she can dedicate the necessary time to get this project moving.

Council member Van Duzer feels this project needs to move forward. The Town Council was given the vote from the residents of the island to try to elevate the existing problems. He wants to be sure they are taking the steps to move this project forward.

Vice Mayor Cain suggested using the $200,000.00 presently in the budget now to complete the design build and permitting. Next year's $200,000.00 can be used to finish the project. Town Manager Segal-George added if she can get the project moving she will come before the Council to take the $2000,000.00 out of reserves to finish it.

Mayor Hughes reviewed that it is the consensus of the Town Council to move forward with this project. He hopes that she will be able to make this a priority project.

Council member Van Duzer spoke to Chris Swenson with regard to the bridge. He has been told that this is not an impossible task. Something must be done about the traffic problem. It is possible to bring people to the beach without coming through Fort Myers Beach and Bonita Beach. He would like everyone to think about this and push this issue.

Vice Mayor Cain has concerns that another bridge will bring more people over and create more of a traffic problem. She added that Coconut Road is being reserved for this bridge and this project could likely happen in the future.

Council member Thomas is concerned about Fort Myers Beach turning to strictly commercialism. He feels a balance must be created. A bridge may cause this balance to be disrupted.

Council member Van Duzer added that it is impossible to keep individuals off the beach. The idea is to protect what they presently have.

Mayor Hughes maintains an open mind for this bridge. He feels it deserves a study. The Town Manager replied that every idea coming forward is being looked at. This must be communicated to the residents of Fort Myers Beach.

Attorney Dick Roosa feels these issues need to be addressed. The decisions today impact what will happen on Fort Myers Beach in 15 to 20 years. He indicated that the Carl Johnson Park will draw people and they will sit in traffic to get there. The Council must look for ways to elevate the traffic for the residents.

Council member Van Duzer suggested an alliance should be created to get Lee County to listen.

Town Manager Segal-George added that Fort Myers Beach has economic clout.

Council member Rynearson commented that the Town Manager has been attending the TDC

meetings and explaining how important Fort Myers Beach really is. It has done enough good that a special workshop is being called to re-look and focus more on the beaches.

Council member Van Duzer mentioned peanut butter grass. This grass has been placed in a median somewhere and it never needs to be mowed. It is edible and you can eat the flower which tastes like "Skippy" peanut butter. Lee County is placing it somewhere for a test. He will get some additional information on this grass.

Council member Van Duzer feels some serious discussion needs to take place with regard to the Water Utility. He would like to know where the Town stands financially? Deputy Town Manager Gucciardo replied that 3.6 million was borrowed to purchase it for 3.3 million dollars. This would give a balance for debit reduction and capital improvements. After closing $250,000.00 was approximately the starting balance. A three-year note exists with a balloon. Interest and principal reduction payments have been made. He is not familiar with the statement that the County will not raise rates for five years. This is not a provision he remembers. The County did guarantee they could not raise the Town's rates, unless a countywide increase took place. Even with this provision the County could not raise the Town's rate beyond $2.50 per thousand gallons. The countywide rate increase took place and the bulk water rate went from $2.26 to $2.46.

Deputy Town Manager Gucciardo went on to discuss the difference between a fee increase and rate increase. The rate increase is a pass thru. The fee increases do increase the revenue. He wanted to discuss today if the Council desired to have the $2.25 administrative charge.

Council member Van Duzer questioned if the other side of the bridge pays the $2.25 to the County? Deputy Town Manager Gucciardo replied as of October 1, 2002 they will also pay this fee to the County.

Council member Van Duzer feels this Water Utility must be supported. People on Fort Myers Beach will not pay more in fees than residents off island.

Deputy Town Manager Gucciardo explained that the $2.25 administrative charge translates to $90,000.00 per year. The Council has the option of having this fee or not putting the charge on and offsetting the $90,000.00 with a contribution from the general fund.

Town Manager Segal-George would not like to look to the general fund. She would like to keep the utility a separate issue.

Attorney Dick Roosa added that the Town has a legal obligation to generate sufficient revenues to retire the debit. The setting of rates is the most difficult job. He does not encourage the Town to use the general fund. Let the users of the utility company for the utility company.

Mayor Hughes favors the administrative charge. Council member Van Duzer also favors this charge. Mayor Hughes feels it must be stressed that residents on the island are not paying a utility tax on their electric and telephone bills. A press release needs to be prepared.

Deputy Town Manager Gucciardo discussed the $300,000.00 loan, which has been reduced to $250,000.00. The procedure of the upcoming loan was discussed. A transfer will be made in this fiscal year and paid back the next fiscal year. In the final version of the budget the numbers are included for the utility and are in balance. There is very little left over. He is not seeing any ability to raise reserves for capital improvements or expansion. It is getting healthier than the first year. The possibility of a rate increase may need to be considered to provide for a healthier position long term. The systematic change of meters is taking place and this will hopefully generate more realistic numbers. He has been asking since last December 28th for an inspection of the lines under the channel. He is unsure if a leak exists and would like to have this confirmed.

Council member Van Duzer would like to have better updates on the Water Utility. He would like to see quarterly updates. Deputy Town Manager Gucciardo replied that he is trying to have quarterly updates.

Council member Howard Rynearson - He and the Town Manager spoke about reducing her burden and the Council with regard to Special Events.

Town Manager Segal-George commented that many people are wanting to speak to the Council with regard to money. There is really no sort of process. She suggested a process that could be put in place. The Council could determine a certain amount of dollars to be budgeted for different groups who will make requests. These requests must be completed by a date certain. A recommending committee could be created out of the Chairs from the existing committee's to review the request and make a recommendation to the Council in the budget process. Does the Council want to create a process or keep the process the way it presently is?

Mayor Hughes feels the process suggested by the Town Manager is a favorable idea. Town Manager Segal-George replied that she could create the actual process for the Council to review. This

would take place in the Spring for the next fiscal year. The use of the committee will help make the work load for the Town Council more reasonable. This would apply for anyone coming forward to ask for funding for Special Events.

Deputy Town Manager Gucciardo is concerned that the process will possibly eliminate those who miss a deadline or ask for more than what was budgeted in the cap amount. This has frustrated the Town in the past and he would hate to see passing this off to someone else, if it can be avoided.

Mayor Hughes suggested having a provision in the policy for unusual circumstances.

Town Manager Segal-George suggested that this process could be tried and it could be changed or deleted if it does not work out.

Council member Thomas feels many people will start coming forward to look for funding from the Town.

Mayor Daniel Hughes - Mentioned the Harbor Update. Town Manager Segal-George added that DEP has thrown another hurdle in their path. DEP wants to rewrite the language with regard to the fees and wants to charge the live aboard's double. She does not feel they will be able to get past this issue. The core permit is ready, but it cannot be received until the state permit is received. Until the state permit is received, the grants cannot be applied for. The grants are needed in order to complete the project.

Mayor Hughes questioned Attorney Roosa if there is anyway to challenge the annexation of Lovers Key? Attorney Dick Roosa will check into this matter.

III. DISCUSSION OF POSSIBLE ACQUISITION OF COUNTY OWNER FACILITIES

a. Parks and Beach Accesses

b. Sewer

Town Manager Segal-George explained that she prepared the introduction. The main reason for looking at the issue is for the service level question. Is there a way to capture the revenues already being utilized and be able to produce something better? The intent was to look at what was happening at the County facilities on the island. This was a very difficult document to put together. Information needed to be developed and some assumptions were made. One key that Council needs to keep in mind would be the interplay between TDC revenue and parking revenue. The County's policy has been with regard to parking revenue that this is the first revenue source, which is used on operation expenses. The best guess is that requests are made for TDC money and the TDC money comes into the Lee County Parks budget and is used beyond the County beach parks. This is not spoken, because it is technically not legal. The County does not want to discuss this matter and would probably not agree with the numbers. TDC money can technically be used only for the beach parks and can also be used to spread around to other County parks.

Julia Campbell explained that a generation of parking meter revenue could be kept along with the TDC revenue. The parking revenue is not included with the TDC. Town Manager Segal-George suggested keeping all revenue, if it is put back toward beach maintenance. Sanibel is presently using this method.

Dan Folke went over the table, which was provided to the Council. The sources for this information came from multiple areas. The usage of employees was discussed.

Town Manager Segal-George added that the County does internal cost allocations. She is getting close to recommending this method for Times Square. This has not been done by the Town of Fort Myers Beach in the past. This will take all internal staff and factor all indirect cost. The County loads a very significant figure into their budget for indirect cost. When Barbara Manzo spoke to the Town Council this was what she was referring too. Presently the Town is not paying the indirect cost for Bay Oaks and she recommends that they never do.

Dan Folke went on to add that the expenditures are right out of the County's own cost benefit analysis based on the 2000/2001 budget. The revenue side indicates TDC and these were taken directly from this years request (2003). The non-TDC revenue comes out of the cost benefit analysis. When revenues are compared to expenses, the revenues exceed the expenses. A surplus does exist. Bay Oaks was reviewed as a wash. Lynn Hall Park and Bowditch are significant, because they do receive so many TDC dollars and parking revenues, a large surplus is shown. The Beach Accesses pay for themselves and are a wash with an $8,000.00 deficit. This does not include capital reserve.

Town Manager Segal-George added that almost each park would be eligible for TDC money for capital. All the improvements to all the Beach Accesses on Fort Myers Beach were paid for by TDC money. The improvements to Lynn Hall Park were paid for by TDC money. Bowditch was purchased and the

improvements were paid for by TDC money. If the Town entered into an interlocal with the County and took everything listed the only item's not eligible for TDC for capital improvement would be Bay Oaks.

Mayor Hughes questioned if the interlocal would appropriate the additional monies in future years for the reserve account? Town Manager Segal-George replied that the this cannot be achieved anymore than the Town Council can. It is still up to the Board of County Commissioners. The County is also dependant on the Board. TDC is building up the reserve. The County could change the rules on TDC and then no money would be available, which is now seen coming from TDC to the parks.

Mayor Hughes asked if there is a statutory provision for the time frame of the interlocal agreement? Attorney Dick Roosa replied "no" there is not.

Town Manager Segal-George added that the interlocal with the County and Sanibel has a separate provision that capital comes through for the County's capital projects. If the Town of Fort Myers Beach decided to take over these facilities the status of regional parks would be maintained. Capital would still need to be budgeted.

Council member Rynearson asked where the Town would stand with regard to raising the parking meter fees in the future? Town Manager Segal-George replied that she is unsure. They will need to wait and see what happens on Sanibel. She believes that the Beach Accesses belong to the Town and if they are metered the rate can be set in any amount. She does believe there would be issues with the rates set in Lynn Hall or Bowditch, because they are regional parks. In the agreement with Sanibel, the Sanibel residents have parking permits, so they may park in the regional parks for a lesser fee than other County residents. It does not state if they can charge a higher fee.

Town Manager Segal-George added that she is not recommending the Town should take all the facilities. She does believe there are some possibilities to maximize revenues. The dilemma will be if an increased level of service can be received through the County and what would this cost vs. the Town taking over control of the facilities and setting their own standards. She has a number of reservations. This would increase significantly the staffing load for the Town. She would like to contract out as much as possible, but two more in house employees would be needed.

Council member Rynearson suggested beginning with the Beach Accesses. Town Manager Segal-George replied that the Town Council can begin anywhere they wish.

Council member Thomas agrees and feels that some of this revenue needs to get into the Town.

Damon Grant began his discussion on parking meters. Lynn Hall Park collects $275,000.00 per year for parking revenue. This is a breakdown of 70% occupancy throughout the year. Bowditch has only 75 parking spots and the revenue was $107,143.00, which is 40% occupancy. Under the bridge and behind Winds has lower occupancy. Enforcement is a problem in these areas. $36,300.00 is the revenue for the year and these areas breakdown to a low occupancy of 15%. Old San Carlos should have 59 to 60 parking spots. The discussion is to have a 2-hour cutoff and charge $1.00 per hour. This increase will help a little to deter those who wish to park and walk to the beach. The revenue would be $111,000.00 and could potentially be $200,000.00, if you were up to 13 hours. There are 122 Beach Access spots and if the charge was .75 cents at 15% occupancy it would give $63,000.00 and 70% occupancy would give $303,000.00 using the same 13-hour time period. He expressed that the cost to put in meters would be approximately $40,000.00. The cost with installation will be between $45.00 and $65.00 per meter.

Vice Mayor Cain asked what type of maintenance will be required for the meters? Damon replied that the large meter boxes, which produce tickets are very costly to maintain. The new digital meters seem to deem the least maintenance. These are the meters he has priced out for Old San Carlos.

Council member Thomas asked if the discussion has taken place with regard to residents receiving a special sticker to park in these areas? Damon replied that this can be done. Town Manager Segal-George agreed. She suggested that special visitor parking could be created just like Sanibel for the residents.

Council member Thomas favors the meters. He has concerns that this will cause people to drive into his condominium complex to park.

Mayor Hughes questioned which document defines the scope of authority for TDC on the issue of what money can or cannot be spent? Town Manager Segal-George replied the statute.

Council member Van Duzer has some concerns with taking over the facilities. If an agreement is established with regard to the amount of TDC funding what will keep them from changing this policy year after year? Town Manager Segal-George replied that some things can change, but they are still regional parks and an obligation has to be met with regard to capital. If this was done the parking revenues can increase to make it less accessible to their residents coming to the beach.

Town Manager Segal-George is unsure if the County will give the facilities over if asked. Lee County Parks and Recreation is making money off of the beach parks. The money is being made to help supplement the County's other parks.

Discussions were held with regard to who will be responsible for maintenance should the Town take over these facilities. Mayor Hughes feels this needs to be considered.

Council member Van Duzer questioned the Town Manager for her opinion on the possible take over of the facilities? She replied that she does not have a "yes" or "no" answer. She does believe that the Town will have to take everything over sooner or later.

Council member Van Duzer suggested pursuing this matter on an informational type basis to see how the County may cooperate with regard to revenues. Town Manager Segal-George prefers not to ask, but to tell what the Town would like to have.

Council member Rynearson suggested beginning with the Beach Accesses and put this on the agenda as soon as possible. Mayor Hughes agrees and sees no negatives with the Beach Accesses.

Additional discussion was held regarding the parking at the Beach Accesses. Not all Accesses have parking available.

Deputy Town Manager Gucciardo began discussions back in April with Rick Diaz with regard to the Town purchasing the Waste Water System on the island. He was very open to this idea. He copied a series of correspondence for the Council members. Several days after some demands were made on the Water Utility side with regard to connection fees, the conversation turned negative on the Waste Water System. His impulse is that the County Attorney has changed the rules.

Mayor Hughes questioned the pro's and con's of a takeover? Town Manager Segal-George replied that part of the problem is that the necessary information cannot be obtained. Sewer is historically more profitable than water.

Council member Rynearson commented that issues already exist with the Water Utility. Could these be pursued at a later date? Deputy Town Manager Gucciardo replied that this does not need to be pursued at all. Council member Rynearson feels this should be pursued at a later time.

Deputy Town Manager Gucciardo feels it is a good time to ask the questions and get the Council in the position for a staff recommendation.

Town Manager Segal-George feels they have an obligation to answer the Town's questions.

Mayor Hughes added that the Deputy Town Manager should pursue getting a response from Rick Diaz. This information can be reported back to the Council for further consideration.

Deputy Town Manager Gucciardo will pursue this matter with Rick Diaz and report back to Council.

IV. DISCUSSION OF BUDGET SURVEY RESPONSE

Deputy Town Manager Gucciardo expressed that this topic has been discussed in the budget talks and within the changes which have been made. Council should review the responses, which he feels are very interesting. A response letter has been created and distributed to all who have participated and given an address. The people have been invited to the budget process.

V. GAS TAX UPDATE

Attorney Dick Roosa explained that an attorney has been retained and he has been provided with copies of all documentation. He is preparing a letter to refute their attorney's letter with regard to the method of computation of gas tax.

Town Manager Segal-George explained that Chris Swenson will be doing the calculations under the statute. He looked at the County's impact fee rules, which a methodology must be developed on how impact fees are charged. The County's own rules are being used. His calculation came out within $10,000.00 of the current gas tax allocation. He is completing a narrative and she will forward a copy to all Council members. He is using the County's own methodology against them. She feels this is an interesting piece of work.

(Tape became distorted - Some comments may have been omitted)

Attorney Dick Roosa commented that one of the legal arguments is the fact that this issue can be resolved by the statutory formula or by interlocal agreement. Since the time this was negotiated there was a dispute between the amount that should have been received and the amount the County's was paying. Once this was forced upon the Town, it became an interlocal agreement. No real guidelines exist as to what constitutes an interlocal agreement.

Mayor Hughes asked for the process. Town Manager Segal-George replied that a report from the

attorney will be obtained and calculations from Chris will be received. This will all be put together and will be brought to the Town Council. Through the Mayor or Attorney Dick Roosa a presentation will be made to the County with the Town's position on the gas tax.

Mayor Hughes feels they should go directly to the Commissioners. Town Manager Segal-George agrees.

Town Manager Segal-George commented that staff will hold off on contacts until all information is gathered. She is impressed with the information gathered by Chris with regard to road impact fees. This information makes a really strong case. The dollars the Town is getting the Town is entitled too.

Council member Van Duzer thanked the staff present today for their wonderful work. He is amazed with the completeness. He would be lost without their assistance. He is impressed with the way the Town Council has worked together and the progress that has been made to move forward.

Mayor Hughes also commented that there is a much different approach with different attitudes at the retreats presently, as opposed to what he has experienced the first several years he served on Council. He expressed his thanks.

VI. ADJOURNMENT

The meeting was adjourned. No time was given.

If a person decides to appeal a decision made by the **Council in any matter considered at this meeting/hearing, such people may need to ensure that verbatim record of the proceeding is made, to include the testimony and evidence upon which any such appeal is to be based.**

Respectfully Submitted,

Shannon Miller
Transcribing Secretary