CITY OF HOLLY HILL, FLORIDA

CITY COMMISSION

AGENDA ● APRIL 4, 2018

Large Conference Room	Work Session	3:30 PM

CITY HALL
1065 RIDGEWOOD AVENUE
HOLLY HILL, FL 32117

City Clerk's office: (386) 248-9441 - Fax: (386) 248-9448

Large Conference Room
City Hall
1065 Ridgewood Avenue
Holly Hill, FL 32117

CITY COMMISSION MEMBERS

Mayor
John Penny

District 1 - Commissioner
Arthur J. Byrnes

District 2 - Commissioner
Penny Currie

District 3 - Commissioner
John C. Danio

District 4 - Commissioner
Chris Via

CITY MANAGER
Joseph Forte

CITY CLERK
Valerie Manning

1. CALL TO ORDER

a. Roll Call

2. VARIOUS WORKSHOP ITEMS FOR DISCUSSION

1. Workshop on Various Items

   (Requested by Valerie Manning, City Clerk)

3. ADJOURNMENT

Website Address – www.hollyhillfl.org (City Clerk)

NOTICE – If any person decides to appeal any decision of the City Commission at this meeting, he/she will need a record of the proceedings and, for that purpose, he/she 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. The City does not prepare or provide such a record.

For special accommodations, please notify the City Clerk's Office at least 72 hours in advance. (386) 248-9441

Help for the hearing impaired is available through the Assistive Listening System. Receivers can be obtained from the City Clerk's Office.

In accordance with the Americans with Disabilities Act (ADA), persons needing a special accommodation to participate in the Commission proceedings should contact the City Clerk's Office no later than three (3) days prior to the proceedings.

City Commission
1065 Ridgewood Ave
Holly Hill, FL 32117

SCHEDULED

Meeting: 04/04/18 03:30 PM
Department: City Clerk
Category: Workshop Item
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:
DOC ID: 1973

WORKSHOP DISCUSSION (ID # 1973)

Workshop on Various Items

The following items will be discussed during the workshop session:

1. ERP System Upgrade
2. Investment Policy
3. Fund Balance Policy
4. Purchasing Policy
5. Current and Future Debt Service Needs
6. Ballot Language

HOLLY HILL

F L O R I D A

Finance Workshop

April 4, 2018

3:30 p.m.

Today's Objective

- Enterprise Resource Planning (ERP) System Upgrade
- Investment Policy
- Fund Balance Policy
- Purchasing Policy
- Current and Future Debt Service Needs

Enterprise Resource Planning (ERP)

- Pros
  - Current solution is H.T.E. by Superion
  - Platform since approximately 1998
  - Reliable
  - Work horse
  - Robust
  - Upgradeable
- Cons
  - Out of date compared to other ERP software programs
  - Out of date within H.T.E. offerings
  - Inefficient in screen layouts
  - Perceived costly
  - Ongoing maintenance
  - Underutilized
  - Non-windows friendly

Enterprise Resource Planning (ERP)

- Staff Recommendation is to stay with H.T.E.
  - Upgrade to their Naviline Hosted Solution
  - Within 6 months upgrade to HTML5 version
  - More efficient
  - Better tools available
  - Attend upcoming training on platform
  - Require no long term staff dedicated to implement
- Upgrade Complimentary Interfaces
  - AnalyticsNow
  - Inventory / Work Orders
  - Payment Portal
  - Fleet Software
  - BEACON (Utility Billing)

Enterprise Resource Planning (ERP)

- Enhancements
  - User interface
  - Functionality
  - Reporting options
  - Ability to utilize barcoding
  - Windows friendly
  - Ability to instantly access customer accounts
- Implementation
  - July 2018 for Naviline
  - August 2018 for Barcoding
  - October 2018 online portal
  - January 2019 for HTML5
- Cost to Implement $205,379
- Budgeted $500,000

Enterprise Resource Planning (ERP)

• H.T.E. Estimated 20 Year Cost	$3,006,998
• Comparable Software 20 Year Cost	$3,233,957
• Estimated Variance Over 20 Years	($226,959)

Investment Policy

The purpose of an Investment Policy is to set forth the investment objectives and parameters for the management of the funds of the City. The Policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

Investment Policy

Objectives

1. Safety of Principal
2. Maintenance of Liquidity
3. Return on Investment

Investment Policy

- Florida Statute Section 218.415
  - Investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body. The investment policy shall apply to funds under the control of the unit of local government in excess of those required to meet current expenses
- City Charter Article III
  - Section 20 (6) Submit to the City Commission and make available to the public a complete report on the finances.....
  - Section 20 (7) Make recommendations to the City Commission concerning the affairs of the city
- Chapter 30 Finance
  - Section 30-28 At the close of each fiscal year, the unspent or unencumbered balance of each appropriation .... shall be subject to future appropriations
- Resolution 2010-R-64 Section 1-1
  - Provide flexibility to respond to unexpected opportunities

Fund Balance Policy

The City should establish and maintain reservations of Fund Balance, as defined herein, in accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund Balance shall be composed of non-spendable, restricted, committed, assigned and unassigned amounts.

Fund Balance Policy

The policy should provide a(n)

- Definitions of Resources
- Spending Order of Fund Balance
- Established Reserve Balance Target
- Replenishment of Reserve Deficits
- Utilization of Reserves
- Annual Review and Determination

Fund Balance Policy

- **Fund Balance** – The difference between assets and liabilities in a governmental fund.
- **Non-Spendable Fund Balance** – Such as inventory or long-term receivables.
- **Restricted Fund Balance** – Amounts that can be spent only for specific purposes stipulated by external resource providers such as creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution or ordinance) of the City Commission, the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of formal action (resolution or ordinance) it employed to commit those amounts.
- **Assigned Fund Balance** – Amounts established by City management intended to be used for specific purposes.
- **Unassigned Fund Balance** – The residual classification representing fund balance that has not been restricted, committed or assigned and is available for general purposes.

Fund Balance Policy

Current Fund Balance Policy

- Resolution 2010-R-64
- Minimum Fund Balance Level of 20%
- Applicability
  - General Fund
  - Water & Sewer

Fund Balance Policy

Staff Recommendation

- Minimum Fund Balance Level of 20% with Target of 25%
  - Applicability
    - General Fund
    - Water & Sewer
    - Stormwater

- Minimum Fund Balance Level of 100%
  - Applicability
    - Solid Waste

Purchasing Policy

This Purchasing Policy is written to guide City employees and officials when procuring goods or services for the City. The manual establishes policies, procedures, and guidelines relating to the procurement, and disposal of supplies, services, and construction. The policy should be dynamic and allows for easy change with changing conditions. The policy should maximize the purchasing value of public funds in procurement and provide safeguards for maintaining a procurement system of quality and integrity.

Purchasing Policy

- Florida Statutes
  - Chapters 119, 218, 255, 287, 413 and 723 of the Florida Statutes establish rules for items such as payment of invoices, bonds, competitive purchases, drug free work place, Capital Asset Control and others procurement processes.
- City Charter Article III
  - Section 20 (6) Submit to the City Commission and make available to the public a complete report on the finances and administrative activities…..
  - Section 20 (7) Make recommendations to the city commission concerning the affairs of the city.
- Chapter 30 Finance Article III
  - Section 30-56 thru 30-75 Purchasing Procedures

Purchasing Policy

The Policy amends and restates the following

- Purchasing Authority
- Sole Source / Standardization
- Non-Competitive Negotiations
- Vendor Preference / Emergency Purchase Orders
- Internal Loan program of the Pooled Cash Fund for the purpose of financing capital construction projects or capital outlay expenditures.
- Requirements of Bid Specifications
- Capital Asset Tracking
- Surplus Property
- PCard Program
- Conflicts of Interest
- Procedures of Federally Funded Projects
- Procedures for Issuing Debt
- Warranty Requirements

Purchasing Policy

Capital asset control entails tracking, compiling and maintaining an inventory of capital assets to control losses due to negligence or theft, to provide a basis for insurance claims and identify surpluses. Capital asset records are set up to comply with Florida Statute 274.

Current Capital Asset Threshold

- $1,000 for all categories

Recommend increasing per GFOA Best Practices

- $5,000 for vehicles and equipment
- $25,000 for infrastructure, buildings, building improvements and leasehold improvements
- No limit for land and land Improvements
- Useful life greater than one reporting period but not less than five years

Purchasing Process

The Change in Capital Asset thresholds should correlate with our purchasing approval authority.

- Quotes not required under $5,000
  - Estimates are encouraged
  - Preference given to local suppliers
- Written quotes for purchases from $5,001 - $24,999
- For all purchases over $25,000 formal solicitation

Purchasing Policy Restatement

- Restatement of the Code of Ordinances Governing Article III Purchasing Procedures such that Purchasing Policy and Procedures are restated as follows:
  - Article III. PURCHASING POLICIES & PROCEDURES

    Sec. 30-56 Purchasing Policies & Procedures

    Purchasing Policy & Procedures shall be established by resolution of the city commission and shall be binding on the city commission and all agencies, boards, committees, departments and employees responsible to the city commission.
- Purchasing Policy adopted by Resolution such that this allows the policy to be dynamic and allows for easy change with changing conditions require modification.

Governmental Debt Service

- **Series 2012 CRA Revenue Refunding Note**
  - Debt Service
    - Principal $335.000
    - Interest $64,872
  - Outstanding $3,265,000
  - Matures 2026
- **Series 2013 CRA Revenue Note**
  - Debt Service
    - Principal $365,000
    - Interest $82,258
  - Outstanding $3,620,000
  - Matures 2026

Enterprise Debt Service

Enterprise

- **Series 2005 Water & Waste Water Revenue Bond**
  - Debt Service
    - Principal $80,000
    - Interest $29,605
  - Outstanding $815,000
  - Matures 2026
- **Series 2011 Water & Waste Water Revenue Bond**
  - Debt Service
    - Principal $205,000
    - Interest $121,706
  - Outstanding $3,620,000
  - Matures 2031
- **Series 2012 Water & Waste Water Revenue Bond**
  - Debt Service
    - Principal $835,000
    - Interest $94,721
  - Outstanding $5,275,000
  - Matures 2023
- **Series 2013 Water & Waste Water Revenue Bond**
  - Debt Service
    - Principal $150,000
    - Interest $20,079
  - Outstanding $1,110,000
  - Matures 2021

Enterprise Debt Service

Enterprise (Continued)

- **SRF 1998**
  - Debt Service
    - Principal $142,913
    - Interest $8,765
  - Outstanding $599,091
  - Matures 2021
- **SRF 2002**
  - Debt Service
    - Principal $309,692
    - Interest $21,962
  - Outstanding $1,969,872
  - Matures 2023
- **SRF 2005**
  - Debt Service
    - Principal $33,572
    - Interest $7,231
  - Outstanding $349,413
  - Matures 2027
- **SRF 2007**
  - Debt Service
    - Principal $258,283
    - Interest $35,489
  - Outstanding $3,335,110
  - Matures 2029

Total Outstanding Debt Service

Governmental Funds (All CRA)	**$ 6,885,000**
Enterprise Funds	**$17,073,487**
Total Outstanding Debt	**$23,958,487**

Future Debt Service Needs

Water and Waste Water

• Sewer Lining	$3,000,000
• SCADA System	$1,500,000
• Reclaimed Storage	$1,000,000
• Distribution	$3,000,000

Stormwater

• Land Acquisition	$1,000,000
• Drainage Improvements	$1,500,000

- **Above Debt Service is paid thru utility rates**

Summary

- ERP System Upgrade
  - Stay with H.T.E.
  - Efficiencies thru Enhancements
- Investment Policy
  - Compliance with Charter, Ordinance, Resolution and State Statute
  - Objectives of
    - Safety
    - Liquidity
    - Yield
- Fund Balance Policy
  - In accordance with GASB and GAAP
  - Objectives
    - Minimums
    - Fund Applicability
- Purchasing Policy
  - Restatement
  - Capital Thresholds
  - Purchasing Approval Authority
- Debt Service
  - Current Outstanding Issuances
  - Future Needs