

**MINUTES
SPECIAL WORKSHOP
DESTIN CITY COUNCIL
JANUARY 27, 2020
ANNEX COUNCIL CHAMBERS
5:30 PM**

The Council of the City of Destin met in special session with the following members and staff present:

Destin City Council

Mayor Pro Tem Prebble Ramswell
Councilmember Chatham Morgan
Councilmember Cyron Marler

Councilmember Steven Menchel
Councilmember Skip Overdier

Destin City Staff

City Manager Lance Johnson
Public Information Manager Catherine Card
Public Services Director Michael Burgess
Community Development Director Louis Zunguze

City Clerk Rey Bailey
Deputy City Manager Webb Warren
City Attorney Kyle Bauman

CALL TO ORDER

Mayor Pro Tem Prebble Ramswell called the meeting to order at 5:30 PM, on Monday, January 27, 2020, followed by the recitation of the Pledge of Allegiance.

WORKSHOP

1. Utilization of the Half-Cent Sales Tax Revenues

The City Manager noted that his primary goal this evening is to be able to designate certain amounts of money to different projects as identified by the Council. The total number of projects would be at the discretion of the Council. Also, to determine for which project(s) the Council wants to earmark some money so they could subtract that amount from the total available funding and come up with a solid number to pass on to the Public Works/Safety Committee. This would allow the committee to determine how much money is available annually and available revenue over the next 9 years.

Next, the Deputy City Manager Webb Warren and the City Attorney gave the following presentation:

Discretionary Half-Cent Sales Tax

- Half-Cent Sales Tax Referendum – For funding of critical needs including:
 - ❖ Essential law enforcement/public safety facilities and vital equipment
 - ❖ Reduce traffic congestion
 - ❖ Construction and repairing of roads and bridges
 - ❖ Flood control and water quality improvements

- ❖ Construct other public facility improvements and pay debt
- State Statute on Optional Sales Tax – Reference Section 212.055(2), Florida Statute, essentially, the funds can be used for:
 - ❖ Infrastructure (as defined extensively below)
 - ❖ To acquire any interest in land for public recreation, conservation or protection of natural resources
 - ❖ To prevent or satisfy private property rights claims resulting from limitations imposed by the designation of an area of critical State concern
 - ❖ To provide loans, grants, or rebates to residential or commercial property owners who make energy efficient improvements or landfill closure in certain defined circumstances
- Council Direction on Half-Cent Sales Tax Funds
 - ❖ FY 2020 Budgeted Projects:
 - \$350,000 Zerbe-Calhoun Pedestrian Pathway Phase 1
 - \$100,000 Zerbe-Calhoun Pedestrian Pathway Phase II (Under Marler Bridge)
 - \$75,000 Sibert-Zerbe Lot Construction
 - \$120,000 General Stormwater Improvements
 - Other Council Suggestions
- Tax Revenue
 - ❖ Revenue received for calendar year 2019 - \$1,235,000
 - ❖ Revenue available for allocation after FY20 capital budget allocation - \$590,000
 - ❖ Projected revenue over the next 9 year (3.5% increase) - \$12,800,000
- On September 4, 2019, City Council unanimously approved Resolution 19-15, establishing the Public Works/Safety Committee as the Infrastructure Surtax Advisory Committee
- On September 10, 2019, the City Attorney reviewed with the Public Works/Safety Committee the referendum and State Statute language concerning the half-cent sales tax

Considerable discussions took place relative to the following document. The City Manager noted that with the exception of #1 and #2 on the list, which were taken directly from the Strategic Plan, the rest of the items are in no particular order of priorities.

Surtax Possible Expenditures – This list was generated from Council input, the 2020 Strategic Plan and from projects identified in capital budgets (No particular order)

- * Partial funding identified
- ** No funding identified
- *** Potentially fully funded from grants

1) Public Beach Access/Beach Front Acquisition/parking (*)	\$6,500,000 from TDC, \$2,000,000 City match	Legal advice is to reserve most or all for Triumph application. Other funds could be used for near-term purchase of parcel(s)
2) Undergrounding of utilities (*)	Approx. \$850,000 annually from an increase of franchise fees	
3) Destin Community Events center (**)	\$20,000,000 - \$50,000,000 Projected Cost	
4) Crosstown Connector	State/County funding	
5) Sidewalk Repair/Improve Sidewalks (*)	\$130,000 FY 2020 Budget	
6) Wayfinding signs/Signage in the City/Gateway Signage (i.e., numbers included for intersection) (*)	\$15,000 allocated + potential TDC contributions	
7) City-wide parking options (*)	Approx. \$150,000 annually in paid parking	
8) Streetlights (*)	Staff is working with Gulf Power to have GPS inventory of streetlights for estimated cost	
9) Hardening City Facilities (**)	Staff is researching grants and cost	
10) Stormwater Improvements from Stormwater Master Plan (*)	\$120,000 in FY 2020 Capital, \$60,000 Public Services budget	\$2,900,000 in costs identified in the Stormwater Master Plan
11) Construction phase of Calhoun Multi-Use Trail/Pathway under the bridge (**)	Design is funded, final design will provide projected construction cost	
12) Joe's Bayou Boat Ramp area (***)	State Grant	
13) Traffic and Pedestrian Improvements at Stahlman (**)	Study is funded only	
14) Road striping/Pavement marking (*)	FY 2020 - \$60,000	
15) Pier and related land purchase (**)	\$10,000,000 - \$30,000,000	
16) Banner art poles	\$15,000	
17) Road for Norriego Point Park (*)	\$250,000 is allocated in FY2021 Capital Budget	
18) Linear Trail (*)	\$10,000 in FY2020	

Councilmember Overdier noted that his top 2 priorities are:

- 1) Public Beach Access
- 2) Undergrounding the Utilities

He stated that the lack of beach access is denying their residents and visitors access to their main attraction, which is their beaches, causing a lot them to lose interest with the City. He also stated they have different pots of money available based on the list provided (i.e., surtax, TDC, Triumph, Reserved Funds, etc.). He recommends leveraging this money either through loans or bond issues. He would also like to have a financial expert address this issue before the Council and provide a plan showing the amount of money that is potentially available for the City, and ways to leverage that money to get even more money not only to purchase public beach accesses but to do the undergrounding of utilities and the other projects on the list. They could then decide how to spend the rest of the money, whether it be for sidewalk, parking or stormwater improvement.

Mayor Pro Tem Ramswell asked how they could leverage a loan or a bond to gain more money since they would be paying more than they borrowed due to interest rates.

Mr. Warren stated they have been advised in this case that a bond would be more costly than a loan from a bank due to the amount of money involved. They could make the best of their money whether through a low interest loan from a bank or spending some money in the reserve and replenishing it out of the revenue source. He added there are a couple of different options they could explore for the Council.

Councilmember Morgan noted that one of the City's biggest problems is the lack of beach access; but they have an opportunity to really make a positive impact with their residents and visitors alike. They have set aside money with the TDC and with their unallocated fund balance, and they also have money available through the surtax fund. He continued they cannot rely on the Triumph Gulf Coast application because not only that it is notoriously slow, but there is no guarantee their application would be approved.

According to Councilmember Menchel, they have been informed the City received approximately \$1,235,000 in half-cent revenue in calendar year 2019, and that approximately \$590,000 of that 2019 revenue remains unallocated. Their charge tonight is to figure out what to do with the \$590,000.

Mayor Pro Tem Ramswell noted they have the \$590,000 available to spend now, but her understanding was staff is asking the Council to consider all the money that will be available the next 9 years, which is approximately \$14 million, in case they want to take a bond or a loan to spend that money in full for other items.

Councilmember Menchel suggests they consider the recommendation from the Public Works/Safety Committee to spend some of the money on sidewalk repair and improvements; adding they need to make sure they do not allow their infrastructure to fall apart. He further stated they obviously do not have the money to fund all 18 items on the list, and so they would need to prioritize these items.

Councilmember Menchel pointed out that item #6 on the list includes the numbering of intersections in addition to street names, as they previously discussed. He suggests they consider it now because it may not cost too much at this time, or it could also be something they could do internally.

Mayor Pro Tem Ramswell stated she would definitely support spending money on beach acquisition. She also supports the undergrounding of utilities; but there are other potential revenue streams for it which they have previously discussed such as franchise and impact fees. and others they previously discussed. She continued that if they are prioritizing tonight and trying to come up with various pots of money for different projects, she would recommend focusing their attention on public beach access acquisition as well as needs coming from the Public Works/Safety Committee, such as sidewalk repairs, street striping, street lighting, and so forth. She added that with regards to linear trail, which is also listed, they could have the option of utilizing the Gulf Power easement that runs all the way through town on the north side, then crosses down and runs on the south side. It could be an ideal walking, hiking and biking trail.

Councilmember Morgan pointed out that the item listed as "Public Beach Access/Beach Front Acquisition/parking" included a note that states, "*Legal advice is to reserve most or all for Triumph application. Other funds could be used for near-term purchase of parcel(s).*" He asked the City Attorney to expound on this statement.

According to the City Attorney, this statement goes with the leveraging of the money to which Councilmember Overdier alluded earlier. He continued that the Triumph application process is quite complex, and any agreement entered into with the Triumph Board is equally as complex. As part of the process, Triumph will ensure that everyone involved would have a stake in the result, including the City of Destin. Before the Triumph Board would obligate any money, they would require the City of Destin to commit a certain amount of money, whether it be from the reserved funds, from the half-cent sales tax, or some other source. They would also consider other partners such as the TDC, which currently committed \$6.5 million to the City of Destin. He also noted this is the advice given by the Triumph attorneys. His advice to the City is if they value a beachfront property and they want it for this season or next, then they could use a fund to purchase it. They could use all the half-cent sales tax money and purchase one of the parcels and reserve the other \$8.5 million in case they get the Triumph application approved.

Mayor Pro Tem Ramswell asked whether the \$2 million that is listed is the recommended amount they would put forth for this project.

The City Manager noted the \$2 million is the amount Council had already committed for this project out of the reserved funds; adding that the more money they have committed to the project, the better it will be seen by Triumph.

The City Attorney stated that in his discussion with the Triumph attorney, one possibility the City could look into is entering into some sort of pre-agreement with the Triumph Board where they would recognize any expenditure the City makes and they shall be credited with that when they later negotiate a contract with the Triumph Board if they were to award the City any money.

At this time, the Mayor Pro Tem announced they would entertain comments from the public.

Mr. Tom Weidenhamer, a Destin resident and member of the Public Works/Safety Committee, stated that he fully understands the City's desire to protect their number one industry in this town which is tourism; but there are other entities that promote tourism such as the TDC and other private enterprises in this area. He asked the Council not to lose sight of some smaller improvements that could be made for the permanent residents of the City, such as good sidewalks, street lighting and stormwater improvements.

Mr. Kevin Schmidt, a Destin resident and member of the Public Works/Safety Committee, requests clarifications relative to his committee's role in the allocation of proceeds from the Surtax.

The City Attorney explained that the Council appointed the Public Works/Safety Committee as the advisory committee for the utilization of the half-cent sales tax revenues; but the City Council makes the final decision. Before any money is spent, the committee will have a chance to review the projects and provide their recommendations to the City Council. However, the main things the Council would want the committee to focus on beyond the two large projects are sidewalk repairs and maintenance of other critical infrastructures.

Mr. Schmidt noted there had only been one item they brought forward to Council which was a surtax expenditure requests for about \$400,000 for sidewalk repair. They would like to be able to prepare and present other ideas to Council at future meetings.

Councilmember Menchel stated this is something new and there is no established rule; and that they are currently fine-tuning the committee's role in this process. With regards to the committee's initial recommendation, if the Council decides to allocate some money for sidewalk repair, then they would look to the committee to provide a sidewalk repair priority list.

Ms. Sam Perman, a Destin resident and member of the Public Works/Safety Committee, stated that she supports more beach access acquisition, but there are also immediate problems that need to be resolved. One of them being the actual access over to Scenic Hwy 98. She stated that Dolphin Street comes up a lot in their committee's discussions. It is the narrowest street in Destin. In the past 3 years, there have been significant amount of constructions in that area and more and more people are using Dolphin Street as a north-south access point and it is becoming too dangerous to those who live there.

Ms. Perman also discussed the lighting issues on Scenic Hwy 98; including some beach accesses that do not have any streetlights. She stated that the beach attracts tourists which do not obey all the laws; and so, having enough lighting is critical. She also mentioned that the new parking at James Lee Park will come in handy because it would provide the extra spaces that are badly needed in that area. They also recently put up some brand-new turtle-friendly lights at the park.

Councilmember Morgan noted these are the kinds of specific information they expect from the Public Works/Safety Committee.

Mr. Bill Remington, a Destin resident, stated there are a lot of potholes in the City's roadway that need to be addressed. More beach access acquisition is important, but they need to make sure there is adequate parking because it would not do anybody any good if there is nowhere to park. He supports the City's plan to approach the Air Force regarding the NCO Beach Club located on the other side of the Marler Bridge. He would suggest pursuing that because it has everything they need – parking, bathroom and other facilities and a nice beach. He also stated that undergrounding the utilities is a great idea, but as a Destin resident he would like to know in advance how much it would cost the taxpayers. He also recommends doing something with the former concrete plant as that parcel has been vacant for quite a while now.

Councilmember Menchel asked the City Manager to clarify the following statement in item #8 streetlight: *"Staff is working with Gulf Power to have GPS inventory of streetlights for estimated cost."*

According to the City Manager, they have been working for quite some time to make sure they had an accurate inventory of addresses, hopefully in a map format, for the streetlights to make sure they are paying for exactly what they owe Gulf Power.

Mr. Dave Mcpherson from NashBuilt Inc., discusses the proposed Destin Community Events Center showing a project cost of \$20,000,000 - \$50,000,000. He stated there were only 3 ice rinks in Florida in the 1990s. It increases to 32 since Major league hockey decided to go south during that period. The old Orlando arena was an 18,000-seater built for a professional basketball team. They have now built a larger arena for about \$485 million. They are not talking about building a \$485 million event center for the City of Destin. What they have in mind is a small 2800 to 3400-seater facility that flex based upon the type of event at a \$20 million to \$25 million price range.

Mayor Pro Tem Ramswell asked how much land is needed to build such a facility that would include parking.

Mr. Mcpherson replied it would require about 4.4 acres for the building alone; adding that some communities build parking garages, which would require about 2 acres.

Mayor Pro Tem Ramswell stated that Destin clearly does not have the funds to immediately consider building this type facility. It was previously presented as requiring some sort of partnership. She asked what sort of funding the company would be able to provide and what sort of funding would they be expecting from the City and other entities that may be involved.

Mr. Mcpherson stated there is not an easy answer to this question particularly if it involves funding from the Triumph Gulf Coast Committee. He continued they have been a co-applicant with Escambia County. They were applicant #11 when they first started 3 years ago; and there are currently 550 applicants. The feedback they are receiving from Triumph is that they are starting to amend the idea of spending money on projects that produce jobs for a beach community, which are low income jobs. If Destin decides to pursue this type of project, then they could apply to the Triumph Committee as well as the TDC. Also, their company have partners that could come in, finance the facility, and develop some sort of lease purchase agreement or a payment plan with the municipality.

Mayor Pro Tem Ramswell stated that the TDC is definitely something to consider since one of the allowable expenditures for the TDC is sports centers and arenas because ostensibly they bring in tournaments and tourism.

The City Manager noted that a project of this magnitude would require some sort of feasibility study. He asked for a cost estimate to complete such a study.

Mr. Mcpherson replied it would be at the \$25,000 to \$30,000 range for Destin since his company already have a lot of the information such as the demography and psychographics; and they already know a lot about the market.

Councilmember Morgan stated they have to be creative to be able to fund the \$20 million to \$25 million price range for this facility. Another thing they need to consider is that the City does not own the property required for this type of facility.

Mayor Pro Tem Ramswell noted that the asking price right now is about \$1 million per acre of land.

Councilmember Morgan stated they are probably looking at a \$40 million to build this type of facility including the land purchase.

Having no further comments from the public, the Mayor Pro Tem turned the matter over to the City Council for further discussion and direction.

The City Manager stated that to simplify matters, they picked \$13.5 million as the starting amount to work with at this time. If Council's top priority is beach acquisition and decides to allocate 80 percent of that amount towards it, it would be about \$10.8 million. Which would leave 20 percent or \$2.7 million for other priorities. He continued this is the approach they are taking just to simplify this process, and that the Council has the prerogative to assign higher percentage to each pot of money as they choose

Mayor Pro Tem Ramswell stated that based on tonight's discussion so far, it seemed their top priorities are beach acquisition/parking, Public Works/Safety Committee basic infrastructure needs, undergrounding of utilities, and other projects, which would be four separate pots of money.

Councilmember Marler stated that beach acquisition/parking and undergrounding the utilities are definitely top priorities; but they should also consider construction of parking garages and Joe's Bayou Improvements.

Councilmember Overdier stated that based on the figure provided by the City Manager, he would support allocating 80 percent for beach acquisition/parking, 10 percent for Public Works/Safety identified basic infrastructure needs and 10 percent for other projects. However, he still feels they need to leverage the money they expect to receive to make more money and have enough to finance all the project. He recommends getting some advice from their financial consultant on how to leverage their money.

Councilmember Morgan stated they simply have to ask for a bank loan and dedicate their revenue stream as collateral.

Councilmember Menchel suggests asking the City's financial consultant, Raymond James to come to a meeting and advise the Council of available options.

Councilmember Morgan suggests using the money already allocated from the TDC and the City's reserved funds to purchase either one large beach parcel or two medium parcels, whichever is enough to make a sizeable difference sooner rather than later. They could then use the sales tax revenues to finance the rest of the acquisition. He continued they should also set aside a certain amount of money from the sales tax to leverage any Triumph Gulf Coast money they will receive.

Councilmember Overdier noted that Public Works/Safety Committee's identified needs seemed to account for most if not all the remaining projects that are listed.

Councilmember Morgan stated that some of the items such as the linear trail would not be included in the Public Works/Safety's identified needs. He feels the linear trail would be a quality of life issue as it would run through the heart of Destin; and that it could be done for about \$200,000 if they move quickly.

Councilmember Menchel recommends establishing 4 separate pots of money; the fourth one being other projects.

The City Attorney noted that since the Council designated Public Works/Safety Committee as the Half-Cent Sales Tax Advisory Committee, they could consider any items on the list as they form their recommendation to Council.

The City Manager stated that for simplicity's sake, he would recommend establishing a separate pot of money for Public Works/Safety Committee's identified basic infrastructure needs. At this time, the 4 pots seemed to be for beach acquisition, undergrounding utilities, other categories which would include the linear parks, and the Public Works/Safety Committee's identified needs.

The Mayor Pro Tem asked how they should allocate the money if the Council agrees with the top 4 priorities as given by the City Manager.

According to Councilmember Morgan, they need to decide which beach access property they wish to purchase and how much of the sales tax money they would need to spend, and then allocate the remaining funds equally to the other 3 priorities; adding they could make any necessary adjustments later on.

Mayor Pro Tem Ramswell asked if Public Works/Safety Committee has a cost estimate for all the projects they have identified.

Public Services Director Michael Burgess noted they have a sidewalk inventory assessment they compiled a few months ago, which includes a per linear foot replacement cost totaling \$400,000, plus \$20,000 for installation of ADA compliant truncated domes. This is where Public Works/Safety Committee based their recommendation which they presented to Council a few weeks back.

Mayor Pro Tem stated they seemed to have a consensus in establishing 4 pots of money; with a general idea of an allocation but nothing finalized at this time because they need to get some numbers on beach acquisition. She also stated that Public Works/Safety Committee needs to provide some recommendations in their capacity as the Half-Cent Sales Tax Advisory Committee.

Councilmember Overdier asked if they should invite the City's financial consultant, Raymond James to come to a meeting and advice the Council of their options.

The City Manager recommends allowing staff and the City Attorney to bring some information back. He stated that some of the information is protected under State Statute which can be discussed with Council in another setting. He would also be very interested to find out exactly how much it would cost for a linear foot of beach access so they could determine the exact percentage of money they could allocate to each of their priorities.

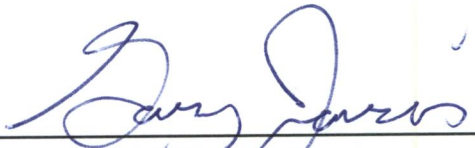
Councilmember Morgan reiterated that he would want to be able to set aside at least \$2 million for the Triumph Gulf Coast application.

According to the City Attorney, the more money they set aside the more leverage they would have for the Triumph Gulf Coast application. However, they could also negotiate some sort of owner finance purchase agreement for the beach parcels, which would leave more money to leverage with Triumph Gulf Coast.

PUBLIC COMMENTS

ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 6:50 PM.



Gary Jarvis, Mayor

ATTEST:



Rey Bailey, City Clerk