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Town of Lauderdale-by-the-Sea

OFFICE OF THE TOWN MANAGER

Memorandum

Date: September 10, 2010

To: Mayor Roseann Minnet
Commissioner Stuart Dodd
Commissioner Birute Clotey
Commissioner Scot Sasser
Commissioner Chris Vincent

From: Connie Hoffmann, Interim Town Manager 

Subject: Town Manager's Report

Global Coral Reef Alliance

I made numerous attempts to communicate with Dr. Goreau over the past three weeks. As instructed by the Commission, I sent him a breach of contract letter by both email and U.S. mail on September 1. On September 7, I sent him an email and a draft of a new contract that would address some of the Town's concerns and clearly delineate our respective responsibilities. I expressed our desire to resolve the issues in a quick and amicable manner. I tried to reach him by phone again this week. The only response I have received from Dr. Goreau during this entire period is the attached email received Thursday afternoon.

This week I have received copies of emails from Cry of the Water to the permitting agencies. One received this morning (Friday) gives notice to the Army Corps of Engineers that they intend to start deployment of the project on September 24th, weather permitting.

We have received no response to the breach of contract letter, nor our proposal for a new contract. I have advised the Town Attorney of these facts and she will be making recommendations on how to proceed from a legal perspective.

Volunteer Fire Department Budget and Contract

I met with the VFD Board on Monday evening, September 7th. They are proceeding with plans to incorporate certain minimum qualifications standards into their by-laws as recommended by the Town's consultant to assure that the volunteers have the training and certification generally required of professional fire officers these days.

The Board is also proposing to the membership that the Fire Chief and the President of the VFD be elected for a two year term rather than a one year term. The full membership of the VFD has their meeting and annual election of Chief on Monday evening, September 13th.

I met with the Fire Chief and the VFD President this morning on a third budget proposal from the VFD and we discussed ways that they could reduce their budget to conform with the Commission's request that the budget not include the 4% increase they first requested. I will bring back their revised budget to the Commission for discussion once I receive it.

Banking & Cash Management Report

The Town Commission requested a report on the Town's bank accounts. Attached you will find a report from the Finance Department that provides the information requested and illustrates how the Town's money is invested. Our intent is to provide you with such a report quarterly.

I advised you in July that Acting Finance Director Doug Haag had discovered that most of the Town's storm/emergency reserve monies were being held in a non-interest-bearing account and he moved them into a money market account immediately. He has since determined that other funds are in accounts earning no interest. His report shows the account balances and interest rates as of July 31.

With the exception of \$157,925 invested with a State investment pool, all of the Town's funds are invested in low or no interest bearing accounts with Sun Trust Bank. While the interest rates being paid by Sun Trust in most of these accounts are comparable to current one year U.S. Treasury bill rates, there are other secure investments where the Town could earn a higher rate of return. For example, highly-rated banks are offering one year certificates of deposit that are paying four to five times the interest rate the Town is currently earning. And some of our funds can be invested for a year. To assure safety, the Town would have to purchase CDs in amount sup to \$250,000 from multiple banks to be protected by the FDIC against loss of principal. That would involve a lot of paperwork and monitoring, but the improved interest earnings would be worth it.

Once we get the budget wrapped up, Doug will start investing the Town's funds in suitable and safe instruments for higher returns. Elsewhere on the agenda we have proposed revisions to the Town's investment policy. Any investment decisions made will, of course, conform to the provisions of that policy.

Another item of note in the cash report is that there is a checking account entitled "stormwater capital assets depreciation reserve". That title would seem to infer that these are funds restricted for replacement of stormwater infrastructure, but the Town's Annual Financial Report does not indicate any funds specifically reserved for that purpose. We need to do research to determine whether those funds were generated through stormwater assessments. If they were, their use would be restricted to stormwater expenses. We will report back to the Commission once that research is complete.

Law Enforcement Trust Fund Account

The final bills have been paid on the renovations made at the public safety building and the good news is that Don Prince managed the project well and spent only \$71,000 of the \$150,000 appropriated for the project. The difference of \$79,000 will return to the Law Enforcement Trust fund balance. We project that the fund will end the fiscal year with an approximate balance of \$ 197,000.

Earlier this summer, Vice Mayor Dodd had requested a delineation of the amount of LETF money spent to construct the holding cell on that project. Attached you will find a breakdown from the contractor which indicates approximately \$12,000 was spent on the cell. The Town Commission had decided to defer the decision on whether to reimburse the Law Enforcement Trust Fund \$12,000 from the general fund for that work until we were further along in the budget process. I would appreciate the Commission's direction on that issue.

Pelican Hopper

The Mayor's repeated requests to the television viewing audience to use the Pelican Hopper, the articles making that same request in *Town Topics*, and the Mayor's experiment with meeting with citizen on the *Hopper* once a month seem to have reaped dividends. Ridership in July was up 18.7% compared to July of last year – 2,796 compared to 2,356 riders.

Community Development Block Grant for Senior Programs

The County, who earlier this summer advised us that we were going to receive a \$5,000 increase in our grant, has just informed us we will actually receive slightly less than we received in the current fiscal year. That will require a slight adjustment in next year's budget.

CH/mi

Attachments: Goreau email of 9/9/2010

Haag & Saint-Jean memo regarding cash and investments

Connie Hoffmann

From: Thomas Goreau [goreau@bestweb.net]
Sent: Thursday, September 09, 2010 4:31 PM
To: Connie Hoffmann
Subject: LBTS fisheries habitat restoration project

Dear Connie,

I am briefly passing through the States, but I'm in the field at projects, not at home, don't have a cell phone, and will be out of the country next week.

As you know we are working as hard as possible to fulfill the contract. All the structures and the buoys will be ready by next week and will be deployed in late September or early October, subject to the schedule of the mooring installer, and dependent on the weather. We are notifying the relevant authorities of the proposed schedule, weather permitting.

Best wishes,
Tom

Thomas J. Goreau, PhD
President Global Coral Reef Alliance
President, Biorock S.A.
Coordinator, United Nations Commission on Sustainable Development Partnership in New Technologies for Small Island Developing States
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No one can change the past every one can change the future



Town of
LAUDERDALE-BY-THE-SEA

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Date: September 14, 2010
To: Connie Hoffmann, Acting Town Manager
From: Doug Haag, Acting Finance Director *DH*
Edner Saint-Jean, Accountant *[Signature]*
Subject: Monthly Cash and Investment Report – July 31, 2010

Attached is a cash and investment report as of July 31, 2010. As you can see, funds are minimally invested at this time. I intend to analyze ongoing cash requirements over both the short and long term and invest some of the funds in higher return instruments.

I want to bring to your attention the funds that are invested with the State Board of Administration (SBA). The town originally had two investment accounts with the SBA – one for the general fund and a second for the emergency reserves fund. Prior to December, 2007 there was only one LGIP investment fund pool. In December, 2007 there was a run on the pool as a result of reports of some of the pool assets were at risk. The SBA froze all member funds for one week and when the pool reopened, the at risk assets were segregated into a Fund B, which was frozen. On a monthly basis some of these funds are distributed by the SBA into Fund A (now known as Florida PRIME) and from there can be accessed at any time by the town.

Per the SBA, about 80% of the at risk assets have been distributed to date. However, the balance that is in Fund B today will remain frozen for 7 - 9 years and distributed gradually on a monthly basis. At the end of the 7 - 9 years, Fund B will be terminated. As of July 31, 2010 Fund B had a total of \$143,053.60 of the town's assets in it.

Ed and I are working with SunTrust to determine which accounts can be closed on October 1, 2010, or, sooner. We anticipate that the accounts highlighted in green on the attached report can be consolidated and closed. However, we will still account for these funds separately in the books. In addition, after further discussions with SunTrust, we found two more accounts that are non-interest bearing and will quickly be switched to interest bearing.

- General Fund money market account # 1429 with a balance of \$829,501.60 as of July 31, 2010
- Fire Assessment Reserve business checking account # 7588 with a balance of \$81,099.35 as of July 31, 2010

Both funds are highlighted in yellow on the attached chart.

These are in addition to the Emergency Reserve account # 6876 with a current balance of \$1,995,201.20 that we changed to an interest bearing account last month. I am working with SunTrust to remedy these situations as quickly as possible.

Town of Lauderdale-by-the-Sea
Cash Investment Report
as of July 31, 2010

Acct No	Account No	Description	Account Type	Balance as of 7/31/10	Interest Rate	Days to Maturity	Interest Earned to 7/31/10
001 General Fund:							
101.000	8015	Cash	Business Checking	1,858,517.25	N/A	N/A	N/A
101.000	2033	Investments - Repo & Muni	Repurchase Agrmat	335,440.88	0.22%	50.29	1,457.80
101.003	1429	Super Money Market	Money Market	829,501.60	N/A	N/A	N/A
101-005	5434	Payroll Clearing Account	Business Checking	0.00	N/A	N/A	N/A
101.006	7588	Fire Assessment Reserve	Business Checking	81,099.35	N/A	N/A	N/A
101.007	3439	General Fund C/A/D Reserve	Money Market	775,375.02	0.22%	144.85	1,056.24
101.008	3454	Infrastructure C/A/D Reserve	Money Market	926,104.94	0.22%	173.01	1,261.57
101.009	6876	Emergency Reserve	Money Market	3,995,201.20	0.11%*	192.40	192.40
101.108	613	Stormwater C/A/D Reserve	Business Checking	1,436,395.77	0.22%	268.33	1,445.74
101.130	109	Vehicle/Equip Replacement	Money Market	183,217.67	0.22%	34.23	249.58
GENERAL FUND BANK SUBTOTAL				8,420,853.66	N/A	863.11	5,663.33
101.300	1471-A	General Fund Invest Acct A	SBA Invest Pool	10,013.37	0.38	2.98	
101.300	1471-B	General Fund Invest Acct B	SBA Invest Pool	96,321.95			
101.400	1472-A	Emergency Reserves Acct A	SBA Invest Pool	4,858.12	0.38	1.46	
101.400	1472-B	Emergency Reserves Acct B	SBA Invest Pool	46,731.65			
GENERAL FUND SBA SUBTOTAL				157,925.09	N/A	4.44	0.00
GENERAL FUND GRAND TOTAL				8,578,778.77		867.55	5,663.33
101 Police Forfeiture & Training							
101.100	9613	Police Forfeiture Fund	Premium Checking	212,491.42	0.22%	39.70	327.84
101.103	340	Police Training Account	Premium Checking	6,644.46	0.22%	1.24	10.02
POLICE FUND TOTAL				219,135.88		40.94	337.86
103 Sewer Enterprise Fund							
101.105	9999	Cash	Premium Checking	1,301,550.51	0.22%	244.46	1,927.59
SEWER FUND TOTAL				1,301,550.51		244.46	1,927.59
300 Capital Improvement Fund:							
101.115	10	Cash	Premium Checking	1,794,126.81	0.22%	338.50	2,133.22
101.117	1517	Money Market	Money Market	1,508,950.51	0.22%	281.89	2,055.54
101.118	3447	Capital C/A/D	Money Market	1,156,406.70	0.22%	216.03	1,575.28
CAPITAL IMPROV FUND TOTAL				4,459,484.02		836.42	5,764.04
310 Parking Improvement Fund							
101.115	120	Parking Improvement Account	Premium Checking	99,262.00	0.22%	18.50	136.32
101.115	9593	Parking Meter Clearing Account	Business Checking	0.00	N/A	0.00	0.00
PARKING FUND TOTAL				99,262.00		18.50	136.32
ALL FUNDS GRAND TOTAL				14,658,211.18		2,003.43	13,829.14

Notes to Monthly Cash and Investment Report:

Town of Lauderdale-by-the-Sea
Cash Investment Report
as of July 31, 2010

All accounts are at SunTrust Bank with the exception of the SBA Investment Pool Accounts

Per the SunTrust agreement, the Town is required to maintain a \$2,000,000 min. balance in General Fund Acct #8015 to offset monthly fees & charges and an \$800,000 balance in General Fund Acct # 1429 for a total minimum balance requirement of \$2,800,000.

C/A/D = Capital Asset Depreciation Reserve

The SBA "B" accounts in **bold** are restricted due to the run on the pool that occurred in December, 2007 and will be repaid over a 7 - 9 year period. In the meantime, these funds are effectively frozen and will be gradually repaid into the "A" account.

* Account # 6876 had a lower interest rate because it was switched to an interest bearing account in mid-July so the rate was done on a pro rata basis.

Accounts to be eliminated October 1, 2010

Account	Balance	Percentage
Interest Bearing Checking	4,931,570.32	34%
Non-Interest Bearing Checking	1,858,517.25	13%
Certificates of Deposit		0%
StateTrust Fund/Investment Pools	157,925.09	1%
Repurchase Agreements	335,440.88	2%
Money Market Funds	7,374,757.64	50%
U.S. Securities/Treasuries		0%
U.S. Federal Agencies		0%
Federal Instrumentalities		0%

Account	Balance	Percentage
General Fund	8,578,778.77	59%
Police Fund	219,135.88	1%
Sewer Fund	1,301,550.51	9%
Fire Fund	0	0%
Capital Improvement Fund	4,459,484.02	30%
Parking Fund	99,262.00	1%