



**SANTA ROSA
ISLAND AUTHORITY**

**SANTA ROSA ISLAND AUTHORITY
DEVELOPMENT & LEASING COMMITTEE
NOVEMBER 7, 2018**

BOARD MEMBERS

Jerry Watson
Chairman
Karen Sindel
Vice Chairman
Janice Gilley
Secretary Treasurer
Tammy Bohannon
Acting Secretary Treasurer
Brigette Brooks
Member
Thomas Campanella
Member

MEMORANDUM

TO: Authority Members
FROM: Executive Director
DATE: November 14, 2018
RE: Minutes of November 7, 2018 Development & Leasing Committee Meeting

A regularly scheduled meeting of the Development & Leasing Committee was held on Wednesday, November 7, 2018. Members present were Dr. Thomas Campanella, Ms. Brigitte Brooks, and Ms. Tammy Bohannon, Chair. Also present were Board Members Ms. Karen Sindel, Mr. Jerry Watson and Ms. Janice Gilley. Ms. Bohannon, Chair, called the meeting to order and presented the following item:

Item # 1 – Discussion on the non-renewal of Master Leases that do not pass along the lease fee reduction to their sub-lessees. (Report by Tammy Bohannon)

Ms. Bohannon stated she doesn't know what the answers should be to this problem. She doesn't think there is a way to bring everyone into uniformity.

No action taken.

Item #2 – Request by Jim Reeves, PB RV Park – 17 Via de Luna – to sublease to Jamie Wells, Local Boyz Hawaiian Shave Ice, to operate a shaved ice business from leasehold property. (Staff report by Robbie Schrock)

Ms. Schrock gave the background on the item and said staff recommended approval.

Ms. Gilley told Mr. Wells that the approval would be for the clearly defined location in the request, he would not be allowed to move around the property.

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SPEAKER:

Jamie Wells – He stated he understood, and would only be moving the trailer due to inclement weather.

Ms. Brooks complimented the well written proposal.

Upon motion of Dr. Thomas Campanella seconded by Ms. Brigette Brooks, the Committee unanimously approved the request by Jim Reeves, PB RV Park – 17 Via de Luna – to sublease to Jamie Wells, Local Boyz Hawaiian Shave Ice, to operate a shaved ice business from leasehold property, paying all applicable percentages and fees. (3-0)

Item # 3 – Request by H & S Development, Hampton Inn – 2 Via de Luna – to sublease to Jamie Wells, Local Boyz Hawaiian Shave Ice, to operate a shaved ice business from leasehold property. (Staff report by Robbie Schrock)

Ms. Schrock gave the background for the item and stated staff recommended approval.

Upon motion of Dr. Thomas Campanella seconded by Ms. Brigette Brooks, the Committee unanimously approved the request by H & S Development, Hampton Inn – 2 Via de Luna – to sublease to Jamie Wells, Local Boyz Hawaiian Shave Ice, to operate a shaved ice business from leasehold property, paying all applicable percentages and fees. (3-0)

Item #4 – Discussion regarding lease fees and the existing lease fee reduction policy. (Staff Paolo Ghio)

Mr. Ghio gave background on the item and stated he and Mr. Stebbins had met with each Board Member regarding this item. He said he would like to discuss the policy, the income it could generate if changed, and how to use the funds generated.

Ms. Brooks asked the amount of the possible income.

Mr. Ghio stated that back in 2015, prior to the policy, it was about 4 million dollars.

Mr. Watson asked if there were long range plans for the money.

Mr. Ghio said yes, he had long range plans, and part of them were to help Escambia County out with a financial shortfall for Public Works and Public Safety services on the Island. He said he had discussed it with them, and landed on 2 million, which is less than the County originally asked for. He said we would pay by a monthly invoice for the services, and the County would be responsible for the balance needed to fund the 2 departments. He said that would leave the SRIA with 2 million, which means an extra 1

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million could be added to the \$500,000.00 we already put into a nourishment fund, and leaves another million for Capital Improvements.

Ms. Sindel stated the SRIA cut lease fees, and the County took over Public Works and Public Safety, and now due to their shortfall, they are struggling to pay for PW and PS, and they are asking 1 group of citizens in the entire county to step up and pay more. She stated it felt like a "Bait and Switch" of what we promised the leaseholders of the beach and is firmly against it. She said the County can publicly come before the leaseholders and say, "We're not going to continue to provide services or the level of services that you've experienced, because we're having a budget shortfall." She pointed out they aren't going to people in Cordova Park, Myrtle Grove, Perdido Key, or Cantonment and asking those citizens to step up and write an extra check.

Ms. Bohannon believes the County "wants it all", lease fees and taxes, and is curious how much it takes the County to run the departments compared to when the SRIA ran them. She doesn't understand how there is a 2 million dollar deficit. She agrees it is a "Bait and Switch". She suggested the County raise the toll and they would have that money.

Mr. Ghio stated that the toll revenues could only be spent on transportation.

Ms. Bohannon then asked about the Interlocal between the County and Gulf Breeze for the Bob Sikes Bridge and if it could be amended. She asked for it to be reviewed.

Brief discussion followed.

Ms. Brooks asked if it was practical for the SRIA to take back the services.

Mr. Ghio said back in 2015, it cost us 4.5 million dollars to run the services, and if we can get the same level of services for only 2 million dollars, we would be 2.5 million ahead. He said he has no surplus in the SRIA budget for projects on the Island.

Ms. Sindel asked if we went back to full lease fees, could we be self-contained again, and fund PW and PS?

Mr. Ghio said yes, we could do that.

Ms. Brooks said it would cost the SRIA at least 4.5 million, for the same services. She wonders if the County would actually say, "We are not going to provide those services if you refuse to increase lease fees."

Mr. Ghio pointed out that the BOCC approves our budget, and perhaps they might not do that, without a line item for them. He said we could preempt that, or wait.

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Ms. Bohannon said it sounded like Mr. Ghio was folding.

Mr. Ghio said he's trying to be proactive in maintaining services on the Island and maintain control and not be completely defunded.

Ms. Gilley said the SRIA was created by a Special Act and we have lots of duties and responsibilities. She understands that many of those have been given away, but asked if we still control the toll.

Mr. Stebbins said he didn't think the SRIA controlled the toll.

Discussion followed regarding control of the toll.

Ms. Gilley agrees that no other area in Escambia County is being billed due to the shortfall, and the SRIA was never told we would have to make up any shortfall the County was experiencing. She said we need to explore other ways to generate revenue. She stated the Board needs to understand exactly what the County is asking for, and the reasoning behind it.

Mr. Ghio said he has determined from what he's heard at public BOCC meetings, that there is a lack of contribution by Island residents for items used in the County and that there is a looming shortfall in the revenues used to fund those 2 departments. He said he approached County staff and asked how much is the shortfall, and was told 2.5 million. He said he was never told we have to increase our lease fees.

Dr. Campanella disagreed and said that is what Chris Jones referenced in his talk to the BOCC.

Ms. Bohannon wants to know what County services they are saying the residents are utilizing and not paying for.

Dr. Campanella reviewed the history of the County's money handling (buckets, etc.) and how we have gotten to this point with them, and said the County never had enough money to run the departments. He said it isn't fair to raise lease fees back, in order to help the County out. He said we never took a dime from the County, they helped us with a loan and we paid back every penny. He knows Mr. Ghio has worked hard on this, but a different way needs to be figured out. He said once word gets out, leaseholders will be very vocal and unhappy about this idea.

Discussion followed.

Mr. Watson asked if we could table this discussion.

Ms. Bohannon stated she doesn't agree with "bailing them out."

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Mr. Ghio suggested looking at neighboring beaches and seeing what they do? Resort fee, perhaps?

Ms. Brooks stated the policy written in 2015 was contingent upon the County taking over those services, and if they aren't going to do that, then we need to look at the costs associated with taking the services back.

Ms. Sindel said we need to treat the Leaseholders like a big neighborhood, and let them decide what could be done, i.e., user fee, resort fee, toll increase. Her concern is that there would be no new services with an increase in fees. Services will be staying the same, and that won't sit well with leaseholders.

Mr. Watson said leaseholders will be asking what new or better services they will receive with an increase.

SPEAKER:

Terry Preston – Representing Pensacola Beach Advocates – She stated this is a premature discussion since the County hasn't even asked for money yet. She wants to know why we are trying to bail them out of their own problem. She said she's been preparing a financial analysis of all the revenue streams the Island brings to the County and over the last 10 years, it's over 9 million dollars, annually. She stated the Island doesn't get its share of Capital Improvements, like the rest of the County from LOST funds and other sources. She point out Commissioner Bergosh has stated he wants all leases renegotiated so 100% pay taxes, which would mean even more millions for the County. She asked for the item to be tabled until more information is gathered.

Upon motion of Dr. Thomas Campanella seconded by Ms. Brigette Brooks, the Committee unanimously approved tabling this discussion. (3-0)

Item # 5 – Discussion regarding adoption of a Board Policy to address lease renewals. (Staff report by Paolo Ghio)

Mr. Ghio gave background on this item and said he recommended adoption of a policy to address lease renewals. He said the only leases this would impact are the ones with the "terms to be negotiated" in the renewal clause. He pointed out we always work with leaseholders that need additional years for financing purposes. He would like to spell out acceptable terms, time frames, fee changes and restrictions to leases. He said if we establish a policy, the BOCC wouldn't be able to instruct us on what to do when it was time for a negotiation.

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Ms. Bohannon disagrees, and said establishing a policy now would give the BOCC more input. She stated the SRIA needs to be flexible on renewals, as times and situations change. She stated things shift based on circumstances and leadership.

Ms. Gilley pointed out a lease renewal triggered this response from the BOCC. She doesn't disagree with the BOCC's response, and feels it should have been researched more thoroughly and perhaps raised fees. She doesn't agree to an automatic renewal without an increase in fees.

Ms. Bohannon pointed out that we've always done amended and restated leases, which always include CPI clauses and language that is better for the SRIA.

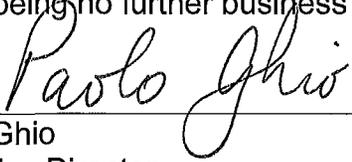
Ms. Ford explained the reason we didn't increase fees on previous recent renewals was because the County wanted us to go down on our fees. She said some fees in the past were raised.

Ms. Gilley agreed, and said the County thought they were going to win the tax cases, and have a different revenue source. She said she thinks what Mr. Ghio is suggesting is having a menu of options to consider when a leaseholder comes in and wants to renew. She supports the idea of having a policy.

Ms. Ford said we have a Commercial lease fee renewal policy. She said we take an average of the 3 highest years of revenue, and the new fee is 80% of that number. If the current fee is higher than that number, the fee doesn't change.

Dr. Campanella explained the language is lease specific, some are non-negotiable. This would only apply to the negotiable leases. He pointed out the leases are contracts and we don't know what will happen 40 years from now, when some of the leases come up for renewal. If a lease is renewed, the new terms and conditions don't apply until the start of the new term.

There being no further business before the Committee, the meeting was adjourned.



Paolo Ghio
Executive Director

PG:jt

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SANTA ROSA ISLAND AUTHORITY
ADMINISTRATIVE COMMITTEE
NOVEMBER 7, 2018

MEMORANDUM

TO: Authority Members
FROM: Executive Director
DATE: November 11, 2018
RE: Minutes of November 7, 2018 Administrative Committee Meeting

A regularly scheduled meeting of the Administrative Committee was held on Wednesday, November 7, 2018. Members present were Mr. Jerry Watson and Ms. Karen Sindel, Chair. Ms. Brigitte Brooks served on the Committee in the absence of Ms. Tammy Bohannon. Also present were Board Members Dr. Thomas Campanella and Ms. Janice Gilley. Ms. Sindel, Chair, called the meeting to order and presented the following item:

Item # 1 – Report on Financial Statements and Expenditures. (Staff report by Dottie Ford)

Ms. Ford presented the financial report.

Upon motion of Mr. Jerry Watson seconded by Ms. Brigitte Brooks, the Committee unanimously accepted the Report on Financial Statements and Expenditures as presented. (3-0)

Item # 2 – Discussion regarding adoption of a Board Policy to address a CPI increase in 2020 for all affected leases. (Staff report by Paolo Ghio)

Mr. Ghio gave background on the item. He continued the conversation from earlier in the evening about how to generate future revenue for the SRIA, suggesting the Board commit to applying the CPI in 2020, effective in 2021.

Ms. Brooks stated there were strong reasons why the CPI wasn't implemented in 2010 and 2015, but agrees that it should be applied in 2020.

Ms. Gilley asked when notices would be sent out, if this was approved.

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Ms. Ford said the Board would vote on it in August or September of 2020, effective in January of 2021.

Ms. Gilley said there is still plenty of time for conversation on this item.

Mr. Ghio said he wanted people to know that the Board is not only proactive, but knows how the Island and our budget works. He stated we have an instrument to use and we are capable of using it, if the market allows it. He doesn't want to hear the County say we aren't making the necessary adjustments to our market value. He wants it clear that we know what we are doing.

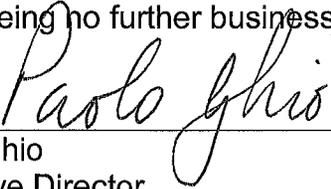
Dr. Campanella asked how the CPI is calculated.

Ms. Ford explained an average is taken from the last 5 years of CPI, and we can't go higher than that average, but can go up to that number.

Dr. Campanella stated the other reason we haven't raised it in the past few years is because we're conservative, and we only do it when we see a need for money. He pointed out if we amass a surplus of funds, the BOCC could take it from us.

Ms. Sindel said she would like to see the financial impact of raising the CPI.

There being no further business before the Committee, the meeting was adjourned.



Paolo Ghio
Executive Director

PG:jt

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Member

**SANTA ROSA ISLAND AUTHORITY
OPERATIONS COMMITTEE
NOVEMBER 7, 2018**

MEMORANDUM

TO: Authority Members
FROM: Executive Director
DATE: November 16, 2018
RE: Minutes of November 7, 2018 Operations Committee Meeting

A regularly scheduled meeting of the Administrative Committee was held on Wednesday, November 7, 2018. Members present were Ms. Brigette Brooks and Ms. Janice Gilley, Chair. Also present were Board Members Dr. Thomas Campanella and Mr. Jerry Watson. Ms. Karen Sindel served on the Committee in Ms. Tammy Bohannon's absence. Ms. Gilley, Chair, called the meeting to order and presented the following item:

Item # 1 – Discussion regarding the activation of a second dedicated SunPass Lane at the toll plaza. (Staff report by Paolo Ghio)

Mr. Ghio gave background on the item and stated staff recommends approval of a letter of recommendation be sent to the County.

Ms. Brooks stated she is in favor of the addition of a second lane, and questioned the use of the verbiage, "the time has arrived" in the backup. She asked if it was subjective or objective.

Mr. Ghio said its both. He said the system was designed and installed with the intent to make all 4 lanes SunPass lanes. He said the County wants to phase in all 4 gates. He said while the traffic is light, this would be a good time to acclimate residents to the use of 2 lanes.

Mr. Watson asked which 2 gates were being recommended.

Mr. Ghio said there were 2 schools of thought:

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Mr. Ghio said there were 2 schools of thought:

1. Use the lane to the immediate right of the current SunPass lane.
2. Make the 2 far right lanes SunPass. This would be safer for the cashiers and make merging easier, as gates 1 and 2 were stopped to pay.

Mr. Ghio stated it would be easy to try one way and switch to the other if it didn't work, as the only costs involved were signage and striping. He said all 4 lanes already accept SunPass. He said County traffic will ultimately decide which lanes to use.

Ms. Sindel said she votes for lanes 3 & 4, and explained how SunPass is used in the State of Florida.

Mr. Watson likes the idea of a second lane due to the safety aspect of cars trying to get into the correct lane.

Mr. Ghio said his understanding from this conversation is to recommend a second dedicated SunPass lane, and the Committee believes lanes 3 & 4 would be the best choices for the 2 dedicated lanes.

SPEAKER:

Mark Denunzio – He likes the idea of the 2 dedicated right hand lanes, and asked what the cost would be to move them back to lanes 1 & 2 if that didn't work out.

Mr. Ghio explained the only costs would be moving signs and restriping the road.

Mr. Denunzio said tourists don't handle the toll lanes very well, they don't understand the system.

Mr. Jeff Huggins recommended the SRIA ask for the County to do a study on speed settings and geometrical designs prior to determining which lanes should be utilized.

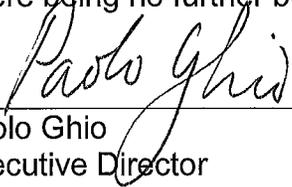
Upon motion of Ms. Brigitte Brooks seconded by Ms. Karen Sindel, the Committee unanimously approved composing a letter to the BOCC recommending the addition of a second dedicated SunPass lane to the Bob Sikes toll plaza, with proper speed setting and geometrical designs studies completed prior to determining the best 2 lanes to utilize. (3-0)

Mr. Stebbins said he would bring the letter back to the next meeting for approval.

Ms. Ford said this is her last meeting, she enjoyed working here, and would miss everyone very much.

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There being no further business before the Committee, the meeting was adjourned.



Paolo Ghio
Executive Director

PG:jt

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