

CITY COUNCIL MINUTES BUDGET WORKSHOP

AUGUST 15, 2011
City Council Budget Workshop

Mayor Joe LaCascia called the meeting to order at 6:05 p.m.

ROLL CALL

Present: Mayor Joe LaCascia, Vice Mayor Trudy Block, Councilor Nancy Adorno (6:13 p.m.), Councilor Mike Blethen, Councilor Don Kimsey, City Manager Matt Brock and City Clerk Patricia Jackson.

Absent: Attorney Tom Cloud – not required to be present

Presentation of Fiscal Year 2012 Proposed Budget

City Manager Brock advised he would forego his presentation.

Workshop on Fiscal Year 2012 Proposed Budget

Mayor LaCascia advised he recently attended a convention and met with other cities. One of the things that was asked was if a city is a business; the answer was no – a business talks about profit and a city provides services. When moving through the budget we are trying to equal a benefit to any line item – citizen, staff and bond holders.

City Manager Brock then went over his Manager Letter to the Council:

- Total revenues and expenditures total \$5,646,635
- Four things would like to try and do: 1) Provide high quality services while maintaining a fiscally responsible government; 2) Maintain or increase unrestricted reserve fund balance thereby placing the City in a better position to fund needed improvements and unforeseen expenses; 3) Preclude adverse financial conditions in the next decade and 4) Continue establishing the credibility of the City of Polk City as a viable community with a strong future
- There will be a few changes to the figures since we now have solid bond numbers. The interest rate will be 4.97% rather than 5.25%
- Tax base for the millage rate decreased from \$67,387,229 to \$62,577,333
- There will be 1.370 million in utility system improvements – went over list
- Capital Improvement Plan
- Major Funds – General Fund and Enterprise Fund
- Discussed debt service and referred to the tab in the budget book – this will be updated
- Money for the Ridge League Dinner will need to be added

- Recommends a Chamber of Commerce – put some kind of seed money in the budget; however, it is not there now.
- Florida Refuse – cola increase of 3.4%
- FRDAP Grant – Recreation Grant in the amount of \$50,000. Councilor Blethen asked where the City Manager was reading from; City Manager advised these are updates since the presentation was done. Vice Mayor Block advised there was little chance of getting the grant. This is just a proposal.
- City Manager Brock complimented Pam Lawson, Finance Director, for putting the budget together and recommended Council move forward with the budget.

DISCUSSION OF FY 2012 BUDGET

Budget Summary

- Millage rate used is the roll-back rate of 9.3199, which will generate a minimum of \$561,135; one mill generates \$60,208.27. City Manager Brock referred back to his Manager Letter
- Total unrestricted reserve funds is \$308,271, total including restricted reserve funds is \$343,244
- Mayor LaCascia asked about the \$600,000 reserve from the bond proceeds; Pam advised that will be received in this fiscal year and would not show for fiscal year 2012 – you do not carry these funds forward. Mayor LaCascia asked about putting the \$600,000 in reserves; Pam advised the money would be received this month and a separate bank account will be set up – this money has to be set aside as specified in the bond covenants. Pam advised another requirement of the bond is having a sinking fund, which wills 1/12 of the yearly payment.
- Mayor LaCascia asked if any capital expense occurred that was not budgeted would it come from the \$300,000. Pam advised it would; that is why we need to create an unrestricted cash reserve; \$308,000 is unrestricted and \$36,972 is restricted (impact fees).
- Councilor Blethen asked what the \$36,972 consisted of; Pam advised it was water and sewer impact fees – this is an estimate based on what was collected this year. Kathy Delp advised there were two big projects this year that water and sewer impact fees were collected from.
- Mayor LaCascia asked why impact fees were cut back by 50% in the proposed budget; Kathy advised you can't guarantee commercial projects. City Manager Brock advised no matter what, they are restricted.

Revenues

- Vice Mayor Block questioned the local gas tax at \$129,000; she was advised the numbers are give to the City by the State. Pam Lawson advised her estimations are close to the State's figures. Councilor Blethen mentioned it would be more if we were not being conservative; Mayor LaCascia commented it seems to be appropriate for the history

- Vice Mayor Block questioned Utility Taxes; Pam advised she looks at these month by month and this is the average, and she would not over estimate. Councilor Blethen mentioned the letter received from Lakeland Electric stating some residents outside of the city had the wrong code and shouldn't have been charged; he was advised this has been reduced in the proposed budget. Councilor Adorno questioned the actual to date; Pam advised the City has not received a payment of TECO yet.
- Discussion took place regarding the FRDAP Grant; Vice Mayor Block and Councilor Blethen feels it should be removed. City Manager Brock advised the City will receive points if it is in the budget. Councilor Blethen advised he has a problem spending money we don't have. Discussion took place regarding the FRDAP Grant – these are not matching funds, and if we do not receive the grant, we do not spend the money. Discussion also took place regarding the three proposed projects; however, this FRDAP Grant would be to refurbish the basketball courts and tennis courts, as well as fencing. It was mentioned the City would also receive points for the grant if it is in the City's Capital Improvement Plan. It was decided to leave the FRDAP Grant in the proposed budget
- Solid Waste seems high; Pam Lawson advised the average is \$20,000 a month, which would be \$240,000 year.
- FDOT – mowing reimbursement
- Miscellaneous Income is going from \$7,000 to \$3,000; Pam advised she would give additional information at the workshop on Wednesday. Councilor Kimsey then asked what the miscellaneous income included, Pam responded.
- Councilor Blethen questioned the \$100,000 transfer from the Enterprise Fund; Pam advised General Fund has its own reserve and we are trying to build them up. Pam also advised the Enterprise Fund has such a high reserve amount, some of that money was transferred into the General Fund to build that up. Vice Mayor Block commented that staff budgeted in the General Fund does work on the Enterprise Fund, and asked if that was considered administrative cost; Pam advised it was. Vice Mayor asked if the City has to use the reserves to pay bills, and Pam advised it does not.
- Mayor LaCascia asked about bond proceeds. Pam advised those were received in FY 2011 and would not show as revenue for FY 2012.

Expenditures

Legislative

- Under Legislative, Councilor Blethen asked about travel and per diem; Mayor LaCascia referred to page 16 that shows the justification for this expenditure. Vice Mayor Block advised total travel and per diem for Council and employees is \$9,900 -- \$5,000 is for Council. Vice Mayor Block mentioned the Florida League of City Conference – those that attended found it to be educational. Mayor LaCascia advised he was able to meet with other Mayors and had an opportunity to share ideas with his counterparts from other cities. This is the only single venue to get together; you can't exist in a vacuum (he mentioned the recognition we got for being out there – everyone was thanking us). Councilor Kimsey feels

\$13,000 is a lot of money for Legislative. Councilor Adorno advised the \$5,000 does not cover all of the registrations, training and workshops that come in that could be attended. It also takes into account other opportunities for training such as the Elected Municipal Officials training, which consists of two parts; it is very useful. Councilor Adorno advised she went to conference and took two days off work to do go. Mayor LaCascia advised Council of what took place when he was nominated to be to the Florida League of Mayors Board of Directors. Vice Mayor Block advised she paid her own way; she is not going to take money for this until the City can lower water and sewer. She advised it gets to be expensive and not everybody can be expected to this; however, she has blessed. It was the consensus to leave this line item alone for now

Executive – City Manager

- There were no increases

City Clerk

- Mayor LaCascia asked about methodology with proposed increase. City Manager Brock referred to pages 140 and 141 regarding the increases for all employees. Mayor LaCascia commented the methodology is broken down as follows: 3% was to reinstate what employees lost with retirement and the 10% is for the reduction in pay in 2009. Mayor LaCascia asked if Council wanted to do individual employees or accept methodology. Councilor Blethen questioned the 13%. Vice Mayor Block would like to do the City Clerk first. The City Clerk supports; all of the employees took a 10% decrease being told it was temporary. The Florida Retirement System decreased and now employees have to pay a percentage. In addition the city decreased health care benefits, and employees are paying more of that; the city is recognizing a 15% savings. The City Clerk took on all activities of the Assistant City Manager when that position was done away with. There are four department heads that work hard doing a lot of things; the City has a choice of adding more people or give what most other cities are getting (they are working more hours than being paid for). We are not in line with any other city – we are far out of line, are employees are saving us more money than what we are spending in salaries. Vice Mayor Block is in full support of the salary increases. Councilor Kimsey mentioned Publix and how much of raise he received. Vice Mayor Block asked what they took away, and Councilor Kimsey advised nothing. Vice Mayor Block referred to page 139 and insurance cost; Pam Lawson advised it is \$676 a month with the decrease from employees paying more from the \$693 a month that is currently being paid. Councilor Kimsey asked employees are paying toward insurance; he was advised employees pay nothing, but the employees will be paying higher co-pays and out of pocket expenses in order to save the City money. City Council was advised some employees are eligible for Medicare, and the anticipated savings with Medicare being primary is an additional \$22,000 per year – that is not reflected in

this proposed budget; Pam will get Council an updated copy of the proposed budget. Vice Mayor Block advised the City is saving a lot more money; we would have to hire more people. Councilor Kimsey asked Vice Mayor Block about when she worked for H.P.; Vice Mayor Block advised she made a salary that made it more affordable to pay. We need to look at quality.

- City Manager Brock commented the City Clerk is at the low end of the spectrum and spoke of the value of the City Clerk with what kind of work City Clerk's do. Mayor LaCascia commented in business you look at what other people are paying. There is an argument that \$31,000 is too low a number and the Public Works Director picked up all of Gene's responsibilities; Department Heads should have parity – it is a complicated formula. Mayor LaCascia suggested moving forward with the methodology of 10% or 3% and talk about it. Councilor Blethen mentioned the 45 to 53%; Mayor LaCascia asked if he was thinking about the 10% cut. Pam Lawson advised before the 10% cut she was at \$45,000; Mayor LaCascia suggested to put in the 10% then compare. It was the consensus of Council to restore the 10% reduction.
- Vice Mayor Block commented people were promised things when they were hired and dollars given was dependent on personality; we are justifying roles that should have been paid this a long time ago. The 13% is fine, but we still haven't done anything. Mayor LaCascia commented Department Heads across the Board have parity. He then discussed the possibility of going back to a five day work week versus a four day work week and suggested from June to September we work four days a week and then work five days a week for eight months – this will not cost anything. The Mayor suggested this schedule to regulate the days that benefit the citizens. Mayor LaCascia then suggested the utility window being open all day, and asked Mike (Woodard & Curran) to get with the City Manager to see how much this would cost. Councilor Adorno suggested someone be cross-trained; all we have to do is agree at this time.
- More discussion took place regarding the total of the 13% increase; Mayor LaCascia commented Council agrees with the 10%, but what are we getting with the 3%. Councilor Blethen briefly touched on benefits; Councilor Adorno also discussed the increase and then paying health insurance. Mayor LaCascia advised we could opt to go along with the increase and change the hours. Councilor Kimsey wanted to know what that had to do with the 3%. Mayor LaCascia responded it is the balance of what we are doing for the citizens – give more service hours. Councilor Kimsey agrees with Councilor Blethen regarding health care – in the real world you are going to pay a portion. Vice Mayor Block advised that is not true; there were different choices with the health care and the employees chose a higher co-pay and deductible, which will cost them more money. Councilor Kimsey advised we would save \$4,000 by not paying for it. Mayor LaCascia asked Sergeant Conover if the Sheriff's Office employees received an additional 3% to cover the 3% they would be paying for retirement; he advised yes.

- Discussion then took place regarding retirement and how much the City is saving – the City will now be paying 4.91% per employee versus the 10.77% they were paying prior to July 2011; the City will be paying almost 6% less, but will still a savings with the 3% increase to the employees.
- City Manager Brock then discussed the health care; the City has decreased the cost, and has come up with a plan. Three employees are on Medicare, and if Medicare is primary the City will save an additional \$22,000. Councilor Kimsey commented in the real world employees would pay for a portion of their insurance. Vice Mayor Block commented they would be getting more money; with the raises they are not the highest or the lowest. Councilor Kimsey asked if we were obligated to pay 100% of the insurance. Councilor Kimsey was advised when the City received the premium and could have paid less; the employees chose to take fewer benefits to save the City money.
- Mayor LaCascia proposed “hypothetically” the 13% increase, with the 5 day work week and 4 day work week schedule with the utility window being open, which may cost additional money – the 13% would be considered a done issue.
- Medical Premiums – Pam Lawson referred to page 139 of the proposed budget and what it was prior to the decrease in insurance. Pam then advised one of the City’s employees is making \$10 an hour; they cannot afford to pay anything on insurance; Mary Ellin is in the same boat. Pam advised not one person has asked for a raise when the City went from 20 employees to 10 employees; the same work is being done and the same services are being provided. Kathy Delp advised we work for the people. Councilor Kimsey advised Council consists of five people and they have to hear from the citizens. Mayor LaCascia wants 13%, and asked what employees will pay for insurance. Vice Mayor Block commented to also look at premium of health care. Vice Mayor Block advised the City struggled with health care last year; it was either give a raise or pay health care. Employees have come up with a good compromise. Councilor Adorno suggested the City reconsider the 40 hour work week. Mayor LaCascia mentioned the 5 days / 4 days determined by need and the 36 hours versus 40 hours.

Mayor LaCascia called a recess at 8:07; he advised we have another 45 minutes when the meeting is resumed. Mayor LaCascia reconvened at 8:20 p.m. and advised we need to wrap the workshop up around 9:00 p.m.; the next meeting will be from 6 p.m. to 9 p.m.

Legal Counsel

- City Manager advised legal fees are budgeted at \$70,000; he also advised he had spoke with Tom Cloud and that these fees would be okay. City Manager Brock also mentioned there may be additional fees.
- Vice Mayor Block would like to see more put into legal fees; she would rather have more and spend less than have less and spend more. Councilor Kimsey asked for Jeff Sullivan made; the City budgeted \$25,000 for Attorney Sullivan.

- Mayor LaCascia referred to page 26 which shows descriptions and justifications. Councilor Blethen commented the description needed to be changed. Mayor LaCascia advised the justification is more detailed.
- Vice Mayor Block feels the City has saved more money with Tom Cloud than without him – the City wins if we don't go into litigation. She commented he one of the best in the State – City Attorney and Utilities – he has re-wrote most of those Ordinances. Vice Mayor Block advised we gave our previous Attorney \$1,500 a month whether he did anything or not; this Attorney charges for hours spent.
- Mayor LaCascia commented aside from what is listed he re-wrote most of the Ordinances that were voted on and put forward over the last two years that were insufficient and had no legal standing. He is through with about 85% of what is currently taking place, and he doesn't want to see an increase to the \$70,000 in the proposed budget, and thinks this is a justified number.
- Councilor Blethen agrees that Attorney cloud has taken care of many issues and commends what he has done with the bond; however, he doesn't want a “run away train.”
- Mayor LaCascia commented the monthly financial statement shows the percentage spent against the budget; this item can be controlled – Management has control over line items. Councilor Kimsey thinks it is high.

Comprehensive Planning

- This is the work that Central Florida Regional Planning Council does; the amount is \$30,000 (no changes)

Finance and Accounting

There were no questions or comments

Debt Service

- Council was referred to page 35, which gives full details; the mandated reserve of \$10,209 is required by the bond.

Law Enforcement

- Councilor Kimsey mentioned the increase – he was fine with the amount

Building and Zoning

- Councilor Blethen asked about #310, Professional Services, going up; he was advised this includes the fees being charged by the County; -- the justification is more specific.

Code Enforcement

- There were no questions

Refuse/Sanitation

- Councilor Blethen asked how much solid waste was increasing; City Manager Brock advised 3.4% -- commercial rates

General Government Buildings

- Increase in electric bills
- Councilor Blethen asked about the \$5,000 for Professional Services; he was advised it includes IT – maintenance and security
- Vice Mayor Block commented about the \$5,400 for Google Apps – if the City doesn't do this we will need to buy two new servers. Mayor LaCascia advised his computer doesn't work.
- Councilor Blethen asked about the \$7,000 for operating supplies; he was advised it covers the copying machine. Vice Mayor Block briefly discussed comparing them to the smaller copiers each department has and getting a larger copier – cartridges are expensive
- Councilor Adorno asked about the Activity Center phone; Pam advised it is an active number. Councilor Adorno feels if we don't use it we should discontinue it. Councilor Blethen asked if we changed numbers; Vice Mayor Block advised the City went to Wind Stream; she also advised some of the cell phones have been cancelled to save money.

City Manager Brock advised he would like to get through the General Fund tonight.

Streets and Roads

- City Manager Brock spoke of paving and referred to page 57, Capital Expenditures Justification. Carter Road to Honeybee will be removed from the project list because it will be done by Dollar General Market. Vice Mayor Block asked if this was for one year and Pam advised it was; that is the money expected.
- Councilor Blethen asked if we received money in the past.

Library

- Vice Mayor Block advised Linda Busch was reduced from 36 hours to 30 hours; however, the Library could use Linda for the full 36 hours. It was consensus to budget 36 hours for Linda Busch

Parks

- Vice Mayor Block asked about putting money in the budget to mulch the park; Kathy Delp advised under line item 460 the \$4,500 includes mulch.
- Councilor Adorno asked about shading the playground with canopies with grant dollars

Special Events

- There were no comments

Non-Departmental

- Councilor Blethen asked what this was; City Manager Brock advised these are things that cannot be put in other places.
- Pam advised the transfer of \$129,313 to the reserve fund could be less if the utility window is kept open. The number could decrease if Woodard and Curran is asked to keep the window open for 40 hours; another employee would be needed which would cost more in salaries and benefits. Xochitl is on a 36 hour work schedule if you want to open the window for 40 hours.

Councilor Blethen asked about the light on the clock outside; Kathy advised there no light that shines on the clock.

The meeting adjourned at 9:14 p.m.

Patricia R. Jackson, City Clerk

Joe LaCascia, Mayor