

MINUTES
CITY COMMISSION MEETING

September 24, 2012

The City Commission met this date in a special meeting. A quorum being present, the meeting was called to order at 6:00 PM with the following in attendance.

Mayor	:	John B. Arnold, Jr.
Commissioners	:	Heyward H. Strong, Jr.
	:	Diane Kelley
	:	Joe Morgan
	:	Kay Hamilton
City Clerk	:	Tammy Johnson
City Administrator	:	Carl Scott
Police Chief	:	Joe Hart
General Manager VBCS	:	Burt Bennett
Library Director	:	David Weatherford
Fire Chief	:	Mark Norris
Recorder	:	Beth Millsaps

Others in attendance: James Butler (cameraman), Mike Griffith (Bay Beacon), Helen Westmoreland, Anson Holyfield, Don Caverly

1. FINAL BUDGET HEARING

Final
Budget
Hearing

Mayor Arnold stated that tonight we have to finally adopt a Resolution for ad valorem taxes and adopt the FY 2013 Budget by Ordinance. A copy of the legal ad appeared in the Daily News on September 19th, and the City received attestation.

Mayor Arnold said proposed budget for the City is \$6,957,048, general fund \$2,844,048; stormwater \$115,050; streets \$350,485; water and sewer utilities \$1,383,025; cable television \$1,522,560 and sanitation \$741,880. Our budget does not include any increases in sewer, water or cable television and there are no increases expected at this time. Ad valorem rate is at 4.524 a slight increase over last year's rate of 4.0644. Mayor Arnold asked if there were any questions in the audience this evening.

Mr. Don Caverly said he had a few comments, regarding the reserve fund in CATV of \$416,000, he remembers some conversations about the pole attachment fees that were collected over a number of year's which was intended to satisfy some legal processes that were decided in our favor so that money was not going to be used for the purpose that it was intended, he thought it might be given back to the residents. He said that doesn't seem to be the case in looking at the reserve. Mayor Arnold said there has been no decision on what to do with that money, we might have basic cable free for a few months but it would be almost impossible to go back the ten or more years to return the money to each individual. Mr. Caverly says in his recent readings of the area it is somewhat depressed and yet the City is taking money out of the economy to put into the reserve fund and looking at the budget there is no explanation as to why that amount of money is needed in the reserve fund. Putting the money back in the economy might be better served in the community. Mayor Arnold said that the reserve fund was for catastrophic events things that cannot be foreseen. Mayor Arnold said the planning commission some years ago adopted a number, he is not sure of the number, but not too long ago there were several million dollars in these reserve funds, they have had to be used over the last few years to balance the budget, to maintain a lower ad valorem tax rate. Mayor Arnold does not feel that \$700,000 is an excessive amount to have in general fund reserve. Comm. Strong said the Florida League of Cities suggests having at least six months of expenditures on hand in the event of a disaster.

Mr. Caverly asked about the miscellaneous line items in each department. Mayor Arnold said those numbers are based on past history of things that might happen over the year. Mr. Caverly asked about the summer hire position in the library, in one place \$3,990 in another \$4,200, Ms. Johnson said the \$4,200 is correct. He asked about the patron computers \$4,000 and also \$3,800; Ms. Johnson said the \$3,800 is the correct total. Mr. Caverly asked about the line item of fire hydrant rental, it is in two places, in fire and water. Ms. Johnson said in the fire department it is an expense and in the water/sewer department it is revenue. Comm. Morgan said the fire hydrants are bought and maintained by the water/sewer. Mr. Caverly questioned the repair of machinery and equipment and then repair others, wondered if they were the same item. Ms. Johnson said repair of machinery and equipment is the equipment like the lawnmowers, weed eaters those type of items, she said repair others would be repairs to playground equipment. Mr. Caverly questioned the charity line items in general fund and parks, he is opposed to the idea of taking money through taxes and redistributing to organizations, he feels it is better generally for citizens to contribute money to the charities they wish to support. Mayor Arnold said it use to be \$15,000 to \$16,000, it is down significantly, we support organizations that support our city and its citizens. Ms. Johnson said in the parks department donations of \$1,900 is given to the Heritage Museum for their Saturday in the Park event and also the Yule of Yesteryear. Mayor Arnold said we use to have several organizations to make presentations but that has changed with the economy. Comm. Kelley said she feels that we have localized the money contributed to charities that directly impact our area.

Mayor Arnold asked if there would be any other comments regarding the proposed budget. Comm. Morgan said he would like to discuss the 2 % COLA increase for all employees. Comm. Morgan feels we need to find away to reduce the budget, he said he has met with his directors one has said yes let's do that while another has said he didn't like it but could see where it would be needed. He said almost \$10,000 could be saved if we did not do the COLA raises to the directors, most other places are frozen. He feels the 2 % increase is above and beyond what the economy truly allows. After a close look at it there are employees that need the rate hikes, however our directors regardless of their responsibilities, everyone is working twice their role in their job, the directors are fairly compensated in comparison to other entities. That in conjunction with the fact we gave merit raises at our last meeting that were truly in need or were going above and beyond in their job scope, we have that method to do so, he feels we should highly exam that the directors not take a pay hike because they can survive without it. Comm. Morgan said he is not saying that they don't deserve it or need it but they can survive without it and give it to those lower level employees who need it. Ms. Johnson prepared a table that shows the impact would be \$7,160 on the General Fund. He feels the entire budget affects our taxpayer money. Comm. Morgan said we have a lot of money being paid by our taxpayers through fees or taxes, their burden continues to increase, we have had cable and water/sewer increases this past year. He feels every dollar needs to be looked at. Comm. Morgan said we can't afford to give everyone a raise, he would love to, but as a responsible representative of the citizen's he cannot in good faith agree with the raises. Mayor Arnold did a comparison on taxes for each citizen. Mayor Arnold, Comm. Strong and Comm. Morgan discussed the impact of the money for the taxpayers on their homes with their home values. Mayor Arnold said he is very concerned as to what message it would give the department heads not to receive the COLA. Comm. Hamilton said she believes the message it gives to department heads is that salaried employees in declining economy have to hold on, those should be the last people to get COLA increases. Mayor Arnold said morale wise and that type of thing this is a disaster. Comm. Hamilton said in her experiences salary employees do not get across the board raises, they are given raises on case by case basis. Comm. Morgan said most of Eglin has been frozen for three years, looking at the city's previous years 2009 a 2% COLA, 2010 a 2% COLA, 2011 no COLA, 2012 a 2% COLA and now 2013 another 2 % COLA. Comm. Morgan said it has to stop somewhere, when we are in a deficit budget we have debts to pay with no benefit. He would like to give raises but not if it costs taxes.

COMM. MORGAN MADE A MOTION THAT WE DO NOT PROVIDE 2 % COLA RAISE FOR DEPARTMENT HEADS, MOTIONED SECONDED BY COMM. HAMILTON. Mayor Arnold asked for any further discussion. Comm. Kelley asked how many people would that affect and how much money. Ms. Johnson said it would be \$7,160 and affect fire chief, police chief, public works director, library director, city clerk, cable television director and city administrator. Comm. Kelley asked if everyone agreed, Ms. Johnson said she didn't know about that, there had been some discussion that it should not be called COLA if everyone does not receive it, their COLA has increased like everyone else so maybe it should not be called COLA. Mayor Arnold said maybe salary equalization; don't know what to call it. Mayor Arnold said he feels Comm. Morgan had it wrong in comparing salaries here with Eglin, Eglin exceeds the city wages. Comm. Hamilton said she doesn't agree with that. She said from a business perspective "if we were to replace people we could easily, that is really mean and I know you guys probably hate my guts but I have to look at it the way it is if I were to replace a lot of the people we would lose some corporate knowledge, yes, but you could easily replace with highly qualified people, because right now it's unfortunate but the world is that we are surrounded by extremely highly qualified people that can't earn income." If we give raises today we cannot take them back next year. Comm. Hamilton is more in support of bonuses and not across the board raises especially to department heads. Mayor Arnold said he thinks you give the wrong message to the department heads that are the key to the city operations and they all possess unique talents. Comm. Hamilton said it isn't that their talents aren't appreciated.

MAYOR CALLED FOR A VOTE ON THE MOTION ALL IN FAVOR OF DEPARTMENT HEADS NOT RECEIVING 2 % COLA, VOTE WAS 2 TO 3, MOTION FAILED, WITH MAYOR ARNOLD, COMM. STRONG AND COMM. KELLEY VOTING IN THE NEGATIVE.

Further discussion took place regarding money to keep in reserve. Comm. Morgan said he would rather see us take money out of reserve somewhere around \$80,000 this year and not have to raises taxes so much. Comm. Strong says there are a couple of bills hanging out there so he is not big on taking anything out of reserve. He is happy with what we have. He has talked to a lot of people about this raise and he hasn't run anyone who is real unhappy with the raise in regards to the services they receive from the city. Comm. Strong said we don't want to take money from the taxpayers that we don't have to. Comm. Morgan said we are one of the highest taxing districts in Okaloosa County. Mayor Arnold disagrees and sites City of Crestview. Comm. Strong said the only place to get money is the revenues sources from State, utility tax and administrative fees. The state is looking at taking away business income and Communication Service Tax. Mayor Arnold said if Amendment 4 passes in November we will have to lay off people and cut services. Comm. Strong said he is comfortable with this budget and not comfortable taking money out of reserves and hates that ad valorem is the only place we have to go. Comm. Strong does not see excessive people or excessive salaries; our leaders get out and get their hands dirty. He said we work on a bare bones budget. Comm. Morgan said there is no

such thing as just a director anymore everyone is a worker/manager, middle management is gone. Mayor Arnold said he thinks everyone understands the price of everything goes up, we have advertised public hearings on the budget with little to no input, no one is screaming or hollering, if we went up a fantastic amount people would object but we have cut corners, no new construction in the city unless it was a gift or a grant, didn't buy a police car. Comm. Hamilton does not believe we should "dip into" savings.

Resolution
No.
14-09-24-12

a. RESOLUTION NO. 14-09-24-12

Mayor Arnold read Resolution 14-09-24-12. COMM. STRONG MADE A MOTION TO ADOPT RESOLUTION 14-09-24-12 A RESOLUTION OF THE CITY OF VALPARAISO, FLORIDA ADOPTING THE FINAL LEVYING OF AD VALOREM TAXES FOR FISCAL YEAR 2013; PROVIDING FOR AN EFFECTIVE DATE. COMM. MORGAN SECONDED THE MOTION, WHICH PASSED AT 6:57 PM WITH A 5 TO 0 UNANIMOUS VOTE OF THE COMMISSION.

Ordinance
No.
633

b. ORDINANCE NO. 633

Mayor Arnold read Ordinance No. 633. COMM. STRONG MADE MOTION TO ADOPT ORDINANCE NO. 633 AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF VALPARAISO, FLORIDA, FOR THE FISCAL YEAR COMMENCING 1 OCTOBER 2013; REPEALING CONFLICTING ORDINANCES; AND PROVIDING FOR AN EFFECTIVE DATE . COMM. MORGAN SECONDED THE MOTION, WHICH PASSED AT 7:00 PM WITH A 5 TO 0 UNANIMOUS VOTE OF THE COMMISSION.

Ms. Johnson said she just wanted to make sure so she could pass along to the employees, all employees will receive a 2 % COLA and no other wage increases this year. Mayor Arnold said that was correct and no further discussion on this matter.

Proclam-
ation
Municipal
Job
Shadowing
Week

2. PROCLAMATION MUNICIPAL JOB SHADOWING WEEK

Comm. Strong said this came about through the Okaloosa League of Cities, there is a signup sheet that needs to be completed and then returned to Destin. A department head, Commissioner or Mayor may "shadow" another person in that position in another city within Okaloosa County. Comm. Strong said this is something they are looking at so that each city can see how the other one runs. The shadowing would be for a few hours not days or weeks just to get some knowledge of how other cities operate. Mayor Arnold will sign the proclamation the City of Valparaiso will participate in Municipal Job Shadow Week.

Valparaiso
Vision
Commit-
tee

3. VALPARAISO VISION COMMITTEE

Mayor Arnold said in the previous meeting it was implied that he "stuffed" the ballot list because he was the one who recommended the most names, he said he did this because the submission from Commissioners had been slow going. He would like to have a list of residents and business owners, all of these people would be submitted with ten being drawn and then five as alternates. Comm. Hamilton said she feels it should be based on how the person would best serve the committee. She didn't realize this was so specific, she thought this would be a serious working group. She suggested Kay Rassmussen and she would like to work with us I didn't think it would have to be a resident for the vision committee if someone brought professional abilities to it. Comm. Morgan said what he would like to know what the committee is going to try and accomplish, he feels there should be a meeting to know exactly what this committee should do and talk about the best selection process. Look to who we really want instead of a lottery system. Maybe get one person as the lead and have them pick who they would like to have. Comm. Hamilton agrees she thinks this is a wonderful idea that should be put together tightly to have it work for us. Mayor Arnold said originally the committee idea was to look at some out of the box ideas because we are becoming a community of homes and we need to have some new ideas to balance that. People that have a stake in the city. Comm. Hamilton said why do we have to limit people; this should be anyone who is interested. Mayor Arnold said he thinks they will elect their own leader, set up when and how they want to work it. Mayor Arnold said Attorney Dykes asked for an executive session to discuss the Bradley case. It was decided the executive session will be Wednesday at 6:00 PM. After discussion for Wednesday meeting Mayor Arnold will propose a draft letter for potential Vision Committee members.

Adjourn

ADJOURN

There being no further business to be brought before the Commission, the meeting adjourned at 7:15 PM.

John B. Arnold, Jr.
Mayor

Heyward H. Strong
Chair, VCA