

MINUTES
CITY COMMISSION MEETING
September 4, 2012

The City Commission met this date in special session in the Commission Chambers. 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	:	Diane Kelley
	:	Joe Morgan
	:	Heyward Strong
	:	Kay Hamilton
City Clerk	:	Tammy Johnson
Police Chief	:	Joe Hart
VBCS General Manager	:	Burt Bennett
City Administrator	:	Carl Scott
Public Works Director	:	James Valandingham
Fire Chief	:	Mark Norris
Recorder	:	Beth Millsaps

Others in attendance: James Butler (cameraman), Tony Shipley, Mike Griffith (Bay Beacon). There were no residents in attendance.

Mayor Arnold welcomed those in attendance and said this is the first of two public meetings regarding the budget for the coming year. All property owners received notice of this meeting by county mail out indicating time and address of meeting and our final meeting will be the 24th of September at 6 PM. Mayor Arnold said he had planned to recap the previous work that had been put into the budget but being as there are no residents in attendance that will not be necessary. We can go down in expenditures and ad valorem taxes but we cannot go up. Mayor Arnold said there had been activity since the last meeting in trying to reduce the numbers further, so the ad valorem could be reduced, he asked Ms. Johnson to bring everyone up to speed.

BUDGET

Ms. Johnson said we have two budgets one as of the 30th of July and then a newly proposed budget summary. On the newly proposed summary it shows the revenue in the general fund decreasing and with expenses also going down we can bring the ad valorem down if the Commission chooses to do so. In the newly proposed budget a lot of the items had been reduced by 5%, several changes were made to stormwater and streets. The proposed ad valorem is 4.8223; currently we are at 4.0644, there is a 2% COLA for everyone; the newly proposed draft budget includes all that is in the July 30th budget only the ad valorem is 4.6556.

BUDGET

Ms. Johnson said beginning with the general fund we have reduced the ad valorem, the revenue was reduced from \$2,894,338 down to \$2,865,713 due to the reduction of ad valorem. In administration, most items have been reduced by 5% some have been reduced more, total expenses previously \$379,06 down to \$373,090. Ms. Johnson also stated that in this budget for administration the capital and new operating expenses stayed the same at \$9,000.

Ms. Johnson said in the library department we had several line reductions, total reduction approximately \$2,600.

Ms. Johnson said in the police department we had several reductions. However, there was an increase in liability insurance. Overall savings approximately \$5,500.

Ms. Johnson said in the fire department we had one large decrease, over 5% and that was in uniforms from \$7,000 to \$3,385. Comm. Morgan said it was about a 6% decrease due to uniforms and bunker gear that we slated for purchase. Also decreased under capital and new operating was in bunker gear from \$7,000 to \$6,000.

Ms. Johnson said in parks a decrease of 5% in almost every O & M expenses with a total savings of approximately \$1,800. There are also no new operating or capital expenses.

Ms. Johnson said in the shop there were only a few items that could be decreased, Comm. Morgan said we were limited in what we could flex on some of the other departments we could flex more but shop is pretty tight. No new operating or capital items in shop.

Ms. Johnson said with the cemetery there were several decreases one increase in vehicle maintenance previously we had \$100 when it should've been \$1,000 therefore that line item shows an increase.

In non departmental Ms. Johnson said there have been several decreases beginning with wages and payroll expense. Accounting and auditing had to be increased a small amount, increase also in building inspecting other and an increase in liability insurance as in the police department. Comm. Morgan asked what building inspecting other would be, Ms. Johnson said it is from the fees that we collect but then have to pay out. We are doing more so that is the reason for the increase, Mr. Scott said that DEO is getting 2% and DPR is getting 2% so 4% of all permit fees go to the state.

Comm. Hamilton asked what are nonprofit organizations, Ms. Johnson said schools, Chamber, Caring and Sharing, Bridgeway and CAC. Mayor Arnold said some of the organizations get 50% or more in matching funds from federal and state that is one of the reason we carry these programs. He said our little leagues sometimes come to us when they are going to state and there is an increase in expenses for that organization. Comm. Hamilton asked if each one of those organizations presented something to the Commission and it was voted on and that is how it worked. Mayor Arnold said that originally that is how it worked but the Commission got to the point that they didn't want to be bothered with it so it has been left up to him to decide, in past years we had presentations in previous budget cycles from the organizations but due to budget constraints for all they no longer do that. Ms. Johnson said as with July 30th budget we had a positive difference of \$58,503 which with newly proposed budget is \$57,178 that is even with lowering the ad valorem. Ms. Johnson said we have a balanced budget on both sides.

Comm. Morgan said it turns out we are constantly spending money on our stormwater management system and expenses being paid thru streets and the water sewer department, specifically our street sweeper is needed to clear our debris and decrease the nutrient level to our water ways. Additionally out of the water sewer department we use the sucker to remove leaves and debris out of each one of the drainage basins. We had accumulated approximately \$70,000 in the stormwater fund and receiving about \$45,000 each year, Comm. Morgan said we have a fund sitting out there that we could use now instead of waiting for some future project, if there is nothing specific in mind, no capital projects. Comm. Morgan said quite a lot is needed for reserve if you want to do anything but he feels comfortable with \$808,000 in general fund reserve if something big came up we have some recourse for funding. He would rather use that fund for some of the expenses that we are already incurring in streets. It is limited to only 50% of the street sweeper and 20% of the sucker regardless of how much we are billed. Next year we will monitor those costs to see how many hours there really are, we may never bill stormwater the full amount because we want to continue to have that fund grow for capital improvements. Mayor Arnold said that is why we want to accumulate in the fund because projects for stormwater are so expensive. Comm. Morgan said the street sweeper will be paid for at the end of next year so more money will go to streets, the \$25,000 that is being paid will be gone, Comm. Hamilton said so what we are doing is taking money out of savings, Comm. Morgan agreed. Comm. Morgan said we limited operating hours to stormwater, reducing operator hours water sewer and streets for the operator on 20% sucker and 50% street sweeper. Comm. Morgan said this plan allowed him to make streets department neutral in its funds, \$41,000 carry forward from this year and then \$21,000 carry forward from general fund that is no longer needed. Comm. Hamilton said the only issue she had with that is that if you are taking money essentially from savings for operating expenses, Comm. Morgan said it is not savings it is a reserve. Comm. Morgan said the payment of the funds even though they are mainly for capital says specifically for the maintenance of stormwater systems current, that means current. Comm. Morgan said he gets \$45,000 each year so it is not savings, he isn't dipping in savings. Comm. Morgan said he no longer has any money coming out of tax payer dollars it is coming from revenue already coming to the streets department what this essentially does we have a carry forward of \$47,000 from this year's budget that we are going to use in this budget and the transfer from general fund is not needed. Comm. Morgan said stormwater is being built up with no projects in sight, we will continue to build up but he is not using it as an operating account, using it as a capital account but feels it is unfair to the taxpayers and the people to continue to build up this account without any allocation to what is being done to currently maintain the stormwater system.

In streets, Comm. Morgan said we also went through each line and reduced where necessary. Comm. Morgan said we have a significantly reduced streets budget that is fully within what we receive in revenue.

Ms. Johnson said all of the other budgets are as they were as of the July 30th meeting. Mayor Arnold wanted to compliment Ms. Johnson, the department heads and Comm. Morgan for their hard work on reducing the budget, even though the ad valorem couldn't go down to what it was last year he appreciated all the efforts made to bring it down as much as possible.

Comm. Morgan said he had one other issue he would like to bring before the Commission, some of the feedback that he has heard from some of the public regarding increases in pay. He analysed the Bureau of Labor Statics in the Northwest Florida district in general our employees are at par or below for the majority of workers the department heads it is hard to get equitable account because they do not have a fire chief per say or police chief even though there are a lot in this area, we are pretty much at par or above on the department head level. Comm. Morgan said to get good people our workers have to be well paid he believes strongly in 2% increase but we should accept the fact that a lot of directors and above are being frozen, management is frozen, employees get some increases. Comm. Morgan said he asked Ms. Johnson to look at no increases for COLA for the department heads which would be total \$39,228 versus \$49,078 if the department heads received the COLA; he said that is a \$10,000 decrease. Mayor Arnold does not concur that our department heads are the ones that are responsible for getting the work done and hiring qualified people and you are wanting to kill

their incentive, our department heads are not overpaid when you look at other industries across the state. Comm. Hamilton said that most management is being frozen in their pay it isn't dunning them it is just saying we are in a tight budget time but the people that make \$9.00 really need that increase to buy food. She said our department heads are paid very well, if they were to go out tomorrow and try and find a job if they could find one those jobs are being eliminated right and left, that is why people in management positions are stepping forward to say give my people raises but I will stay where I am. Comm. Hamilton suggested asking the department heads if this would be a hardship on them. Comm. Strong said when he sees our department heads like James or Burt they are out there working, they do not sit at a desk. Mayor Arnold said our department heads are not sitting in an ivory tower somewhere; they are out in the field and sometimes doing menial jobs to keep things going. Comm. Morgan said a lot of middle management is being frozen, our tax payers are under the constraints and for us to give raises we need to be sensitive to where the money goes. Comm. Strong said our budget as is has a 2% raise, that is not an issue tonight. Comm. Hamilton said this might be something to think about for the next budget meeting. Comm. Morgan said he wanted to get this out to discuss in an attempt in how to reduce the budget. Mr. Valandingham said he would be comfortable going without a COLA raise for himself as long as his people are taken care of. Mr. Bennett said he in lieu of across the board COLA he would do with the 2% COLA for just his employees.

MAYOR ARNOLD MADE A MOTION, SECONDED BY COMM. HAMILTON, TO ADOPT THE FY 2013 NEWLY PROPOSED BUDGET SUMMARY TONIGHT WITH THE 5 % REDUCTIONS. MOTION PASSED BY A UNANIMOUS VOTE OF THE COMMISSION.

Mayor Arnold read Resolution 09-09-04-12. COMM. MORGAN MADE A MOTION TO ADOPT RESOLUTION 09-09-04-12 A RESOLUTION OF THE CITY OF VALPARAISO, FLORIDA ADOPTING THE TENTATIVE LEVYING OF AD VALOREM TAXES FOR FISCAL YEAR 2012; PROVIDING FOR AN EFFECTIVE DATE. COMM. STRONG SECONDED THE MOTION, WHICH PASSED WITH A 5 TO 0 UNANIMOUS VOTE OF THE COMMISSION.

Mayor Arnold conducted the first reading of Ordinance No. 633 an ordinance adopting the budget for the City of Valparaiso, Florida, for the fiscal year commencing 1 October 2012; repealing conflicting ordinances; and providing for an effective date. The Mayor stated that no action is required by the Commission tonight, and the second and final reading will be held on September 24th.

Mayor Arnold stated our regular Commission meeting will be in the 10th of this month and our final budget meeting will be the 24th of September.

Comm. Hamilton requested that our meetings be placed on the website that might help to have citizen input on items. Ms. Johnson said she would put that into motion.

ADJOURN

There being no further business to be brought before the Commission, the meeting

Adjourn

adjourned at 7:00 PM

John B. Arnold, Jr.
Mayor

Heyward H. Strong
Chair, VCA

ATTEST:

Tammy Johnson, CMC
City Clerk

September 4, 2012

The DVD labeled September 4, 2012 contains the audio and video of this meeting and will be kept as permanent part of these minutes.