

MINUTES  
CITY COMMISSION MEETING  
August 5, 2013

The City Commission met this date in a budget workshop session. 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
	:	Kay Hamilton
	:	Joe Morgan
City Clerk	:	Tammy Johnson
Police Chief	:	Joe Hart
General Manager VBCS	:	Burt Bennett
Director of Public Works	:	James Valandingham
Library Director	:	David Weatherford
Fire Chief	:	Mark Norris
Recorder	:	Beth Millsaps

Others in attendance: (Not Inclusive): James Butler (camera), Della Rhodes (camera), Daniel Elsneer (Bay Beacon), Capt. David Bruckelmeyer, Emily Ruff

**1. BUDGET WORKSHOP**

Budget

Mayor Arnold called workshop to order and said this is the first time everyone has had to look at the budget items all together and scrub some items. Comm. Strong said he would like to have the floor for a few minutes. Comm. Strong said he looked back over the budget and came up with some ideas that he has put together. He proposed to go back to the roll back rate as a starting point. Comm. Strong said to go for a balanced budget with a roll back rate and what money we can bring forth to have a balanced budget. Comm. Strong said he had no problem with Sanitation O & M expenses, he sees a balanced budget with \$38,330 to the good and he would recommend that we accept that budget.

Comm. Strong said on the Communications budget he sees no changes needed, everything is good with the income and expenses, he sees that budget balanced with \$22,000 going into reserves which could be for raises if needed and that budget would be balanced, he recommends that budget.

Comm. Strong said on Utilities, he thought we had a good budget he doesn't have anything alternative to propose, he sees a balanced budget and putting \$8,810 in reserves for raises if we chose to do so.

Comm. Strong said he took the proposed General Fund budget to Mrs. Johnson and they went through all the numbers and she made changes where she thought they had to be. Comm. Strong said he used \$773,563 the roll back number for ad valorem taxes for total revenue of \$2,892,575 on the proposed budget.

Comm. Strong said on administration he had used the same figure as the last meeting \$383,775 leaving out any new items to be picked up later, on the Library he agrees with proposed budget from last meeting \$237,630 leaving out the new items to be picked up later. Comm. Strong said on Police he has the same numbers as far as income and expenses leave that at \$1,071,255 with the new items to be looked at later.

Comm. Strong said he agreed with the expenses and O & M for the Fire Department and we would look at the new items later. He said on parks he agrees with the expenses and Operation & Maintenance for a total of \$179,665 that was a good budget. He thinks these are all good budgets. On Shop the same thing as last budget for a total expenses of \$152,915 and to look at the new items later. On Cemetery he agrees with that total budget of \$82,730. On Non Departmental he sees the same on wages and expenses for a total of \$518,415.

Comm. Strong said on page 19 where the list of new items are proposed he has some recommendations. He recommends on Administration that we pick up the 13,000, Library we pick up \$15,200 to make the employee full time but not the \$2,800 for a raise. He believes on the Police Department we should pick up all the items requested for a total of \$53,000, with the Fire Department he said he took off the \$21,500 for the jaws of life and rescue saw and approves the sandblast, table and chairs and bunker gear. Comm. Strong said on the Parks Department he recommends zero money for the department's additional items, no Department of Corrections work squad and also no money to update Doolittle Park. Comm. Strong said on the Shop we leave the wash rack in. He approves the donation for the Viva 500 and also the money to repair the roof leak at city hall. All total Comm. Strong's recommendations total \$122,200. He says on the general budget we can bring forward \$67,097 which would balance the General Fund budget so all we would have to worry about is the additional items, because all of those items come out of General Fund and he would recommend taking that money out of reserve.

Comm. Morgan asked where he came up with the \$67,097 and Comm. Strong said that he and Mrs. Johnson had gone back through this years budget and evaluated that amount of money that would be left over. Comm. Kelley said that she really appreciates the work of Comm. Strong and Mrs. Johnson but in looking at parks there is some work that needs to be done. Comm. Kelley said she feels like Mr. Valandingham has done a pretty thorough job in explaining why we need some help in those departments. She feels we need the extra manpower

to get the jobs done, in public works those guys work in a lot of different areas. Comm. Strong said he hadn't eliminated the summer hires but didn't see the money for the Department of Corrections work squad. Comm. Kelley said that would be fine for summer but it doesn't do any good for the remainder of the year. She said the work needed to be year round and this is her first time seeing this proposal so she hasn't had time to form a true rebuttal but that is just her spur of the moments thoughts. Comm. Strong said this is just his recommendations of what he thinks our budget should look like and he was keeping in mind the tax increases that no one wants to see so if we went to the roll back rate then no one can complain but if we go to the same ad valorem rate there will be a little tax increase. Mr. Valandingham said that Comm. Strong knows he feels strongly about the work squad and if there is any way to get it in the budget he would appreciate it.

Mrs. Johnson said the first page of the summary of the budget shows the changes that had been made since the last budget meeting, increasing the ad valorem and we had a positive of \$77,000 in the General Fund but by the time you added all the capital we were in the negative. Mrs. Johnson suggested looking at the General Fund amount of \$2,969,825 that is with the increase millage rate. She also has a table showing the changes Comm. Strong discussed at the roll back rate at 4.39% instead of current of 4.524%. Mrs. Johnson also has a table for the reserve fund balances. Mrs. Johnson said our first budget hearing is set for September 10<sup>th</sup> and the final hearing for September 23<sup>rd</sup>. She has included a history of COLA and merit raises and what this draft budget includes. Mrs. Johnson said this draft includes 5.2105 ad valorem rate, 6% rate increase for employee health care, 5% increase for workers comp, \$6,175 in current nonprofit donations. She said still to be determined is the final ad valorem tax rate, COLA and raises.

Mrs. Johnson has included a table of rates for millage. Comm. Strong's proposal using 4.3901% the roll back rate, 5.2105% is the amount in the current proposed budget. Also included is a history of what 1 mill equaled the last few years.

Mrs. Johnson has a table for COLA increases, she said she was asked to add a 1.7% column, she has 1% to 3% and that is what would be needed to add to each budget. Mayor Arnold said the federal rate increase is 1.7 percent so that is why he asked Mrs. Johnson to add and he reminded the Commission again that the COLA would have to be added to the budget.

Mrs. Johnson said from the last meeting she hasn't made a change except for the ad valorem rate change. Comm. Strong asked if we went with the same millage rate as this year how much income over the roll back rate we would receive. Mrs. Johnson said about \$23,500 more than the roll back rate, if we used 4.524%.

Mayor Arnold asked Mrs. Johnson to explain the "proposed budget per meeting", "current budget" and "#2 proposed budget". Mrs. Johnson said the proposed budget per meeting is the budget with changes made from last meeting, the current budget is what we are now working with and the #2 proposed budget is Comm. Strong's proposed budget.

Comm. Morgan said each department is looking for new items, they are direct versus indirect expenses. He said these are capital items, one way to look at that would be to have reserves built up already, we do have \$800,000 in reserves in General Fund, which equals about 25%, and the Planning Commission said to have between 15 and 20%, that gives us about \$150,000 to "play with" if we just wanted to go down to 20%.

Comm. Strong feels we should concentrate our efforts tonight on looking at the new items. Comm. Strong feels the budgets are basically balanced. He said for years they have been building the Sanitation budget and they can buy those things they need. Comm. Strong said on the new items how much can we afford and how far into the reserves do we go to pay for them.

Comm. Strong said on Streets he changed the median beautification design cost from \$30,000 to nothing because he just doesn't see how we are going to manage that. Comm. Morgan said he understands but we voted on this project, when we got this grant we knew it was going to cost \$30,000 and to him it is a done deal we have already committed to it and it is a capital improvement for the city that should come out of the General Fund and reserves if necessary. Comm. Morgan said in street repairs even though we have been spending less but with the construction we are having and needs of the roads we will need to have, if for a program amount if nothing else, to go to reserve if necessary but the money has to be there. Comm. Strong said so the \$50,000 is not new construction, Comm. Morgan said no it is just to maintain. Comm. Kelley asked about the cost of the Department of Corrections work squad, Mr. Valandingham said the cost would be 50% Parks, 30% Streets and 20% Sanitation. Comm. Kelley was suggesting looking for a less expensive van, but Mr. Valandingham said it is a state mandated contract but we have been looking for a used van that would be less expensive.

Comm. Kelley said she would argue the point that we are going to pay \$20,000 for paint but not pay \$30,000 for a work squad. She said in the school budget they discuss what is imminently needed in the year going forward, what is safety or desired. Comm. Kelley said she would love to see what represents a good image of our city which she would love to do but people see the streets and parks more than the inside of the building. Mr. Valandingham said with the work squad we could absorb a lot of that just need the materials.

Mayor Arnold said he would like to begin with the new items and see what we are going to keep and what we are not and see what we need to do. Mayor Arnold said in administration the request is for an employee to go from part-time to full-time and an automated work system a total of \$13,000. Comm. Strong said he didn't have any problem with the requests. Comm. Morgan said he understood the work order system clearly and it seems like the staff is good with what he sees and what would the value would be in changing from part-time to full-time with benefits because that is very costly. Mrs. Johnson said she agreed that personnel are the most expensive item in the budget that we have. Mrs. Johnson said she asked for this same item last year and didn't get it and that person quit and after a few months we hired a new person and it does take about a year to get that person trained. She said she didn't know if everyone fully appreciates what we do at city hall so she has compiled a list of everyone's job duties. Mrs. Johnson said the listing didn't include what she or Mrs. Rhodes is responsible for only the three ladies up front. Comm. Hamilton said she has done a lot of this type work, she knows we work hard, but in reading all the descriptions if you are doing it with, and she is assuming, a decent program it really isn't anything. She said like payroll it is nothing just put it in the payroll, and the 941 is just produced there is nothing to it. Mrs. Johnson said we do payroll every week and it is something different with every department, like public works, one person could work in 7 different departments, you have to pay attention and that one person has to devote their self to that task and the other two have to pick up the duties. Comm. Morgan wants to make sure the \$10,500 is a complete reflection of the cost of going from part-time to full-time. Mrs. Johnson said retirement, health, dental and life are in that amount, employee has to wait 90 days before benefits take effect. Mr. Valandingham said the work order system that is mentioned he said they could pay half of that amount from the existing utility funds, taking it from miscellaneous water and waste water from this year a total of \$1,250 because it will benefit his department as well as administration. Mr. Valandingham said he has that money available. Mayor Arnold said to leave the \$10,500 for right now.

Mayor Arnold asked in the Library if the person they wanted to take from part time to full-time is the same person Mr. Weatherford is asking for a raise for? Mr. Weatherford said yes it is. Mayor Arnold said this is not the vehicle to ask for a raise for one employee at this time. Mr. Weatherford ask if he should use the regular review process. Mayor Arnold said they would take out the \$2,800 and leave in the \$15,200 for the part time to full time. Comm. Morgan said that raises could be addressed after everything else is done.

Capt. Bruckelmeyer said on the new items for the Police Department he had 2 network servers at \$4,500, that is listed as the total amount when in fact 1 server is \$4,500 but he has been able to purchase 1 server this year so they will only need \$4,500 for the next year. Also he had requested 2 vehicles for \$35,000 each because there are 2 vehicles that have over 100,000 on them that are used for pursuit vehicles. Mayor Arnold said that the second vehicle is in the Police Department regular budget, the other vehicle is over and above. Capt. Bruckelmeyer said the only other thing not addressed is the \$3,500 that is need for the second level authentication that is mandated by the FDLE. He said it is put on all the computers now so that they have two means of logging into a computer to be more secure. Chief Hart said it is used to access tags, criminal histories, it is a secure server with two levels of encryption. Comm. Morgan said on the vehicles due to the budget constraints that we are under with cars lasting longer over 200,000 miles now, even though he knows these vehicles are driven hard is it possible to only replace one? Is our maintenance cost exceeding what is reasonable? Capt. Bruckelmeyer responded yes that our cost of maintenance has gone up, after 100,000 you start having to get into timing belts, suspensions that have to be replaced and so on. Comm. Morgan said so instead of say \$1,000 for maintenance next year we could be looking at more like \$4,000 to \$7,000 just looking for a cost idea. Capt. Bruckelmeyer said sure that is very possible, we said we get into a point of a safety concern, should we get into a handling problem while you are driving at 90 miles an hour it isn't a good thing, public safety vehicles have to maintain a higher standard than say a parks vehicle because of the speed and ways they are used. He said the people that we have now maintaining our vehicles instead of the city yard shop cost more but they are certified to work on public safety vehicles, a higher level of maintenance. Comm. Morgan said if we were to only get one vehicle and increase the maintenance cost instead of the other vehicle would that work? Capt. Bruckelmeyer said if that was done then we would have to increase the vehicle maintenance line item up \$5,000 because all of the other vehicles are aging too. Mayor Arnold said he is inclined at the present time due to budget constraints to delete additional vehicle and add \$5,000 to vehicle maintenance. Chief Hart asked if they would take that concession would it be possible for the department to receive the \$3,500 needed for the mandatory authentication upgrade? Mayor Arnold said yes that \$3,500 has to be added to those numbers, to add that and delete the second vehicle and increase the vehicle maintenance \$5,000.

Mayor Arnold said next he would like to discuss the Fire Department. Comm. Morgan said the main concern that he and Chief Norris have looked at is the need for the rescue saw and the jaws of life. He said more and more cars are being made of harder steel or boron post, that means the current jaws and cutters we have cannot sufficiently open these vehicles if we needed to. Comm. Morgan said only a handful of times have we needed to get into a vehicle. He said

not too long ago Eglin was on the scene and their jaws didn't start, he said it is becoming an issue with post 2007 vehicles. He said an option would be to wait on another group but the first step is to stabilize the vehicle and person and we have first responders for this purpose. Comm. Morgan said at minimum we would need \$16,000 for this. Mayor Arnold asked how many occurrences have we had? Chief Norris said only a handful in a year but we cannot standby and wait for another rescue unit to arrive on the scene. Comm. Morgan said he and Chief Norris are working on more training and beefing up the department, these items can be used for more than just extraction from a vehicle. Chief Norris answering Mayor Arnold's question said he was researching grants but there are less and less of these grants due to budget costs and that most grants had to do with personnel not equipment. Mayor Arnold said with an item like this it seems like high cost with low utilization; look into maybe a cost share with another city to minimize the cost. Comm. Morgan said it comes back to if we are going to have a fire department it needs to be equipped for the job, right now we have the minimum tools needed for fire fighting. We have the people that respond to medical they need certain tools to be able to respond at the current level. There is a brief discussion regarding the needs of the fire department being able to respond quickly and equipment needed to help save lives. Comm. Morgan said he feels we need to budget for this item for next year instead of \$25,000 reduce it to \$16,000 and maybe remove some of the other items to help continue to shave this budget. Comm. Morgan said maybe reduce the sand blast and repair or just chip and paint and do repair painting. Mayor Arnold said is it something we could split over two years like we have done with large purchase items before. Chief Norris said no with rescue equipment that couldn't be done. Comm. Morgan said he spent about three weeks talking back and forth to try and find some refurbished equipment but unfortunately the refurbished equipment doesn't meet the standards. Comm. Morgan said he proposed the rescue saw they would pay out of this year's money, jaws of life would change from \$21,500 to \$16,000. Comm. Morgan answering the Mayor's question said it has been worked on and adjusted so that he didn't think he could resale it to anyone and thought we would put the old one on another truck. Comm. Morgan said to delete the \$2,000 for tables and chairs if they are truly needed we can take that money out of reserves. Comm. Morgan said the new bunker gear remains the same, it had been reduced last year and the \$1,000 brings it up to where it should be.

Comm. Kelley stated that she wants to restate that the work has to be done in the parks and we have determined in the last round not to add new people so the only way for that to happen is with something like the work squad. She said the only other way to fund it is out of the general fund out of the \$800,000 in reserve our Planning Board suggested we could use \$150,000 of that if we needed to balance this budget, she doesn't feel that \$45,000 out of that is a lot to ask. Comm. Hamilton said we aren't able to reflect in other areas how the work squad may be able to save us money. Comm. Morgan said we have discussed the cost savings and the ability to do more yet at the same time because it is a work squad he feels it goes back under O and M if we decide to do this instead of using reserve money. Mayor Arnold said we would have to supply these workers with tools, Mr. Valandingham said yes but he believes we have the money for those tools in the proposed budget. Mayor Arnold asked if Mr. Valandingham had compared the work squad to labor ready workers. Mr. Valandingham said that Labor Ready serves a great purpose but it has been extremely unreliable, he has used them in Sanitation and if we were lucky we would get the same guy for three or four days and then it was someone else. Mayor Arnold said of inmate crews in the past they had proven to be unreliable as well. Mr. Valandingham said if they were paid and there was a signed contract that would be different, City of Niceville and City of Ft. Walton have been using them and he would contact those cities. Comm. Strong said if you take away the summer hire money that leaves the work squad at \$56,100. Mr. Valandingham said the van and radio would be onetime costs. Mrs. Johnson said it is actually \$73,000 over the three departments of Streets, Parks and Sanitation. Comm. Hamilton said some of the costs won't be every year. Mr. Valandingham said it is \$64,500 a year for the squad that is the guard, his benefits and a squad of eight inmates, 4 days a week. Mr. Valandingham said regarding the wash rack he can do it in two phases, what we can get by with to appease our MS4 permit, just under \$5,000 is the drainage system with a pad and pump to pump into the waste water system properly and that will appease what needs to be done. He said that number can be reduced from \$25,000 to \$5,000. Mr. Valandingham said this would be a primitive system but we can work with it and maybe down the line add to it.

Mayor Arnold said we still haven't made a decision for the work squad. Comm. Strong said the money isn't there, he didn't know where that would come from. Mayor Arnold said we could use the \$22,000 from the ad valorem tax rate that we have today instead of roll back. Comm. Strong said that is still a long ways away. Comm. Morgan said let's see where we can get with the work squad down the road.

Comm. Strong asked about the memorial in Doolittle Park. Mayor Arnold asked for the \$15,000 to enhance the park, it is where all of our veteran's programs are held and it needs to be upgraded. Comm. Morgan said we do have a parks reserve, not huge. Mrs. Johnson said about \$17,000, Comm. Morgan said what about using that for the memorial or part of it. Comm. Kelley said we don't want to deplete everything, she said we could put \$5,000 toward it from

reserves and still accomplish the other things that we need to do. Comm. Kelley said take \$5,000 from park reserves that way \$10,000 would have to come from General Fund. Mrs. Johnson said it might be possible to have the work squad build something.

Comm. Kelley said she felt the roof had to be repaired that was nonnegotiable. Mayor Arnold said he had added the painting inside and outside of city hall because he feels our city hall is the least attractive building in Northwest Florida. He said he had suggested changing things to hide things and it hasn't happened. Mr. Valandingham said if you do the work squad, we would only need to furnish the materials. Comm. Morgan said the roof is really an issue, it is leaking into the Mayor's office, rust has happened, he said the refurbishment of city hall is becoming an issue. A brief discussion on the building situation continued.

Comm. Morgan asked if we had to make a work squad decision tonight, maybe we could hold on and have them look at the work that needs to be done around the city and see what they could help us with. Mayor Arnold said we don't have to make a decision tonight, maybe have another workshop before the end of the month. Comm. Morgan said he has been against the work squad from day one but there might be enough work that needs to be done that they could be a help to us. Comm. Morgan asked Mr. Valandingham to go back with the other cities and see what they have done for them.

Mayor Arnold said we needed to set another date for a straw man budget, keep same millage rate. Mayor Arnold said the 26<sup>th</sup> of August at 6 PM would be the next meeting.

Mayor Arnold said he wanted to thank Comm. Strong and Mrs. Johnson for all the work they did on the budget. Mrs. Johnson asked for the next meeting if she was to keep the rate of 5.2105%, Mayor Arnold said no look at it with the roll back rate and the current rate. Mayor Arnold said he would also like to see a COLA added in. Comm. Morgan asked everyone look at their budgets again and see what can go against their reserves versus the ad valorem rate. Mrs. Johnson asked what she was to put in for COLA, Mayor Arnold said 1.7% or 2%, Comm. Morgan said he didn't think we should look at raises until budget is complete. Mayor said you have to have it in the budget to look at the numbers it can be deleted just like anything else. Mayor Arnold said the concern is General Fund, but our people are our most important asset.

Mr. Valandingham said we had a budget number for the sanitation truck of \$185,000 the rear loader with cart tippers but we have a state contract that he can get everything he needs for \$118,000. Mayor Arnold said that sounds doable. Mr. Valandingham said now we can phase in the carts buy half now and half later but right now we can do the whole thing. Mayor Arnold said we can do everything now and get it over with. Mr. Valandingham said we are now under \$100,000 from reserves for the truck, he can utilize the other \$100,000 for the carts and still have reserve balance of \$86,000. Mr. Valandingham said \$21,000 is out of the current budget. Comm. Hamilton said maybe do a \$1.00 a month billing to the customers. Comm. Morgan said we should be doing this for customer service and ease, our ability to service without cost to citizens that is how it has been sold. Comm. Hamilton said she didn't think it had been sold as anything. She said when she was talking to Mr. Valandingham about it she didn't think anyone would have a problem with a dollar more a month on their bill to not have to deal with their own trash cans. Comm. Hamilton said this was normal in other garbage places to pay. Mr. Valandingham said people have come to him and asked for the cans and have been willing to pay the \$50 for the can. Mayor Arnold said he would like all of our service charges to maintain the same. Comm. Hamilton said she didn't think anyone would mind paying \$12 a year for a trash can. Mr. Valandingham said we can do it either way, he understands with charging the dollar a month that will maintain the money in reserves but in using the reserve money we wouldn't have to charge the customers so whatever the Commission wishes. Mayor Arnold said he would like to see it without a charge to customers.

**ADJOURN**

Adjourn

There being no further business to be brought before the Commission, the meeting adjourned at 7:34 PM.

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John B. Arnold, Jr.  
Mayor

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Heyward H. Strong, Jr.  
Chair, VCA

ATTEST:

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Tammy Johnson, CMC  
City Clerk

August 5, 2013

\*\*\*The DVD labeled August 5, 2013 contains the audio and video of this meeting and will be kept as a permanent part of these minutes.\*\*\*