

MINUTES
CITY COMMISSION MEETING
JULY 15, 2013

The City Commission met this date in a special meeting and 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
	:	Joe Morgan
	:	Kay Hamilton
City Clerk	:	Tammy Johnson
Police Chief	:	David Bruckelmeyer
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 Butter (camera), Della Rhodes (camera), Daniel Elsesser

1. BUDGET WORKSHOP

Budget

Mayor Arnold said this will be the first time to review the budget at a glance, everything asked for is included and we won't be doing any cutting or change tonight but it will be a chance to look over and discuss with department heads. He said we would meet again on the 29th of July or 5th of August to start eliminating. Mrs. Johnson said tentative millage will have to be set by Friday August 2nd. Mayor Arnold said he hopes to have that set tonight.

Mrs. Johnson said our roll back millage rate is the ad valorem rate that we would receive if everything remained the same, however our assessment has gone up so our rolled back rate will go down, our current rate is 4.524 the roll back is 4.3901. Mrs. Johnson said the first page is a summary page of the budget. The General Fund has a deficit. Stormwater is even, Street Fund has a deficit, Water & Sewer Fund has a small deficit, the CATV Fund will be even and Sanitation Fund will have a deficit. Mrs. Johnson said also included on this sheet is the amount of reserves for each fund has, she did say Stormwater is not included but has \$45,000 in reserves and expecting another \$20,000 this year.

Mrs. Johnson has also provided dates as to when all the hearings need to be conducted, she has also provided the dates of the school board and county budget hearings because we can not conduct ours at the same time.

Mrs. Johnson has also provided a history of COLA and merit raises. In this budget there is a slight increase in employee health and life insurance of 6% and 5 % in workers' comp, everything else has stayed right at the same. The summary also provides a table with millage rates using the 95% rule. Mrs. Johnson said the roll back rate is 4.3901, a majority vote would be required for 4.7368 and below, from 5 to 5.2105 would require 2/3 vote, 5.25 and above would require a unanimous vote to pass. She has also listed COLA or merit increases and what it would add to each of the fund's budget. Mrs. Johnson said that she had structured the budget leaving the ad valorem the same.

Comm. Morgan asked Comm. Strong about a meeting he had regarding gas tax. Comm. Strong said there was a public meeting with the public utility director and county administrator regarding gas tax. Comm. Strong said they were informed that they were submitting 70% for the county and 30% for the cities. Comm. Strong said that was met with disapproval, the Okaloosa County League of Cities sent a resolution to the county for a 60%/ 40% split, as it has been. He said it remains to be seen how receptive the county will be to that resolution. Comm. Morgan said then there is a threat of a 10% decrease. Comm. Strong said yes, their budget (county) as it is now is a 70/30 split and a recommendation for a \$.05 gas tax. A brief discussion about the gas tax followed.

Mrs. Johnson said our total revenue has increased slightly. She said in Administration there is an increase in health insurance, payroll tax expense, retirement, life insurance, workers compensation. Mrs. Johnson said the two new items part time to full time employee and automated work order system are in this budget.

Mrs. Johnson said the Library budget includes the increase in retirement, life and health insurance and workers compensation. Also increased in this budget, electrical services, computer other, systems maintenance contracts, housekeeping and equipment lease payments. Mrs. Johnson said also included would be the new item of a part time employee to full time with benefits.

Mrs. Johnson said in the Police budget there is a little less wages. Comm. Morgan asked if this is attributed to Chief Hart's wages, Mayor Arnold said yes. Mrs. Johnson said this budget includes one vehicle purchase that is listed in the main budget and one vehicle is listed under new items, also increased is the dues and memberships, system maintenance agreements. Mrs. Johnson said in addition to the vehicle purchase, other new items requested are a part time to full time with benefits police officer and two network servers.

Mrs. Johnson said the Fire department has increases in small tools and equipment and also vehicle maintenance. Also included are the new items bunker gear, office tables and chairs, rescue saw and jaws of life, also to sandblast and repair stairs build 8' walls.

Mrs. Johnson said on Parks the wages are a little less, one increase in operation and maintenance is in motor fuel and lubricants. Mrs. Johnson said in this budget in parks we have eliminated summer hires, she said that would be if the Commission agreed to the Department of Corrections work squad. The new items for the parks department are part of the work squad cost, the corrections van, and the memorial at Doolittle Park.

Mrs. Johnson said in Shop wages increase that is due to a person retiring, when an employee retires they are allowed up to 240 hours sick and 240 hour vacation leave to be paid to them and we have an employee in the shop department who will be retiring in October. She said all operation and maintenance stayed the same and they have asked for a new wash rack.

Mrs. Johnson said in the Cemetery there is a decrease in wages. In operation and maintenance there is an increase in grave opening and closings, she said she did a four year average and that is about where we stand.

Mrs. Johnson said in Non Departmental we have decreased wages and benefits a little bit, also decreased postage a small amount. We have increased building inspector other and advertising and legals by a small amount. She said the new items in this fund would be the Viva 500 Florida donation and the painting of the inside and outside of city hall. Mrs. Johnson said so the total in wage and operation and maintenance as they are right now is \$2,945,265, a difference of \$121,587. Mrs. Johnson also included an amount with all new items added in that total would be \$3,147,515. Mayor Arnold said one item that doesn't show here is to repair the roof leak in city hall because we do not have an amount for that as of yet, a guess would be \$10,000.

Mrs. Johnson said in Stormwater the revenue stayed the same, the new item of health insurance wage is included. She said in operation and maintenance a few things went up a few down, we have \$25,160 scheduled to go to the reserve fund.

Mrs. Johnson said in Streets Fund, the gas tax she used the number she received from the state for these budget figures. Comm. Strong said to stay with that because we would be fighting to keep that as it has been, might have to change but might not. She said the highway lighting maintenance would be going up a little for next year. She said the wages had gone down a little because we moved some of that to stormwater because an employee who work in streets also works in stormwater. Mrs. Johnson said on the operation and maintenance we have paid off the lease purchase of the street sweeper so it is no longer in the budget. The new items requested would be the Department of Corrections work squad and the van, a flatbed truck, trim mower, 40 hp tractor and a finish mower. Mayor Arnold asked about the flat bed truck amount of \$60,000. Mr. Valandingham said we have two dump trucks now one is not working at all the other is close to not working, this truck has a five cubic yard dump bed and would last anywhere from ten to fifteen years.

Comm. Morgan said on the median beautification even though we will get grant money we are still obligated for the design portion of it. Mrs. Johnson said she thought it would be a wash, Comm. Morgan said unfortunately no we will get an amount to Mrs. Johnson.

Mrs. Johnson said on the Utility Fund Budget there are a lot of ups and downs in this budget probably one of the most significant would be water operating income. Comm. Strong said on the utility and communication budget it had been scrubbed by Mrs. Johnson, Mr. Valandingham, Mr. Bennett and himself. Mrs. Johnson said we did reduce general employee retirement contributions, when we have employees that leave us short of ten years the city does get a portion of that money back. Mr. Valandingham said in the water tank maintenance we have \$90,000 left in that item this year and we will be painting inside and out of tank 3 on Marquette and he received an amount today from one of the quoters for \$50,000 so we should still have \$40,000 left over in that line item to carry forward. Mrs. Johnson said in the utilities wastewater we had a credit for the same reason we had a credit in the utility fund. She said we show a \$100,000 coming into the budget for the regional plant upgrade from a bond. Mrs. Johnson said overall we are short \$9,190 in this fund.

Mrs. Johnson said in Communications Budget we have a lot of increases in revenue and one item went down. She said wages went down. Comm. Strong said this incorporates the retirement of Burt Bennett on 30 November and also includes the amount of money for his leave and we have done a study with Mr. Bennett and his team and think we can do the something in communications that was done in the police department. Mr. Bennett will retire and after six months, with proper advertisement and so forth Mr. Bennett can comeback to work for the city, this budget is built around that concept. Comm. Strong said we only have about 200 phone customers and we are working on some marketing ideas and hope to bring approximately 130 new customers to increase our phone base. Mrs. Johnson said the cable has a balanced budget with money going into cable reserve fund. Mr. Bennett said that he is still trying to firm up with Eric Mitchell about connection from the Stemm school to Lewis school. Comm. Strong said we are ready to move whenever he is.

Mrs. Johnson said in sanitation we have some increases in revenue, it doesn't include changes that we might be making, we have a new item in recycling income. Mrs. Johnson

answering Comm. Morgan's question said that is a projected number. Mr. Valandingham said that is probably a low figure for this year but looking to be more in the future. Mrs. Johnson said in the overall budget you have a positive amount of \$16,900 and the request for new items to include Department of Corrections work squad and van along with 96 gallon carts and rear loader for garbage truck. Mr. Valandingham answering Comm. Strong's question said the \$100,000 is for 2,000 carts, for the entire city, carts are approximately \$48 a piece. Mayor Arnold said with that amount we usually do a lease purchase agreement to spread the cost over four or five years, might be an idea to look into something like that. Comm. Hamilton asked about the mechanism needed for the trucks. Mr. Valandingham said they are currently on two of the three trucks and the money is included to add them to the other. Comm. Morgan asked if we would be keeping the same amount of people in sanitation, Mr. Valandingham said yes the primary benefit of this idea is to reduce the worker compensation claims. He said we want to provide the same service but the manner in which we pick up would change. Comm. Hamilton said down the road we may be able to eliminate one position. Comm. Morgan said he didn't want for us to do that because public works utilizes their work force in all areas. Mr. Valandingham said he does not want to lose anyone just make it easier for the workers to do their jobs. Comm. Hamilton said the goal here was to provide better service. Mr. Valandingham said his goal for the future would be to expand to recycling and by utilizing the same truck and equipment everyone could have the recycling at home.

Mayor Arnold said Mrs. Johnson has done a fantastic job and he would like for the Commissioner's to get with their department heads to determine what is absolutely necessary because we can not afford all of these new proposed items.

Discussion followed regarding tentative millage rate. Mayor Arnold warned that we can not go above our tentative millage amount, we can reduce it but not raise it. Mayor Arnold suggests we go to 5.2, can always go down from there. Comm. Morgan said that would be an additional .7 mills increase. Comm. Hamilton said we are assuming we are not going to stay there. Mayor Arnold said it is difficult to set millage rate now without hard facts, we should not put ourselves in a box. Comm. Strong said we only have two places to go reserves or ad valorem taxes. Comm. Morgan said he felt we should limit ourselves to 5 percent. Comm. Strong said we need \$121,000, which would be more than 4.7 percent just to break even, he feels we need to take that from ad valorem tax and look at the capital improvements from reserve.

A. SET TENTATIVE MILLAGE

COMM. STRONG MADE A MOTION TO SET THE TENTATIVE MILLAGE RATE AT 5.2105 PERCENT. SECONDED BY MAYOR ARNOLD, WHICH PASS BY UNANIMOUS VOTE OF COMMISSION OF 5 TO 0.

B. SCHEDULE BUDGET HEARING

Mayor Arnold said the first budget hearing will be September 10th at 6 PM with the second and final hearing September 23rd at 6PM.

2. ETC.

Comm. Strong read the county resolution. A resolution of the Okaloosa County League of Cities encouraging an inter-local agreement between Okaloosa County and its cities for the distribution of local option fuel tax revenues for the first six cents upon the basis of a 60% share to Okaloosa County and a 40% share to all its cities. Comm. Strong said it is recommended that all the cities work together on it.

Mayor Arnold also reminded the Commission of the League of Cities dinner this week at 5 PM on July 24th, anyone wanting to attend to let Mrs. Johnson know.

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, Jr.
Chair, VCA

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Budget
Hearing

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Adjourn

ATTEST:

Tammy Johnson, CMC
City Clerk

July 15, 2013

The DVD labeled July 15, 2013 contains the audio and video of this meeting and will be kept as a permanent part of these minutes.