

MINUTES
CITY COMMISSION MEETING
AUGUST 18, 2014

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.
	:	Kay Hamilton
	:	Joe Morgan
	:	Clark (Tom) Browning, IV
City Clerk	:	Tammy Johnson
City Administrator	:	Carl Scott
Police Chief	:	Joe Hart
City Attorney	:	Hayward Dykes
Fire Chief	:	Mark Norris
Public Works Director:		James Valandingham
VBCS General Manger:		James Butler
Library Director	:	David Weatherford

Others in attendance: (Not Inclusive) Amber Elledge (camera), Joe Shearer, Obie O'Brien

Mayor Arnold said there are two possible agendas for this evening, one for a special meeting and budget workshop including for Ordinance No. 656 repeal of charter referendum and budget workshop or the other agenda for budget workshop. Mayor Arnold said if you are familiar with the charter, Article 5 Section 3A states a special meeting may be called by the Mayor or Commissioner at Large at any time or by written request to the Mayor by majority of the Commissioners in the Mayor's absence or his refusal to act the city clerk can call a special meeting of the Commission at such time as requested and foresaid. Mayor Arnold said he had not received a request as of today therefore we will go with a budget workshop only. Our budget workshop meeting was called formerly at last weeks' regular meeting and we will proceed with that. Mayor Arnold said you gentleman who attempted to nullify our charter referendum vote scheduled for August 26th or to prevent the vote entirely owe our Valparaiso citizens a deep apology for striving to disenfranchise them, flagrantly violated the public's trust by these actions, your actions are a prime example of the needed proposed charter amendment. He said with that said we will proceed to our budget workshop. Mayor Arnold asked Mr. Dykes if he had any comment to make. Mr. Dykes said no he was attending the meeting in case the special meeting was going to be held so if not then he would leave as he doesn't need to be present for budget workshop.

Agenda

Comm. Morgan said the special meeting was called by the majority of the Commission and can be added to tonight's agenda. Mr. Dykes said he went back and reviewed the charter it does say the Mayor or Commissioner at Large can call a meeting in time by written request as the Mayor indicated in his absence or refusal to act the clerk can call the meeting. Mr. Dykes said Mayor Arnold said that no one asked him and he didn't refuse. Mayor Arnold said he had received no written request. Comm. Morgan said he understands that but a special meeting itself was already called, Mayor Arnold said no a budget meeting was called not a special meeting.

Mayor Arnold asked Mrs. Johnson to begin the budget review. He said he would like to go over the General Fund and try to get a tentative millage rate then go onto the enterprise funds. Chief Hart asked if he could add something, he has been extremely busy the last week and a half gone over budget didn't know exactly what he would carry forward. Mrs. Johnson said the General Fund carry forward is \$56,800 overall she does not have broken out into each department. Chief Hart said after his review he thinks the carry forward from his department will be \$40,000. Mayor Arnold said we would welcome that. Chief Hart said this is due to the lack of personnel and he has really scrubbed the budget, he thinks there will be \$40,000. Chief Hart said it is almost the cost of his capital expenditures.

Budget
Review

Mayor Arnold said he and Chief Hart had a conference and he was going to recommend this evening that excluding the Chief, that his ten patrolmen receive a \$2,000 raise for a total of \$20,000. He also said to give four dispatchers a \$1,000 raise for a total of \$4,000, he said when you add retirement to that plus the computer it comes up to \$43,260, delete the police car but gives the raises to his people that we were concerned about and leave in the computer upgrade. Comm. Morgan said that is approximately the same amount as carry forward. Mayor Arnold asked that we not talk about the carry forward at this time too much too discuss. Comm. Morgan said we discussed vehicles quite a bit and need to replace them, we don't want to get into a situation where we have raises but problems with the vehicles. Mayor Arnold said he doesn't see that as an issue, if anything just slightly increases the line item for vehicle maintenance. Mayor Arnold said we would still buy one vehicle out of this budget just not two.

Mrs. Johnson said library O & M went down approximately \$10,000. She said police department O & M stayed the same, she said non departmental O & M went up a small amount. She said Fire Department O & M stayed the same. She said Parks had lowered couple of items so that amount went down also. Mrs. Johnson said with the carry forward which was another \$50,000 from what we already had in there, money available for capital and new items at the present tax rate would give us \$35,670, which includes carry over. Mayor Arnold asked if the

carryover included Chief Hart's, Mrs. Johnson said some of his, he had given her an amount last week which she thinks was \$20,000 so part of his \$40,000 is in there. Mrs. Johnson said she got with each of the department heads and asked for a safe amount to carry forward. Comm. Morgan said if she used \$20,000 then now she can add \$20,000 more to it. Mrs. Johnson said that would make it about \$55,000 available.

Mrs. Johnson said next a list of all the capital and new items listed by department, she said some items have changed in amount total General Fund capital items \$94,410. Mayor Arnold said he suggested we cut O & M expenses except salary by 5%, so that would give extra \$50,000. Mrs. Johnson said on O & M \$1,047,130 went back and looked at budget and of that there are certain items we won't be able to reduce by 5% which is about \$400,000. Mayor Arnold said that still gives \$600,000 that we could reduce which would be \$30,000 if we take that and subtract \$38,800 we are short \$8,800. Mayor Arnold said give all employees except Police Department a 2% increase. Mrs. Johnson has number \$17,000 versus \$31,000. Mayor Arnold said need to find another \$25,800 if we raise .13 mills we can make it.

Comm. Strong said we could use mills or take money out of reserve. Mayor Arnold said he prefers not to take from reserves. Comm. Morgan asked how much are we contributing to reserves. Mrs. Johnson said we usually contribute to reserves by department not using all their money and that is what goes into General Fund. Mayor Arnold said we have determined to use that money now and he thinks .13 mills additional tax will get us there or \$25,800 out of reserve that is another option. Comm. Hamilton said we have been diminishing that reserve. Mrs. Johnson said the amount she put in \$58,000 it is conservative. Mayor Arnold has to be honest we got a check for \$60,000 tonight from the lawsuit. Comm. Strong said that solves it. Mayor Arnold said we took \$185,000 out of reserves but returning \$60,000 is pretty poor. Comm. Strong said General Fund reserves are shown as \$785,000, so if we got another \$60,000 it would make it over \$800,000 he thinks that \$765,000 is plenty for reserves. Comm. Strong said he thinks we are ok with using \$60,000 check and not increasing the millage rate. Comm. Hamilton said the \$785,000 in reserve is before the \$60,000, everyone agreed. Comm. Strong said take the \$25,800 from the \$60,000.

Comm. Morgan examined the budget as presented some increases and decreases, library expenses significant increase from in the past, truthfully doesn't have a lot of fat in his budgets, almost same every year trimmed 5% last year. He said he doesn't have any to trim off of Streets, Stormwater is 25% back to reserve, Fire Department is equipment stuff he can't change, maybe look at that but 5% off that when there items that need to have over the years.

Comm. Strong suggests with reserve we have now, use \$60,000 for the \$25,800 needed then place remainder in Streets reserve. Comm. Morgan said he is not asking for that. Mrs. Johnson said the 5% reduction was not for Streets or Stormwater but for Fire Department. Comm. Morgan said might be able to take one item about \$3,000 not 5%. Mayor Arnold said \$30,000 of \$60,000 into General Fund can take care of contingencies. Mayor Arnold said keep millage rate as is or take \$25,800 from reserves or add .13 mills. Comm. Strong doesn't want to add any mills if we can get by without it and it looks like we can. Mayor Arnold said take money out of reserves \$25,800. Comm. Morgan said borrowing any future discussion on wages. Mayor Arnold said the 2% are included.

Comm. Strong said working on the behalf of Comm. Morgan's suggestion he has been working with Mr. Valandingham on how he would use 2% in his budget, if given 2% how would he apply within his workforce. Comm. Morgan said why we need to have this discussion. Comm. Morgan said 1% figure to work with, discussion was keep budget as much as it is now and what raises are truly needed. Comm. Hamilton asked when was 1% or 2% proposed. Comm. Morgan said discussed last time what is needed, Comm. Hamilton said such as merit versus COLA. Comm. Morgan said Chief Hart came up with his raises a variation of that could you get your people to do what they need to for 1% or 2%. Comm. Morgan said work up merit, do merit try not to exceed 1% may turn out to do .5%. Comm. Morgan said 2% blanket or assumption is not correct. Comm. Hamilton said figuring in Police Department if we are figuring 2% for others across the board we can always give less just not go up. Mayor Arnold would like to include 2% raise for all department heads. Comm. Strong said Mayor you are proposing not a merit increase but COLA. Comm. Strong said he and Mr. Valandingham sat down and looked at work force, what they do, what they are paid, how they compare to the market we can within our budget we can handle 1% or 2%, we have looked at job description in according with industry we can live with those. Comm. Strong said same thing with Cable on the structure we have today we can do 1% and be competitive 2% even better. Comm. Morgan would rather not be COLA increase but in the guidance each one of us works within our department, Police Department has come up with theirs and it is significantly more.

Comm. Morgan based upon evidence based research what our guys are working at, so that we are not increasing it if we want to put 2% as our final figure, but 2% blanket COLA is not what we discussed. Comm. Hamilton said you want a 2% afford to the enterprises for enterprises to decide on how it is to be used to make enterprise fall in line with other enterprises pay scale. Mrs. Johnson asked if we are looking at taking the pay scale out of our handbook. Comm. Strong said we have to do within circle of employees that he oversees, he would delegate

Mr. Valandingham the authority to take the money where it is 2% or 1% and allocate that differently in salary. However he said if you look at our pay scale now there is a range in amount for each step, if you start applying 1% or 2% individually with that methodology then we have to do away with the steps, then give supervisors authority which was tried before and it was not successful. Comm. Strong said there's nothing wrong with that and he doesn't have a problem but we would have to do away with pay scale, not have any steps in it. Comm. Morgan said point is last meeting was the first step, we have something done with Police Department now to do something with other departments.

Mayor Arnold said right now it is a COLA of 2% across the board. Comm. Hamilton said right now it is a line item of 2% across the board for the purpose not to make decision tonight figure out the bottom line. Comm. Strong said in departments he oversees everyone would get 2% does not yield how much we need to be competitive in the market place and control that. Comm. Morgan said nor do we have enough money to give COLA increases across the board when federal employees haven't received anything in the past five years. Comm. Hamilton agrees. Mayor Arnold said they are on a much different salary level, they don't live pay check to pay check as some of our employees do. Comm. Strong said federal employees would be getting raises this year. Comm. Morgan said regardless a lot of people aren't getting a raise, that's the economy we are in, not that employees don't deserve it but it should be based on environment and blanket increases do not work. Comm. Morgan said for next budget no pay increase should exceed 2% of what is developed in the department budget for pay. Comm. Hamilton said on line item 2% for the supervisors also going to change the bottom line. Mayor Arnold said specifically no it isn't and not sure what it would be. He said \$28,800 out of reserve take out 29 to accomplish that, keep millage rate the same. Mayor Arnold said everyone should've received county tax assessor paperwork, our proposed millage rate is the old rate. Comm. Morgan said keeping same millage rate and moving forward in steps on the pay tables.

Mrs. Johnson said she has reached out to other cities in Okaloosa County for what their pay rates are, she has received information from three cities as of yet. Comm. Hamilton asked if she was looking at cities of same size, Mrs. Johnson said she reached out to cities in Okaloosa County. Mayor Arnold said that is hard to rationalize this because duties are divided differently. Comm. Morgan said it was moving in the right direction, Comm. Hamilton said like a business does. Comm. Morgan said don't have all the answers this meeting as long as we have caps not to exceed and millage rate stays the same and maintain a competitive work force. Mayor Arnold said we would meet again next Monday with final numbers of proposed budget before 1st hearing which will be September 3rd.

STORMWATER

Mrs. Johnson said revenue exceeds expenses by \$24,560. Comm. Morgan said it is his goal to contribute around \$25,000 this is on target. Comm. Strong said only thing out of the \$24,000 would be raises, Comm. Morgan agrees.

STREETS

Mrs. Johnson revenue versus O & M gives a positive \$19,000 with capital improvements we have a negative \$12,195. She thinks there should be a carry forward of about \$10,000. Comm. Morgan said had to do analysis for Transfield contract documentation and very impressed by how we have maintained overall cost. Comm. Strong said have to be from repairs or traffic signs, Comm. Morgan said that on street repair he doesn't believe he can reduce he feels they need \$50,000, may have money to give back next year but to budget differently right now would be wrong. Comm. Strong suggests take \$60,000 and fund the deficit. Mrs. Johnson said may have money in carry forward. Comm. Strong asked Mr. Valandingham if he would talk about the working with FEMA. Mr. Valandingham said he has been working with FEMA in regards to the storms and damage that we had from said storms. He said he doesn't have the exact figures. He said in working with the FEMA representative we will be getting back great deal of money for labor expense, all the mitigation we did, sanitary sewer over flows, run off that labor is coming back in addition to equipment cost, it will be in the tens of thousands. Mr. Valandingham said money back for pump repair on Nordberg, other pumps and two lift stations, much better off. Comm. Strong said we will have another source that will come into our budgets when this comes in. Mayor Arnold shouldn't worry about \$12,000 right now. Mrs. Johnson asked if the money would be for Streets. Mr. Valandingham said it would be Streets, Stormwater, majority of it would be Utilities, if memory serves correctly approximately \$8,000 to \$10,000 for Streets. He will research and get firm numbers back to the Commission. Mr. Valandingham said the FEMA representative is putting the initial turn in to get money back from projects that have been closed, where we simply did labor. He said we will have some money in real soon will do his best to keep Commission updated. Comm. Strong asked Mr. Valandingham so with the money due to come in should wipe out the \$12,195 deficit in Streets, Mr. Valandingham agreed. Mayor Arnold said we will leave that alone.

UTILITIES

Mrs. Johnson said the carry forward of \$70,000 and with revenues and expenses we have a positive \$7,740. Comm. Strong said 2% raise is \$4,980 so we are ok. Mayor Arnold said to leave alone.

Storm-
water

Streets

Utilities

Communi-
cations

COMMUNICATIONS

Mrs. Johnson said we just did some rate changes. Comm. Strong said we have a cable reserve of \$39,875 we will take raises out of the cable reserve. Comm. Hamilton asked about the pole attachment reserve, Mrs. Johnson said the cable reserve is \$318,000. Comm. Hamilton asked we just put the pole attachment reserve in with regular reserve, Comm. Strong and Mayor Arnold answered yes.

Sanitation

SANITATION

Mrs. Johnson said carry forward of \$25,000 with revenue and expenses the fund is a positive \$12,530. Mayor Arnold said raises could be taken out of that.

Mayor Arnold said another revised budget will be prepared for Monday's meeting, the 25th August at 6 PM. Comm. Morgan said working to reduce in all our departments.

Adjourn

ADJOURN

With there being no further business before the Commission, meeting adjourned approximately at 6:45PM.

John B. Arnold, Jr.
Mayor

Heyward H. Strong, Jr.
Chair, VCA

ATTEST:

Tammy Johnson, CMC
City Clerk

August 18, 2014

The DVD labeled August 18, 2014 contains the audio and video of this meeting and will be kept as a permanent part of these minutes.