

MINUTES
CITY COMMISSION MEETING

July 21, 2014

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 : Heyward H. Strong, Jr.
: Kay Hamilton
: Joe Morgan
: Clark (Tom) Browning, IV (late arrival)
City Clerk : Tammy Johnson
Police Chief : Joe Hart
Fire Chief : Mark Norris
Public Works Director: James Valandingham
Library Director : David Weatherford
Comm. Director : James Butler

Others in attendance: (Not Inclusive) Mike Matthews (camera), Richard Byrd (Bay Beacon), Clark Browning V

Dept of
Correc-
tions

1. CONTRACT RENEWAL DEPARTMENT OF CORRECTIONS

Mayor Arnold said first tonight we will be discussing the renewal of the Department of Corrections. He said after which we will go into a hearing on the budget, temporarily recess go into a budget workshop then reconvene and adopt a tentative millage rate.

Mayor Arnold read from a letter to Mr. Valandingham from the Department of Corrections in regards to WS899 contract with the City of Valparaiso, will expire on January 6, 2015.

Mr. Valandingham said this simply represented the first year contract renewal, with last year being the first year the city has used the DOC. He said we don't have any of the startup cost that we did last year so this will represent a slight reduction in Sanitation, Streets and Parks. Mayor Arnold asked if he recommended renewal. Mr. Valandingham said yes sir he did. **COMM. STRONG MADE A MOTION TO SIGN THE RENEWAL CONTRACT BETWEEN THE CITY AND THE DEPARTMENT OF CORRECTIONS. COMM. MORGAN SECONDED THE MOTION WHICH PASSED BY UNANIMOUS VOTE OF THE COMMISSION 4 TO 0.**

Comm. Browning arrived to the meeting. Mayor Arnold called a temporary recess to go into a budget workshop.

Budget

2. BUDGET WORKSHOP

a. Public Hearings Scheduled

Schedule
Public
Hearings

Mayor Arnold said we will need to select a date for our first budget hearing. Mayor Arnold said we have to have two hearings. Mrs. Johnson said one must be scheduled before August 4th. After a brief discussion the Commission will meet September 3rd at 6 PM and then have the second meeting on September 18th at 6 PM.

b. Workshop

Workshop

Mrs. Johnson said on the first page of the budget is a summary list of all things in the budget, revenue, O & M expenditures, capital items, and each funds differences. She said the second table is a list of the reserve fund balances. Mrs. Johnson said in accordance with our new Fraud Prevention and & Detection Policy we have to have three months' worth of operating reserves to cover General Fund activities. She said with this budget as it is right now it would need to be \$830,000 including Streets and Stormwater for reoccurring expenses. Mrs. Johnson said on page 2 is a time table stating when we need to have the hearings accomplished. Also a brief history of COLA and merit raises from fiscal year 2008 to fiscal year 2014. She said this draft budget is with an ad valorem rate of 5.261% we are currently at 4.524%. Mrs. Johnson said this budget includes 9% increase in employee health care insurance, 6.5% increase in workers comp, everything else either stayed the same or went down a small amount. She said also included is a \$75,000 3 year loan to the Utility Fund from General Fund. Mrs. Johnson said in this budget is a \$2 increase per month in waste water rates, \$1.30 of which pays back the 3 year General Fund loan, .70 cents to repair whatever is discovered from our smoke tests which are currently underway. She said in Communications there is a restructure of lineups and rate changes, Mr. Butler can go into more detail if the Commission wishes. She said also the internet will have increased speeds and some rate changes. Mrs. Johnson said we still have to determine final ad valorem rate, COLA if any and merit if so desired. Mrs. Johnson said the next page shows an illustration of millage rate from 3 to 7. Comm. Morgan asked if the millage rate of 5.261 would require a unanimous vote of the Commission, Mrs. Johnson said yes everyone would have to be there. Mrs. Johnson said the next page shows illustrations of COLA increases and step increases what it would cost from 1.5% up to 6% for each fund.

GENERAL FUND

There are a couple fund carry forwards for Christmas decorations and painting city hall and from reserve to Utility Fund \$75,000 loan at 2.5% over 3 years. Ad valorem tax rate of 5.261%.

A new revenue item loan repayment of \$26,000, Mrs. Johnson said total revenue is \$3,077,830 and when you add in the carry forward it is \$3,159,630.

ADMINISTRATION

Mrs. Johnson the wages in Administration are over budget. Mayor Arnold asked why. Mrs. Johnson said the Commission voted to give someone in Administration a raise after the budget was voted on. Comm. Hamilton asked how much the raise was. Mrs. Johnson said she believed it was \$2,000 but when you raise the wages it also raises the taxes, and retirement goes up a little. She said health insurance would be the big one this year 9%. Comm. Hamilton said that is a significant increase, Comm. Strong said the final number won't be out until September but we have to live with what is projected at this time, hopefully lower but could be higher. Mrs. Johnson said we had a small decrease in O & M, .89%, a couple of items went down. Mrs. Johnson said no capital items in administration.

LIBRARY

Mrs. Johnson said in the library we have a few changes. She said O & M increase about 17%, one new capital item for part time employee with wages and benefits that would be about \$15,000.

Comm. Morgan asked why the need for a part time person. Mr. Weatherford said what he has realized is in the past year when we put Mr. Shipley in charge of the city's computers, Mrs. Johnson asked what computers he was speaking of, Mr. Weatherford said the city website, he said Mr. Shipley is spending about 30% of his time for different departments and Mr. Weatherford needs extra help in the library. He said he couldn't even take a vacation because there are not enough people to cover the library, plus he is losing his library service director and looking for a new person to fill that position. He said he had about 10 applications for that position. Mr. Weatherford said he is trying to get work load more balanced for his department. Mr. Weatherford said they have increased checkouts from 30,000 the year the library was remodeled to 70,000 this year, he said in programs they have approximately 10,000 this year an increase from 8,000 last year, they have a lot going on. He said he needs someone to work about 20 hours a week. He said Mr. Adam Thomas is part time and worked up to 38 hours a week and then Obamacare came in and restricted the hours of part time employees back to 29 hours. Comm. Morgan said part of the solution could be to distribute Mr. Shipley's hours more correctly, if 30% of time for administration then those hours should be charged correctly. Mrs. Johnson said she would like to know what he was doing for 30% because that wasn't just for her department. Mr. Weatherford said he is working on the city website, he gets stuff from everyone. Comm. Morgan said that was a good point then that allows accountability to Mrs. Johnson for hours he is spending on the website, the hours should go to whatever department he is helping. Mr. Weatherford said Mr. Shipley feels like he is working about 12 hours a week for the city. Comm. Strong asked if that would continue through next year. Mr. Weatherford said yes unless we lose him. Comm. Morgan said that allows for us to see what inefficiency is in reporting hours and what we task for him to do. Mrs. Johnson said she calculated a part time person at 29 hours, Mr. Weatherford said she could change that to 25 hours. He said that he is going to tweak the budget such as a photo copy machine that is on a lease that is coming to an end, if we end that there would be some more money for a part time employee. Comm. Strong said in his travels, even outside of the city, he has had people say some really nice things about our library. Mr. Weatherford said he is happy with the library's progress and the better we do the more funding we will receive from the county and the state, we are number four in the county in circulation.

POLICE DEPARTMENT

Mrs. Johnson said on to the Police Department wages and benefits are a little lower than last year people have retired and replacements have been hired in for less. Comm. Morgan said we discussed a loss in work force due to wages and no increases given in the last few years. Chief Hart said there weren't any raises included in this budget. Mrs. Johnson said she believes what Chief asked for is 4% across the board for all departments. Comm. Morgan said he didn't hear that. Comm. Browning said Chief Hart asked if an increase for all departments.

Mrs. Johnson said there is an O & M decrease of about 2% and the capital items are a new patrol vehicle, she said one is always in the budget but this year Chief is asking for an additional patrol car for a total of 2 and also a computer upgrade. Comm. Hamilton said it is about time for a computer upgrade. Comm. Browning agreed. Comm. Morgan asked if this upgrade is the same one that Capt. Bruckelmeyer had asked for last year. Chief Hart said this would take care of all the obsolete work stations, upgrade the hardware and software for operating system, he said next year he would be asking for software upgrade to be used to do police business with, what they are using now is called legacy and it was soon to be obsolete.

FIRE DEPARTMENT

Mrs. Johnson said the fire department has a slight increase in wages and benefits, O & M has decreased by 4.36%, and capital items requested would be additional bunker gear, more than is in the present budget and fire hose and nozzle replacements. Comm. Morgan said the number of people wanting to join the fire department has increased so they need the extra gear to outfit members, he said 8 out of 10 hoses in reserve are damaged and need to be replaced. He said

NFPA standards are changing so we need to be upgrading hoses whenever possible, the damage hoses need replacing and we need to have proper amount in reserve.

PARKS DEPARTMENT

Mrs. Johnson said there was a significant increase in wages that is due to Mr. Valandingham making sure he is paying the employees out of the correct department, another department will show a reduction. She said O & M has decreased about 8 ½%. Mrs. Johnson said capital items include repair of the T pier \$15,000, security lighting T J Brooks park \$15,000 and Doolittle Park \$20,000. Mr. Valandingham said we would have a more firm number on the lighting from Ms. Ely with Gulf Power by tomorrow. Mayor Arnold asked about T pier repair? Mr. Valandingham said structural repairs at the beginning of pier the support beams at the front are giving way. He said the work squad could do the front on shore work but that they cannot go into the water, the park staff will have to complete the work.

SHOP DEPARTMENT

Mrs. Johnson said in shop the wages have been reduced quite a bit and O & M increase .5%. Only one capital item a bulk oil container for \$2,000.

CEMETERY DEPARTMENT

Mrs. Johnson said cemetery wages have been reduced a small amount. She said increase in O & M less is 4% which is less than \$1,000. Mr. Valandingham said the increase of \$1,000 was for open and closing that is directly related to what we receive. Mayor Arnold said it was basically a wash. Mrs. Johnson said there are no capital items.

NON-DEPARTMENTAL

Mrs. Johnson said there will be a decrease in non-departmental wages, we will no longer be paying for a building official as of October, which is why the wages will be down. She said there will be an increase from \$2,000 to \$5,000 in billing and mail service, but the freight postage has been reduced \$3,000 basically putting the money in a more accurate place. She said travel per diem has been increased. Comm. Morgan asked why the decrease in wages. Mrs. Johnson said we have a building official right now Barry Henderson but as of October 1st we won't need one. Mayor Arnold said Mr. Scott will be the building official. She said the carry forward of \$5,000 is there as is the loan to the utility fund \$75,000.

Mrs. Johnson said total General Fund revenue is \$3,159,630 and total General Fund O & M is \$3,034,645 for a difference of \$124,985. She said that doesn't include the capital items, total capital would be \$124,985.

STORMWATER

Mrs. Johnson said stormwater revenue minus expenses there is a positive to go to reserve of \$24,560. An additional line item we have added Reserve MS4 permit fee reserve, she said every four to five years we have an increase permit fee that we have to pay in the fifth year.

STREETS

Mrs. Johnson said there is a slight decrease in revenue. Comm. Strong asked if the local option gas tax was included, Mrs. Johnson said yes. She said wages and benefits were less, an employee did not need our health insurance. Mrs. Johnson said the capital item requested is a 40hp tractor for \$32,000, which gives you a negative balance of \$12,195.

UTILITY FUND

Mrs. Johnson said carry forward of \$65,000 and the loan from General Fund for \$75,000 and there is a decrease in revenue. She said wages increase also in waste water due to new employee being hired half to come from each department, she said part of the \$65,000 carry forward will be used to pay wages for the new person.

Mrs. Johnson said there is a rather large increase to the regional plant due to the purchase of a press. Comm. Strong said the regional plant chose to pay for it in one year. Comm. Strong said Mrs. Johnson suggested we borrow money from General Fund at 2.5% that made good sense, pay over three years once paid we can drop the rate back down from the additional \$1.30, if we have another rate increase we will have to ask, in three years that amount should go away. Comm. Hamilton said temporary rate increase, Comm. Strong said yes.

Comm. Hamilton asked about the bad debt line item. Mrs. Johnson said that is money we are assuming we won't receive back from unpaid bills. Comm. Hamilton said maybe we should look at a higher security deposit. Mrs. Johnson said bad debts do get sent to collections.

COMMUNICATION FUND

Mrs. Johnson said we will be seeing a restructure in the channel lineup and different packages for purchase and internet rate increase but also increase in speed. Comm. Strong said increase about a dollar speed up thru 12 Mbs offered but if someone needs more speed they could talk to us. Mr. Butler said we would be able to offer up to 25 Mbs, increase up to 25 Mbs, 12 Mbs raise to 16 Mbs, 1.5 Mbs up to 2 Mbs and 4 Mbs to 8 Mbs, also have additional packages. Comm. Strong said we had hoped to grow the telephone business but haven't. Mr. Butler said it is because a lot of people now only have cell phones, no more land lines in homes. Comm. Strong said growth will come from internet, internet related material and security. Comm. Hamilton asked if there is a lot of attrition on cable TV, Mr. Butler said yes but for those we lose on television we are increasing on internet. Comm. Hamilton said she has had lots of complaints on that because if person goes to a different cable service we charge them extra on

the internet because of not having television and we have a monopoly on internet. Mr. Butler said we have the non-cable subscriber fees, in research that he has done Cox prices are still more for the same or similar, we are still less. Mr. Butler said we are still cheaper. Comm. Hamilton said some people don't agree with that she has had many complaints, feeling punitive charges feel it's a monopoly because there is no other successful internet in the area, CenturyLink is not able to carry service in certain areas. Mr. Butler said with Dish satellite internet is an option may not be better but an option. Comm. Hamilton said it was something to consider we are making it almost punitive to charge extra money because a customer doesn't have cable, Mr. Butler said we are not the only ones who do that, in the industry that is a standard charge. Comm. Hamilton asked why people are electing to not have the cable. Mr. Butler said he believes it is because people are watching television online, through Hulu, Netflix and so on. He said we are going to launch a TV anywhere type plan where as long as you have basic and internet you can get the HBO Go or other related products. Mrs. Johnson said the increase in wages and benefits is because we were thinking an employee wouldn't be taking our insurance but that didn't happen. She said no new capital items were being requested, the budget is balanced with money being placed in reserve.

SANITATION FUND

Mrs. Johnson said Sanitation Fund rates all the same, wages are a little less due to employees being moved around in departments. Comm. Hamilton asked if we are able to get any better workers comp rates now that there isn't as much lifting involved, lower the risk might help lower the rate. Mrs. Johnson said she didn't know but would look into this.

Mayor Arnold asked about the fork lift requested in capital items. Mr. Valandingham said used mostly for lifting large bundles of recycled material and going on to truck to bring in revenue for the city. Mrs. Johnson said the capital items requested are recycled trailer, 2 cart tippers and fork lift.

Mayor Arnold said he would like to thank Mrs. Johnson for all of her hard work. He said this is the first opportunity to see everything come together. He proposed August 4th at 6PM for the next meeting, being as Comm. Hamilton will be out of town for the next week. Mayor Arnold said this concludes the budget workshop, reconvene the special meeting for proposed millage rate.

**Proposed
Millage**

c. Proposed Millage

MAYOR ARNOLD MADE A MOTION TO ADOPT 5.261% MILLAGE RATE FOR THE BUDGET, he said we won't go any higher and hopefully will be able to reduce the rate. COMM. MORGAN SECONDED THE MOTION WHICH PASSED BY UNANIMOUS VOTE OF THE COMMISSION 5 to 0.

ADJOURN

Adjourn

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

John B. Arnold, Jr.
Mayor

Heyward H. Strong, Jr.
Chair, VCA

ATTEST:

Tammy Johnson, CMC

July 21, 2014

The DVD labeled July 21, 2014 contains the audio and video of this meeting and will be kept as a permanent part of these minutes.