

# **CITY COMMISSION WORKSHOP**

## **FY 2010-11 Proposed Budget**

Senior Center Ballroom  
July 19, 2010 5:30 p.m.

### **I. Call to Order**

Mayor Fred Costello called the meeting to order at 5:37 p.m.

Present were Mayor Fred Costello, Commissioners Lori Gillooly, Troy Kent, Ed Kelley, and Bill Partington, City Attorney Randy Hayes, City Manager Joyce Shanahan, Assistant City Manager Ted MacLeod, Finance Director Kelly McGuire, and Accounting Manager Dan Stauffer.

### **II. Discussion of FY 2010-11 Tax Rate and Budget**

Mayor Fred Costello stated that he was excited to have citizens, media, staff, and the Budget Advisory Board in attendance. He noted that the BAB would be meeting next Wednesday to discuss their recommendations to the City Commission.

Ms. Joyce Shanahan, City Manager, stated that staff followed the Commission's direction from the Financial Trends workshop in that the proposed budget did not contain a tax increase or a tax rate increase. She stated that firefighter positions were reduced, and staff worked very hard to maintain the same level of service but would need guidance and direction moving forward.

#### **a. Overview**

Ms. Kelly McGuire, Finance Director, stated the total net budget was \$64.9 million, which was a reduction of \$20.1 million or 23.68%. She stated a large portion of the reduction involved capital projects and there was the Wastewater Treatment Plant in the current year's budget. She stated that she would come back with a budget amendment at the end of the year for the capital projects.

Ms. McGuire stated the General Fund proposed budget was \$25.3 million, which was a reduction of \$1.3 million or 4.74%. She stated that there had been an increase in the non-property tax revenue of about \$210,000 with about \$100,000 from sales tax. She stated staff was looking at the reduction of six full-time, one temporary, and two part-time positions. She stated the savings would be \$300,000 in the

General Fund and \$32,000 in the Water/Wastewater Fund. She stated there would be a reduction of \$260,000 in the Vehicle Replacement Fund as there was already funding set aside for the next four years. She stated the vacancy savings assumption would be increased to 99% for additional savings.

Ms. McGuire noted that the city has had a reduction of 55 full-time and eight part-time positions over the last four years, which reduced the General Fund by \$5 million. She stated the proposed budget included the use of \$506,000 from the revenue stabilization fund.

Ms. McGuire stated that the proposed budget did not include additional dollars for wage increases or health care costs or a Solid Waste rate increase. She stated it did include a Leisure Services annual fee adjustment of 3% and a Water/Wastewater rate increase of 2.5% for the two-inch water main replacement program.

Ms. Shanahan noted that the general employees and police union contracts expired September 30, which would be discussed by the Commission in future shade meetings.

Ms. McGuire stated that the impact to a homeowner with a \$125,000 home with a \$50,000 exemption would be an annual increase of about \$13.00 in property taxes and \$15.00 in their utility bill.

**b. Property Taxes**

Ms. McGuire stated that the proposed tax rate (3.8096) was 11.31% below the rolled back rate and equal to the current total tax rate. She noted that the rolled back rate would be 4.1193 mills. She stated the General operating dollars would decrease by \$1,128,604 (-11.3%), the Tax Increment Financing (TIF) fund would decrease by \$78,128 (21.0%) with 2002 Debt Service increasing by \$4,455 (1.6%) and 2003 Debt Service increasing by \$3,994 (3.6%) for a total decrease in property tax revenue of \$1,198,283 (-11.1%).

Commissioner Ed Kelley stated he was concerned about cutting renewal and replacement funds and neglecting the facilities as had been done in prior years; whereby, Ms. Shanahan stated that it was staff's intent to fund at a higher level as property taxes grew in the future.

Commissioner Kelley stated that the citizens pointed out at the Town Hall meetings that they did not want services cut and wanted the

facilities maintained. He stated that it should be pointed out that they were reducing some of the funding for the facilities and transportation projects.

Mayor Costello suggested when property values increased that the revenue be used to rebuild the renewal/replacement and transportation funds. Ms. McGuire stated that long-term some of these things would have to be added back in.

**c. General Fund/Property Tax Support Funds**

Revenues

Ms. McGuire stated that property tax revenue had decreased \$1,469,222, intergovernmental revenue increased \$148,988, charges for services decreased \$54,200, fine and forfeitures decreased \$25,000, and miscellaneous revenues had decreased \$18,512. She stated that transfers to other funds had decreased by \$679,735 and they would be using revenue stabilization reserves of \$838,562. She stated the total decrease in revenues was about \$1.2 million.

Expenditures

Commissioner Kelley noted that about 40% of the total tax revenue went to fund pension costs.

Ms. McGuire stated that wages decreased by \$414,608 and benefits increased \$486,847, operating expenses/contributions decreased by \$808,219, and transfers decreased by \$523,144.

Proposed Budgetary Reductions

Ms. McGuire stated that there would be five full-time, two part-time and one temporary position reductions (\$300,000), a reduction in vehicle replacement funding (\$260,000), a capital improvement allocation (\$300,000), which would be used for the first debt service payment should the city buy the beachfront property, and an additional 2% vacancy savings (\$370,000).

**d. Water & Wastewater Fund**

Ms. McGuire stated there was a reduction in revenue of \$448,194 because of vacant homes and conservation by residents. She stated that a 2.5% rate increase in Water/Wastewater rates was proposed primarily attributed to the addition of the two-inch water main program (\$350,000).

Commissioner Troy Kent stated he favored moving the two-inch water main program along at a faster pace. Mr. John Noble, Acting City Engineer, stated that the total project would cost about \$11 million.

Commissioner Lori Gillooly suggested when property values increased that some of the revenue be used for this project.

Ms. McGuire stated that one position would be eliminated (\$32,000), but personnel costs were increasing as a result of pension costs.

**e. Other Funds**

Ms. McGuire stated staff was not proposing a rate increase in the Solid Waste Fund, but there was a decrease in charges for service and miscellaneous revenue, as well as expenditures of \$455,000 for two capital projects (street sweeper and transfer station replacement).

Commission Consensus

- Proposed tax rate: consensus of 3.8096.

Mayor Costello commented that the homeowner who has benefited enough from the Save Our Homes 3% annual cap on taxable value assessment increases and thus still has a lower taxable value than market value would receive up to a 2.7% increase in their property taxes due to the recapture aspect of the Save Our Homes amendment requiring that the taxable value increase by the lower of CPI (2.7% this year) or 3% up to the point that the taxable value equals the market value of the homesteaded property increased property assessments, and personnel costs were increasing because of pension costs.

- Overall budget plan: consensus

Mayor Costello suggested using the School Board reserve (\$250,000) and Fund Balance to pave the Hull Road entrance and parking lot at the Airport Sports Complex. After Commission discussion, it was decided to fund the paving using half from the School Board reserve and half from Fund Balance. ; whereby, Mr. Rick Boehm, Chairman of the Leisure Services Advisory Board (LSAB), advised that this was not a priority of the LSAB for use of the School Board reserve as it would not benefit the Seabreeze fields. He stated that the baseball association would be bringing a public/private proposal before them to move the T-ball fields and pave an adjacent parking lot which he believed would be a greater

benefit to Seabreeze. He stated that he supported paving the Hull Road entrance and parking lot as it was in the master plan, but he did not support using the School Board reserve.

After much discussion by the Commission, Mayor Costello stated it was their consensus to wait for the Leisure Services Advisory Board's recommendation on this issue.

Commissioner Gillooly stated that she had two issues: 1) job development/economic development, and 2) code enforcement. Mayor Costello suggested having discussion on sign regulations and code enforcement at the same time; whereby, Ms. Shanahan advised that there would be a future workshop regarding proactive vs. reactive code enforcement.

- Rate increases: Leisure Services fee adjustment of 3% -consensus.  
Water/Wastewater increase of 2.5%-consensus.

### **III. Close the Meeting**

The meeting was adjourned at 6:52 p.m.

Transcribed by: Lois Towey