

**AGENDA MINUTES  
CITY COUNCIL  
BUDGET WORKSHOP  
CITY OF ARCADIA  
TUESDAY, AUGUST 9, 2016  
5:00 P.M.**

*The following minutes reflect action items of the City Council of the City of Arcadia. For a verbatim copy of the minutes, you may contact City Administration to obtain a copy of the recorded meeting.*

**INVOCATION, PLEDGE CALL TO ORDER AND ROLL CALL**

Pastor Thomas Simmons gave the invocation which was followed by the pledge of allegiance. The Mayor called the meeting to order at approximately 5:00 p.m. and the following members and staff were present:

**Arcadia City Council**

Mayor Susan Coker  
Deputy Mayor Frierson  
Councilmember S. Delshay Turner

Councilmember Joseph E. Fink  
Councilmember Judy Wertz-Strickland

**Arcadia City Staff**

City Administrator Terry Stewart  
Finance Director Beth Carsten  
Fiscal Assistant Amanda Albritton-Horkey  
City Clerk Penny Delaney  
Marshal Matt Anderson

Golf Course Director Michael Kotzker  
Human Resource Manager Linda Lowe  
Public Works Director Steve Underwood  
Utilities Director A.J. Berndt

City Administrator Terry Stewart thanked the City Council for the opportunity to present the draft budget for their review and consideration. He advised the budget was balanced and while there was an increase in the budget, there was no increase in the recommended millage rate. He further advised there were increases in projected revenues from both the State and, even though the City was currently at the roll back rate, there was only approximately One Thousand and 00/100 Dollars (\$1,000.00) difference between the roll back rate and the current millage rate. He stated the City was fortunate to be able to pick up additional revenue in ad valorem property taxes and projected revenues due to a reduction in assessed values. He advised there were also additional revenues from several State shared revenues. Mr. Stewart advised that the communication service tax went down and he informed Council of adjustments that had been made regarding where some of the expenses were allocated. He stated that the presentation would not be excruciatingly detailed, but instead would present an overview and point out the main elements of each section of the budget. He added that if Council wanted more detail, staff would be more than happy to provide such and answer any questions they may have along the way. Mr. Stewart informed Council that both in the draft budget and the final budget, footnotes

would indicate where changes were made and how various expenses were accounted for. He then turned the presentation over to Finance Director Beth Carsten.

Finance Director Carsten introduced her assistant, Amanda Albritton-Horkey, and began the presentation. Regarding the summary, she pointed out the increase in the general fund compared to last year's general fund and stated it had gone from Four Million Eight Hundred Thirty-Six Thousand Nine Hundred Twenty-Four and 00/100 Dollars (\$4,836,924.00) to Five Million One Hundred Fifty Eight Thousand Nine Hundred Five and 00/100 Dollars (\$5,158,905.00) with a difference of approximately Three Hundred Twenty-One Thousand and 00/100 Dollars (\$321,000.00). She explained that in the general fund, they were contemplating one (1) full-time and four (4) part-time positions which totaled three (3) full-time equivalent positions with additional on-call streets and parks positions. She stated that the Three Hundred Twenty-One Thousand and 00/100 Dollars (\$321,000.00) was a six point six five percent (6.65%) increase over last year and it breaks down to forty-two percent (42%) in salaries, forty-eight percent (48%) in capital improvements and ten percent (10%) in operating expenses. Ms. Carsten pointed out that the total general revenues match the total general funds.

Ms. Carsten advised that one thing used to balance was the surtax funds and that Five Hundred Ninety-One Thousand and 00/100 Dollars (\$591,000.00) and been received from those funds and said funds were unrestricted. She further advised that Three Hundred Thousand and 00/100 Dollars (\$300,000.00) of it was contemplated to balance the general funds and the remainder would stay in and continue to go toward fund balance for Fund 107 which currently has 1.4 million and 00/100 Dollars (\$1,400,000.00) in it. Deputy Mayor Frierson asked where the three (3) part-time positions were and Ms. Carsten advised that one (1) was in administration to assist the City Clerk in organizing records, another one (1) was in administration for code enforcement, one was a position in the cemetery to help with the mowing and upkeep and then a full-time position in the police department for road patrol.

Finance Director Carsten advised the state revenues had gone up from Two Hundred Sixty-Nine Thousand and 00/100 Dollars (\$269,000.00) to Two Hundred Eighty-One Thousand and 00/100 Dollars (\$281,000.00) and the City does not have to get estimations on those as they are received from the State. She explained the franchise electricity tax is based on an estimation from FPL and also based on actual increases that the City has had over the years. At this time, City Administrator Stewart pointed out a typographical error on the proposed budget and advised the shaded area titled as "YTD Used" should have been "YTD Received". Regarding the FPL issue, he explained that in the past, the figures were just replicated from what had been done in the previous year, but now they are looking at actuals of what was actually received, the actuals from previous years and the projections from company. He advised that while the amount was more, he felt they had been reasonably conservative about how it was approached. Ms. Carsten advised the rest of the utility taxes were the same and the water utility tax was based on actuals as well. She pointed out that over the years the same figure had been carried over and after looking into it, she increased the amount due to the City's increases. She also pointed out that the gas tax had historically gone down the last few years. Ms. Carsten advised the communications service tax had dropped considerably last year and it was a little less than last year. Referring back to the fuel tax, Councilmember Fink stated he believed it was a negotiable

item and that the City's is based on population. He further stated that considering the number of service stations within the corporate limits, he felt the City should be getting a larger percentage than what is being given. City Administrator Stewart advised that he would pursue it.

Finance Director Carsten then referred to the federal grants and advised that most of those were regarding the Police Department and she briefly reviewed the grants received. City Administrator Stewart advised there were grants that staff would be applying for and further advised he had spoken with the grant writer regarding the next CDBG grant that would be sought.

Regarding the state shared revenues, Ms. Carsten pointed out that it had gone from Six Hundred Forty-One Thousand Three Hundred Eighty-Two and 00/100 Dollars (\$641,382.00) last year to Seven Hundred Two Thousand and 00/100 Dollars (\$702,000.00). She stated that several of the items had gone up significantly and reminded Council that these were State revenues received. She referenced the FDOT lighting maintenance and traffic light maintenance and stated that she and Mr. Stewart had discussed last year making this its own fund basically where the money will stay within it because it is money received from the state to maintain traffic lights and signals for FDOT. She explained that at the end of the year instead of rolling it into the general fund balance, it will roll into that line item and it can be used for reserve for repairs or whatever may come down the road.

Ms. Carsten pointed out that Marshal Anderson was able to obtain another One Thousand and 00/100 Dollars (\$1,000.00) from the School Board for the school crossing guard so that was added to the Eighteen Thousand and 00/100 Dollar (\$18,000.00) grant fund from the school board.

Finance Director Carsten advised that the total general fund revenues were Five Million One Hundred Fifty-Eight Thousand Nine Hundred Five and 00/100 Dollars (\$5,158,905.00) which is the same number as is listed for the general fund expenditures. She then referred back to the charge backs and stated that they were able to take cost allocations from different departments and charge it back through the enterprise fund to reimburse for things such as payroll, purchasing, airport work, etc. Mr. Stewart stated that in order to make sure the value of the services being provided to those enterprise funds is recouped; they are charged a formulated amount that is then paid to the general fund to offset the costs of that portion of which they are responsible. He advised it had been done in the past, but the formula of doing it had been cleaned up some.

Regarding the legislative expenditures, Ms. Carsten stated that the bottom line had changed substantially because the line item titled "other contractual" was Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) and only Fifteen Thousand and 00/100 Dollars (\$15,000.00) was needed and was placed in administration. She advised items such as funds for traveling, classes and registrations were increased due to use throughout the year. Mayor Coker pointed out that FLC dues were listed twice under line item 30541 and asked if one should have been FLM and Ms. Carsten advised that it should be. Mayor Coker also asked about the shirts that were listed under uniforms and Mr. Stewart advised that a Councilmember had requested shirts.

Deputy Mayor Frierson asked if she was comfortable with the insurance and Ms. Carsten stated they had received a hard number on the health insurance and it only increased four point twenty-five percent (4.25%). She reminded Council that last year it had come in at forty-four percent (44%) which was finally brought down to seven percent (7%). She advised she was still waiting on the final, but last year the City had signed a contract for two (2) years of renewal and it will only increase regarding changes the City has made. She also advised that workman's compensation had gone down a little bit. City Administrator Stewart recognized the work done by the Human Resource Manager who monitors it very closely and advised Council of the employee based safety committee that had been created. He stated that the fact that it had gone down was the result of a proactive stance on the City's part.

Regarding the retirees fund, Ms. Carsten advised this was the payment of health insurance for individuals who had retired and met the requirements of being employed before 2006. She stated there was an increase, but the numbers were hard. She explained that the retirees are required to meet the same requirements of our employees in that if they choose a higher plan than what we have, we only pay the break point (the 95%) and advised it will be followed. Mr. Stewart informed Council that it had been discovered that the City had been paying one hundred percent (100%) on some of the retirees and he stated that were also ensuring that when someone hits social security age that they go on social security as a primary which will also help keep the costs down.

Ms. Carsten explained that in the past, positions were split up among different departments, but now one hundred percent (100%) of a position goes into a department and then it is spread out among the different enterprise departments as needed thereby explaining why the departments may appear heavier. She advised of the new temporary part-time position for the City Clerk to assist with organizing the City records and she informed Council there were also people opting into retirement which changed the figures. Ms. Carsten pointed out areas that increased due to human resources performing screenings and employee physicals that are required. Other areas she pointed out pertained to education and new furniture for several of the administration offices which were much needed.

Councilmember Fink asked if the City offers an incentive to continue education. Ms. Carsten advised that at this time, it is not offered, but they are in the process of coming up with some something and have discussed extensively the importance of it. City Administrator Stewart advised there was no official policy, but would have one for Council to review. He stated he felt it was a very wise thing to do, but felt it needed to be a very clear policy that the classes taken would be a benefit to the City and it had to be predicated upon the funds that the Council has allocated for that purpose in that fiscal year.

The next department discussed was finance and Ms. Carsten stated that the difference in this department mostly had to do with the new employee that was added this year and the budget amendment had not been done to reflect it in the budget. She advised that had the position been added, the amounts would be very close. She also advised that an employee had opted for retirement after the first of the year and a budget amendment has to be done to reflect that as well. She explained there was an addition for computer upgrades in an attempt to get the

software to be the best that it can be. Mayor Coker asked if the cemetery clerk was full-time or part-time and Ms. Carsten stated that she was part-time.

Regarding elections, Ms. Carsten stated the figure listed was the fee that the Supervisor of Elections charges the City.

Regarding legal counsel, Ms. Carsten advised that the City Attorney had spoken with City Administrator Stewart and advised there would be no change to his contract (he did not change it the previous year as well).

The next department discussed was community development and code compliance and Ms. Carsten advised there was a new part-time position under salaries. Mr. Stewart explained that the code enforcement activity had been ratcheted up and right now one person is handling field work, but also the filing and computer work, etc. He stated that rather than hiring another code enforcement officer, the City could get more bang for its buck by having a part-time clerk or person to enable the current officer to invest more field time. Mr. Stewart advised that he would be monitoring it to ensure that the field time is reflected in the work that is done. Finance Director Carsten pointed out that this department combines both the code compliance and the administrative planning portion. She stated that it includes the code officer, the new part-time position that is being contemplated and the person at the front desk who is fifty percent (50%) through this department and fifty percent (50%) through administration, and planning is also a part of the salaries as well. Ms. Carsten advised that under professional services, Central Florida Regional Planning Council, which is the Planner, has agreed to not go up in their contract, so the Twenty Thousand and 00/100 Dollar (\$20,000.00) figure will remain the same.

Mayor Coker had a question regarding the figure listed for inmates and noted the notation that stated inmates were expensed there. City Administrator Stewart advised that it meant the inmates were expensed within that particular line item. Ms. Carsten stated that the contract regarding the inmates was approximately Fifty-Eight Thousand and 00/100 Dollars (\$58,000.00) and it runs through the Streets Department, Public Works, and other areas. She advised they are placed in the budget in departments that it is known they will be working. Ms. Carsten also advised that the line item listing Twenty Thousand and 00/100 Dollars (\$20,000.00) is not all used for inmates, but it also used for tree removal, etc.

The next department addressed was other governmental. Ms. Carsten advised this is where the contingency that is kept for emergencies is listed, along with computer services, server maintenance, computer upgrades, and property and casualty insurance.

Ms. Carsten then addressed the Law Enforcement department. She pointed out that when the budget was prepared last year, they had checked with actuarial and had come up with a percentage for the retirement as to what was allocated to the police department and what was allocated to the fire department for retirees. She advised that they now allocate fifty point five percent (50.5%) to the police department and forty-nine point five percent (49.5%) to the fire department. Ms. Carsten stated that last year the percentage of the contribution was fifty-three point eight percent (53.8%) and this year it is thirty-nine point four percent (39.4%). She

informed Council that the full amount would be Two Hundred Forty-Five Thousand Nine Hundred Seventy-Seven and 39/100 Dollars (\$245,977.39) and when the percentages were done, the part that is allocated to the police department is One Hundred Thirty-Three Thousand Five Hundred Six and 00/100 Dollars (\$133,506.00) and the other percentage would go into the fire control budget. She also advised there is a credit on the books and the Marshal is contemplating using twenty-five percent (25%) of that to go toward the payment which would lessen his payment by Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) which Foster and Foster has agreed and it is okay to use it that way. Ms. Carsten stated that with the one (1) new employee that is being contemplated, the department was at One Million One Hundred Fifty-Four Thousand Eight Hundred Ninety-Seven and 00/100 Dollars (\$1,154,897) and this year the department is at One Million One Hundred Forty-Three Thousand Three Hundred Twenty-Six and 00/100 Dollars (\$1,143,326.00) which is under his salary figures from last year.

Regarding the law enforcement expenditures, Ms. Carsten advised the big increase is under the capital outlay for two (2) new vehicles, the lighting bars for said vehicles and hand held radios. She advised the radios are listed as Three Thousand Eight Hundred and 00/100 Dollars (\$3,800.00) which need to be upgraded and replaced. She advised the department's overall expense budget went from One Million Four Hundred Two Thousand Seven Hundred Fifty-Nine and 00/100 Dollars (\$1,402,759.00) to One Million Four Hundred Fifty Thousand Fifty and 00/100 Dollars (\$1,450,050.00). Marshal Anderson stated that the Nineteen Thousand Four Hundred Ninety-Nine and 00/100 Dollars (\$19,499.00) listed under machinery and equipment is for five (5) portable radios that they carry on their hips. He explained that many were purchased in 1993 and they no longer make parts for them. Marshal Anderson informed Council that the Fifty-Eight Thousand Nine Hundred Seventy-Four and 00/100 Dollars (\$58,974.00) was for the two (2) squad cars and all the emergency equipment for said vehicles.

City Administrator Stewart referred back to the administration executive salaries and pointed out that the amount for this year is less than the amount shown for last year. He stated that part of his contract states that as part of his compensation, he receives compensation in lieu of a benefit which is health insurance. He stated he has his health insurance through another institute so it is not needed. He advised the City had agreed within his contract to reimburse him at whatever cost a regular employee would be. Mr. Stewart stated that at the time the budget was established, they were using a number from the insurance company that established the amount and after Ms. Carsten negotiated with them, the figure was brought down, but it did not get caught so there is approximately a Two Hundred and 00/100 Dollar (\$200.00) difference wherein he was over-reimbursed. He advised he was reimbursing the City for the amount. He then advised that if the cost of insurance for the employee should go up, then his compensation will go up as well. Ms. Carsten advised that the amount contemplated under executive salaries this year has the correct amount that the employees had.

Regarding fire control, Ms. Carsten pointed out the figure that related to the forty-nine point five percent (49.5%) that was referenced earlier. She advised the contract service amount had changed only because the auditor had advised that the way it was being shown in the budget was incorrect and the whole amount of the contract with the County needed to be listed. She stated the whole amount was the amount less Fifty Thousand and 00/100 Dollars (\$50,000.00)

every year. Councilmember Fink stated that future Councils will have to deal with the issue of possibly losing that contractual service and asked when the anticipated date was. Mr. Stewart advised this would not happen for the City at least until the next fiscal year because we were not in a position because it had not been advertised as to what the City was going to do and the Council still must make a final decision about whether to go with the assessment or stay with the current contract. He stated that at some point the City will need to change its assessment whether it changes from the contract or not. Councilmember Fink stated that when it changes, it will be substantial and Mr. Stewart stated that it will be more substantial for the business owners. Mr. Stewart provided a brief explanation as to how the assessments are created and bifurcated. He stated when they redo the assessment allocations; it will reflect a big difference in what it is going to cost businesses going forward. He further stated that he understands that businesses will be quite concerned, but he stated they also must know they have benefited tremendously. Mr. Stewart stated if you took the highest category that existed at the time the current amount was adopted, if the highest category of allocation for a business had been followed, that business, in the years since that was done, has probably benefited to the tune of anywhere from a hundred to a quarter million dollars. Councilmember Wertz-Strickland stated that this decision would probably come about in the year 2017-18 and City Administrator Stewart stated it would be in the early part of 2017.

The next department discussed was the cemetery which falls under Public Works. Finance Director Carsten advised there was a part-time employee contemplated and the inmate amount was listed at Eleven Thousand Four Hundred Ninety-Nine and 00/100 Dollars (\$11,499.00). She then stated there were not a whole lot of other changes in the department. Mr. Stewart stated the part-time employee was for care and maintenance. He advised that after he came to the City, he had received some complaints and after digging in, he discovered the amount of resources that had been allocated to take care of the cemetery had been significantly changed over the years. Regarding the employee who is out there now, Mr. Stewart advised that during the rainy season it is hard for him to keep up with just cutting the grass, much less the other care that needs to be taken there. He stated it is believed that this part-time person will enable the City to do a better job out there. He also advised of policy changes out at the cemetery and referenced the steps that will now be necessary to bury a person at the cemetery. Ms. Carsten informed Council that staff is also implementing fees for such actions as marking the grave and preparing for same.

Ms. Carsten advised that the next department to be discussed was the street department. She reminded Council that earlier in the year they had agreed to allocate money from the street fund to hire two (2) part-time pothole patchers and purchase the equipment for the pothole patching. Regarding the streets and parks departments, she pointed out they were allocating on-call and over-time pay for emergencies and after hour events. She advised that currently one (1) department is responsible for such even though they may not be the one to know about streets or sewer. Ms. Carsten advised there was not a whole lot of difference with the exception of those things. Under the capital outlay, she informed Council that streets had asked for Four Thousand and 00/100 Dollars (\$4,000.00) for a concrete mixer and a five hundred (500) gallon water tank. City Administrator Stewart stated that part of this had to do with sidewalks and also other City projects that might come along. He advised there is so much sidewalk work to be done, staff

cannot do it all and will be farming a lot of it out. He stated they do not have the capacity to do it now because they do not have the equipment.

Regarding the new law going into effect on December 1<sup>st</sup> regarding salaried employees, Mayor Coker asked if that would affect the City with the overtime pay. City Administrator Stewart stated they expect at least two (2) department directors will be affected by that and it depends on what will be revealed through our compensation and classification study.

Ms. Carsten referred back to line items 30530 and 30590 and advised the road materials had increased due to the pothole patcher and she advised that money had been put into contingency due to issues last year with the street sweeper.

The next department discussed was vehicle and facility maintenance and Ms. Carsten advised not much had changed. She did state that a new computer was needed as the old one had died.

The parks department was discussed and Ms. Carsten advised they were also allocating funds for the on-call. Mr. Stewart stated that some of the expenditures were related to the splash pad and commented on how much it is used. Regarding the splash pad, Ms. Carsten stated that small increases had occurred within the utilities and chemicals. Under capital outlay, she advised that the department is requesting a seventy-two inch (72") mower.

Regarding the mobile home park, Ms. Carsten advised the payroll went down because the person who used to manage the park and collect money is no longer there. She stated staff is now doing it themselves. She further stated that funds had been requested to remove old trailers.

Discussion then turned to the golf course and Ms. Carsten advised that personnel costs had gone down some due to a change in staffing and utilizing a maintenance company that is handling the greens work. She advised contractual went up considerably due to those expenses. She explained that last year they were run through the surtax fund. Ms. Carsten stated that funds had been moved to paint the building this year and was not contemplated for next year. Regarding the capital outlay, she advised that the department had requested funds for the greens mower and to install cart paths. City Administrator Stewart reminded Council that he had made a previous plea to Council to be given the opportunity to turn the golf course around and stated at that time that he estimated it to be a three (3) year project. He advised there is a substantial difference in the course and the greens in the back nine (9) are in excellent shape. He stated that the greens in the front nine (9) are in a transitional phase due to the removal of weeds and bad grass which left patches. He felt the course should be in fairly decent shape by the time the season starts and will continue over the next couple of years to improve even more. Mr. Stewart advised that Mr. Kotzker had presented him with a marketing plan and the next step is to determine how to track all of it and a meeting has been set up to accomplish such. He also advised of a meeting with SFWMD on a plan that will enable the City to connect all of the water resources within the golf course to be able to draw water from those water resources and be able to replenish the water sources with water from the reclaimed system. He advised this was a project on the board for 2018.

Councilmember Wertz-Strickland asked about fees and Mr. Stewart reminded Council that the course was in very bad shape last year and stated it was hard to modify the fees for a product that is not a great product. He stated they were trying to improve the product to get to a place where they can begin to modify the fees. Mr. Kotzker advised he was planning on raising the fees probably by seven percent (7%) or ten percent (10%) across the board since the course is in much better shape. Councilmember Wertz-Strickland asked if the cart paths would be mandatory or if walkers would be allowed and Mr. Kotzker stated he was still going to allow walkers. Mr. Stewart stated he and Mr. Kotzker had discussed selecting a time that says you can only walk after a time certain, but he stated they also need to maximize their ability to gain revenues during the most prime tee times. Incentives and rates were discussed. City Administrator Stewart advised he and Mr. Kotzker were also working to increase the amount of rentals of the banquet hall.

Discussion then turned to the Way Building and Mayor Coker asked about the Thirteen Thousand and 00/100 Dollars (\$13,000.00) referencing the janitor position going from four (4) hours a week to twenty-five (25) hours a week and then the Five Thousand and 00/100 Dollars (\$5,000.00) listed under janitorial services. Finance Director Carsten advised the second figure had to do with the supplies. Mr. Stewart advised Council of a leak regarding the air conditioner that required a carpet cleaner to be called out.

Regarding other transportation, Ms. Carsten explained this was where the FDOT funds that she had discussed earlier would be rolled to in order to keep a reserve. She pointed out that they were contemplating an on-call person for this area. Mr. Stewart advised that their preference is to use a contracted service. He stated the money is allocated to the City from the State of Florida and in the past if the money was not spent, it was rolled over to the general fund balance and that was not right, so if an amount is left over, it should stay within the fund to help offset the costs.

City Administrator Stewart stated that the City is in the midst of a compensation and classification analysis that will make recommendations about how our classification should be categorized and make sure all job descriptions are good. He advised the consultant, who is doing this for the City pro-bono, has been working closely with Human Resource Manager Linda Lowe. He explained Mrs. Lowe had had to create effective job descriptions for many positions and she had done a very good job. He thought the study will show that perhaps some people are not compensated in a fashion that reflects the market and Council will make a decision as to what it wants to do about it. He discussed options available and what he would recommend. Mr. Stewart advised they had budgeted a three percent (3%) across the board increase to help deal with their decision. He stated if Council should make a decision that would cost more than that, then they would need to discuss where it would come from. Councilmember Wertz-Strickland asked if the three percent (3%) were salaries plus matching and Mr. Stewart agreed and advised they had three percent (3%) allocated for it and each fund had the amount allocated to it.

Regarding the small county surtax fund, Ms. Carsten advised that the amount of revenue that will be received will be Five Hundred Ninety-One Thousand and 00/100 Dollars (\$591,000.00) which is more than what was received last year. She explained the transfer out to

general fund would be Three Hundred Thousand and 00/100 Dollars (\$300,000.00) and Two Hundred Ninety-One Thousand and 00/100 Dollars (\$291,000.00) will remain with hopes to be able to put it into the fund balance at the end of the year so the reserves can continue to build.

Ms. Carsten then discussed the road project fund wherein One Million and 00/100 Dollars (\$1,000,000.00) was set aside last year and stated they were looking at doing something similar this year but they will be getting it by taking Five Hundred Thousand and 00/100 Dollars (\$500,000.00) from the surtax fund (Fund 107) and Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) each from the street reserve (Fund 104) and the infrastructure (Fund 103). Mr. Carsten informed Council that in Fund 103, Five Hundred Thousand Two Hundred Sixty-Four and 00/100 Dollars (\$500,264.00) were in reserves after almost Seven Hundred and 00/100 Dollars (\$700.00) came out this year and in Fund 104, Six Hundred Fifty Thousand and 00/100 Dollars (\$650,000.00) were in reserves with almost Five Hundred Eighty-Three Thousand and 00/100 Dollars (\$583,000.00) coming out this year so both funds are able to sustain such. She advised that would continue to put in through the surtax money. Regarding the expenses, Ms. Carsten stated it was being contemplated to use it similar to how it was used this year with Seven Hundred Thousand and 00/100 Dollars (\$700,000.00) of it being allocated to streets and Three Hundred Thousand and 00/100 Dollars (\$300,000.00) to storm water projects.

Regarding water and sewer expenses, Ms. Carsten advised they had gone from Five Million Three Hundred Twenty-Six Nine Hundred Fifteen and 00/100 Dollars (\$5,326,915.00) to Four Million Two Hundred Nine Thousand Eight Hundred Seventy-Two and 00/100 Dollars (\$4,209,872.00). She explained the reason it went down is because \$1.25 Million was added in grants for the videoing grant and Lee Avenue. Mr. Stewart advised there were some significant projects in the water sewer fund that will be brought forward and while they are continuing to seek grants wherever possible, but there is enough money set aside to do some of the lesser projects. Regarding the revenues, the increases were contemplated and the budget was balanced at Four Million Two Hundred Nine Thousand Eight Hundred Seventy-Two and 00/100 Dollars (\$4,209,872.00). Deputy Mayor Frierson asked Ms. Carsten if she had a figure regarding what the three percent (3%) increase would do and Ms. Carsten replied that with both the water and sewer, it would be a One Hundred Twenty-Five Thousand and 00/100 Dollars (\$125,000.00) increase over last year. Deputy Mayor Frierson asked for confirmation that if it was not done, it would have a One Hundred Twenty-Five Thousand and 00/100 Dollars (\$125,000.00) impact on the budget and Ms. Carsten confirmed such. Finance Director Carsten advised that the Four Million Two Hundred Nine Thousand Eight Hundred Seventy-Two and 00/100 Dollars (\$4,209,872.00) does include the Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) of renew and replace that has been done every year and it also includes a contingency of Two Hundred Fifty Thousand Four Hundred Five and 00/100 Dollars (\$250,405.00) which is where the money was placed for the compensation and classification study.

Deputy Mayor Frierson asked Ms. Carsten to remind them how the increases came about from day one (1). Ms. Carsten advised there was a big increase followed by a smaller one and then in 2014-15 the three percent (3%) increase started and Mr. Stewart advised that it was now an automatic three percent (3%) increase unless Council acts to do otherwise. Councilmember

Fink asked for confirmation that it will have gone up thirty-four percent (34%) for water and sewer over the original cost and a twenty-one percent (21%) increase for trash if they proceed with the three percent (3%) increase this year and Ms. Carsten stated she believed that was correct. Deputy Mayor Frierson stated that there will have been a thirty-four percent (34%) increase to the public over a four (4) year period if Council chooses to do this. Mr. Stewart advised that he and the utilities staff has been working with Rural Water Association regarding a rate analysis and was hoping to come back with a rate analysis soon to explain where the City is as far as current rates are concerned. He further advised that several costs items had not been calculated in the budget in the past and provided lift station maintenance as an example. He explained by doing so, the City was strictly reacting to problems with the lift stations instead of being proactive. He advised that there is no telemetry (electronic monitoring system) now, but they did have it at one time. He stated he wanted to ensure that all reasonable and rational costs are considered when the profile is done. Deputy Mayor Frierson stated that she appreciated it, but she did not feel the public cared about a rate study. Mr. Stewart advised that if a cost study was not done, the City would be back to where it was five (5) years ago. Councilmember Fink stated he usually brings this up and has never suggested cutting the legs out from under the department. He further stated that it was very important that Council needs to know exactly how much money is needed to collect to spend rather than simply continue to add three percent (3%). He advised they do not know what the actual cost is because they have not taken the time to do this since it has been in effect. Councilmember Fink stated that they had taken the easy way out just to keep their head above water and felt the public needed to be given a break and provide that any increase over thirty-four percent (34%) is actually needed.

The next department discussed was water treatment plant expenditures and Ms. Carsten advised the department was asking for two (2) new positions (one (1) trainee position and one (1) certified operator position). She pointed out that under capital outlay; staff wanted to paint the water treatment building and the vessels and include a project for their shelving of spare parts. She informed Council that City Administrator Stewart sent out requests to all departments regarding a list of needed things to not just get to make ends meet, but to do the work that needs to be done. She advised that we cannot just sustain ourselves and operate with old equipment and referred back to the requested items. Finance Director Carsten then referred to the debt which contemplated the new water treatment plant re-payments that started this past January which are set forth by the State of Florida. She advised this department's budget went from Eight Hundred Fifty-Six Thousand Four Hundred Eighty-Two and 00/100 Dollars (\$856,482.00) in 2016 to Nine Hundred Seventy-Four Thousand Eight Hundred Fifty-Nine Thousand and 00/100 Dollars (\$974,859.00) of which close to One Hundred Thousand and 00/100 Dollars (\$100,000.00) is capital outlaw.

Ms. Carsten turned to the waste water treatment plant and advised they were also requesting two (2) positions (one (1) trainee position and one (1) certified operator position). Mr. Stewart asked Utilities Director A. J. Berndt how long it took to bring a trainee to the point they can be certified and Mr. Berndt advised it is approximately two (2) years. Finance Director Carsten advised that the lift station agreements were contemplated for a contractor to maintain under line item 30340. She pointed out that under capital outlay, they wanted to paint the waste water treatment plant and there is also a need for repairs for the lift stations which is different

than maintenance. City Administrator Stewart advised that the videoing and GIS grant that the City had received has also revealed problems with the lift stations as well.

Discussion then turned to water systems and this department is requesting for one (1) new position and Ms. Carsten advised they have a small crew with not much for back-up. She informed Council they are nearing the end of their meter lease which ends in October of 2016 which means the meters are twenty (20) years old. She explained that under line item 30471, the Twenty Thousand and 00/100 Dollars (\$20,000.00) amount is doubled to Forty Thousand and 00/100 Dollars (\$40,000.00) due to the meters needing to be replaced in addition to the regular amount. Ms. Carsten referred to debt service and pointed out that the amount for the Triton meters had gone down substantially because there is only one (1) payment left. She then referenced the charge back amount which was where the cost allocations show up as expenses for each enterprise fund. She also stated the department was asking for a replacement of a wrecked truck. Utilities Director A.J. Berndt advised a small truck had been involved in an accident and was totaled (employee not found at fault). He stated he was asking for a F150 because the small truck was limited in what it could do. Mr. Stewart stated that to answer a question, the truck was so old that the total value of it with insurance was not going to enable them to either buy a new one or put a substantial amount on another one. He further stated that it was used when they received it.

Ms. Carsten then moved on to sewer systems and advised this department was also asking for another position as they are short staffed as well and a vehicle is being requested also. Mr. Berndt advised the current truck is really old and requested an F250 with toolboxes and a tow package.

Regarding utility billing, Ms. Carsten advised there was not much difference in the personnel costs or the operating expenses, but they were asking for a vehicle for the meter reader. She stated the current vehicle is very old and does not meet their needs for tool storage. She advised the price is off of the State contract and it was for a small pickup.

City Administrator Stewart advised that word was out that the City was looking at privatizing utility billing and he stated that was not accurate. He stated they were looking at a different methodology for providing computer services necessary to do the utility billing work. He further stated it is a different model and will enable them to continue to provide it in house and if they should go to it, it will provide a number of efficiencies and allow them to be more effective, it will allow customers to track usage online and allow them to make alerts to themselves, it will allow staff to keep track of the meters and determine when they are starting to malfunction and it may provide some minor cost savings, but the big issue is effectiveness and efficiency. He advised there was not enough information yet to bring to Council for consideration, but he wanted to mention it to deal with any rumors that the City was getting ready to privatize.

Deputy Mayor Frierson asked Ms. Carsten if the three (3) computers were additional or replacements and Ms. Carsten advised they would be replacements. Ms. Carsten explained the current system used is all offline and they have to go online and even with the upgrades, the

computers were very slow. She advised they have people on the phone or at the window and they have to wait for it to come up very slowly. She further advised one (1) was very urgent and the other two (2) could probably be put off a little bit longer.

Discussion then turned to solid waste and Ms. Carsten advised the revenues were at Seven Hundred Eighty-Nine Thousand Two Hundred Seventy Five and 00/100 Dollars (\$789,275.00) and the expenses match that amount. Councilmember Fink stated that if it goes up, it will go up to nineteen percent (19%) and since the raises took effect, they never had a study on solid waste. City Administrator Stewart advised people were being charged for special pickups, but there was no enabling action on the part of Council to provide for it so staff was stopped from charging for such. He stated they were putting together a fee schedule that will outline all fees with exception of utility rates and police department fees, that Council will approve by resolution that will deal with special pickups and other fees that the City charges. He explained the reason that number was down was because it had been stopped. Ms. Carsten advised it had been stopped in December and stated they could budget amendment it if necessary. She also stated they were asking for one (1) part-time garbage truck driver position to handle the overtime runs.

Finance Director Carsten directed the discussion to the airport and advised of the considerable increase over the 2016 year because of grants. She stated the revenue had gone from Two Hundred Eighty-Three Thousand Four Hundred Fifty-Two and 00/100 Dollars (\$283,452.00) to Five Hundred Seventy-Nine Thousand Four Hundred Fifty-Four and 00/100 Dollars (\$579,454.00). Mayor Coker asked if the Sixty-Five Thousand and 00/100 Dollars (\$65,000.00) for the fuel sales was a real number and Mr. Stewart replied it was not at this time. He advised of a number of problems with the fuel system over the last month or two (2) due to a major lightning storm that took out a number of pieces of electronic equipment to include the pump that has been working intermittently since. He stated he is hoping insurance will cover it and staff is trying to provide the information they need. He advised that the FBO has been buying fuel in very small quantities. He informed Council he was in negotiations with the FBO regarding them considering to change the contract to allow the City to deal with it. He explained that is one of the reasons the fuel prices are high because we are not buying in high enough quantities to keep their prices down. Ms. Carsten pointed out the line item under expenses for fuel and oil of Fifty Thousand and 00/100 Dollars (\$50,000.00) so they were saying they would have a profit of Fifteen Thousand and 00/100 Dollars (\$15,000.00) after they break even.

Ms. Carsten advised there was not much difference other than the air conditioner repair at the terminal building and the grants they are looking to receive. Mr. Stewart advised the grants were what they had already been informed about such as the grass runway drainage grant and the tractor grant.

When asked if there were other questions, Councilmember Fink asked if administration had considered the possibility of a raise to the employees. City Administrator Stewart responded with a qualified yes and stated that it was qualified because he referred back to the compensation and classification study which he believed will show that there needs to be some adjustments in what people are being paid. He further advised they had currently set aside three percent (3%) to

handle it based upon the decisions that Council will make. Councilmember Fink then addressed the Mayor and stated that he felt City Administrator Stewart deserved a raise as well and City Administrator Stewart thanked Councilmember Fink. When asked, Council chose to not proceed with the second workshop.

City Administrator Stewart reminded Council and the public that there are two (2) budget hearings that will allow for any changes within the budget they may wish to make, but it cannot be to increase it. Councilmember Wertz-Strickland stated she does not like rate increases, but if they do not do the three percent (3%) with the request for money for staff and City Administrator, how were they going to increase the budget. City Administrator Stewart advised that would only affect the utility department. He stated the overall impact on the budget would only be within that enterprise fund. He stated that should Council make a decision to make it anything other than the three percent (3%), they would have to determine where the money would come from.

Mayor Coker thanked all the City employees for all their hard work and stated they were doing a great job.

### ADJOURN

Councilmember Wertz-Strickland made a motion to adjourn and Councilmember Fink seconded the motion. No discussion followed and it was unanimously, 5/0, approved. Having no further business at this time, the meeting was adjourned at approximately 7:32 P.M.

ADOPTED THIS 14<sup>th</sup> DAY OF September, 2016.

By:

Susan Coker, Mayor

Penny Delaney, City Clerk