

**MINUTES
CITY COUNCIL WORKSHOP
CITY OF ARCADIA
TUESDAY, SEPTEMBER 11, 2012
IMMEDIATELY FOLLOWING
5:30 PM SPECIAL MEETING**

The following minutes reflect a summary of the above meeting 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.

CALL TO ORDER, ROLL CALL

The workshop session was called to order at approximately 6:40 PM.

Arcadia City Council

Mayor Keith Keene

Deputy Mayor Alice Frierson

Councilman Robert Heine

Councilman Joseph E. Fink

Councilman Robert Allen

Arcadia City Staff

City Administrator Judi Jankosky

City Recorder Virginia S. Haas

AJ Berndt, WTP

Jerry Cordes, Public Works

Captain Matt Anderson

Interim Finance Director Shelly Baumann

Steve Underwood, WWTP

Carrie Taylor, Golf Course

Marshal Charles Lee

City Attorney Thomas J. Wohl

DISCUSSION:

1. 2012 - 2013 Proposed Budget

Mayor Keene stated that at the last meeting the Council approved the tentative budget and we wanted to review again prior to the next meeting.

Councilman Fink asked if the adjustments were only made to insurance. Mrs. Jankosky replied there were some other adjustments. Mrs. Jankosky replied to Councilman Fink that this budget was generated two days ago.

Mrs. Jankosky began that we were able to include the expense allocation on page 6. Mayor Keene stated that he actually has a question on page 2. Mayor Keene noted that he appreciates all the efforts on this budget and we have so many copies it gets confusing when comparing so some of his questions may seem out of order as he may be referring to the wrong version. He stated on page 2 it appears we reduced some of the revenues like the business licenses. Mrs. Jankosky responded yes when they reviewed the August numbers it was changed to keep it as true as possible. Mayor Keene replied that he is the first to subscribe to the past as a predictor, however sometimes we may be too conservative and shaving ourselves too close. Mayor Keene referred to page 3 and asked about the Golf Course revenue at \$422,000 and expenses at \$436,000. He said he thought we would do our best to remedy budgeting for a loss. He asked about page 24 and operating supplies last year were \$17,000. The original request was \$35,000 then knocked down to \$31,000. Mrs. Jankosky replied that cost is

for snacks. Mayor Keene replied that he thought we were going to raise prices to increase revenues. Councilman Fink asked what the \$6,000 was for insurance. Mrs. Jankosky responded that is the approximate property insurance for vehicles and golf carts. Councilman Fink replied that wasn't listed before. Mrs. Jankosky replied that was correct we were trying to put the insurance back into the department where it belongs as we just got the updated listed today with the premiums. PRMG caught that when they did the updated rate study and insurance had to be broken back out. Mayor Keene stated that operating supplies request concerns him and that in an entity we should at least be breaking even and why are we not doing something to address the \$15,000 difference between revenue and expenses. Mrs. Jankosky explained that the \$422,000 is based upon this year and it could be more next year but we could put in \$450,000 except that would be false. Mayor Keene asked if we had increased the price of beer at the Golf Course and if that increase was reflected in the budget. Mrs. Carrie Taylor responded yes and Mrs. Jankosky replied yes our best guess estimate. Mayor Keene continued that if your business isn't making money then you need to find something else to do. He stated that if he's going to take it on the chin for something he didn't want it to be that we are running the Golf Course for less money than we are taking in. Councilman Fink inputted that it's not \$80,000 any more. Mayor Keene replied that he was pleased about that and now is the opportunity to work on this. Councilman Heine explained what happened in the past when the Golf Course fees were increased.

Mayor Keene stated that the request for operating supplies has almost doubled. Mrs. Jankosky replied that in the past it was not budgeted correctly and that is what it has been historically. Councilman Heine stated that Council has been working on the budget since July and Council had never seen the budget before. He likes the way the Department Heads presented what they needed. Deputy Mayor Frierson stated that she did not have a problem reducing their budget and they can do what they think is necessary. Councilman Fink stated since day one of the budget he took it on the chin for the Golf Course and you have a business that tax money is subsidizing. If we can't make this at least run neutral it has no business being in a governmental budget because it's bad government. Mayor Keene suggested we take another look at it.

Councilman Fink stated that perhaps we should look at other management approaches and whether with our current problems if we can afford to subsidize the Golf Course. Mayor Keene replied that he doesn't mind taking a risk because he is an optimist and having a golf course is a good thing he just hates budgeting for a loss. If this means we will be in black maybe we can stomach the \$15,000 difference. Mrs. Jankosky stated that looking at what the Golf Course spent through August 31st of this year they will be on track for about \$422,000 but if you limit that anymore you will have no room to do anything. Mayor Keene confirmed the budget is a guide and we can come back and make changes as the year goes on. He asked Mrs. Jankosky if she was comfortable with the revenue of \$422,000. Mrs. Jankosky responded yes based on what the Golf Course has done so far this year. The Golf Course is still building clientele from when they once raised the rates.

Mayor Keene referred to page 4 and stated the budget he had prior showed how much we were short on the fund balance now there is nothing. Mrs. Jankosky confirmed in the General Fund we are not short so that is zero. Mrs. Jankosky responded to Deputy

Mayor Frierson that there is \$200,000 in a contingency fund.

Mayor Keene asked about the fire control amount on page 5. Mrs. Jankosky replied that the auditor did not want that included in the General Fund as it needs to be its own account so it is not taking ad valorem. This was something that needed to be addressed tonight. Council needs to determine where the additional money that we supplement the contract amount should come from. It could come from the Small County Surtax or Water and Sewer as they owe the General Fund \$2.2 million. Mrs. Jankosky explained that there is \$246,825 in estimated MSBU for next year and she emailed Linda Nipper to confirm. At this time the cost is approximated between \$345,000 and \$373,000. Mrs. Nipper will go back through and verify. Mrs. Jankosky stated the budget currently says \$372,000. Mayor Keene asked where Mrs. Jankosky thought that amount should be taken. Mrs. Jankosky recommended the Small County Surtax which contains \$1.47 million. Councilman Fink asked then since the inception of the contract we've been taking the money out of the wrong account. Mrs. Jankosky replied not necessarily the auditor wants to see it as a non-general fund. Councilman Fink replied then it's been taken out of the wrong account since 2005. Council gave a consensus to take the fire control amount out of the Small County Surtax fund.

Mayor Keene asked about the increased retirement contribution of \$30,000 on page 8 that he thought originally was \$15,000. Mrs. Jankosky replied that you have 3 employees in the Executive Office who are eligible to participate. Deputy Mayor Frierson asked if we had any retired employees who can go on Medicare who are on the City insurance. Mrs. Jankosky replied yes and that is part of the policy that was put in place in the past.

Page 11, page 12, page 13, page 14 nothing changed on these pages. Mrs. Jankosky noted some changes in the life and health insurance which those numbers were narrowed down. Councilman Fink asked about where the fire control would show up and would that page be eliminated. Mrs. Jankosky replied that she would have to consult with the auditor. She mentioned the settlement agreement that would end in just over a year. Pages 16, 17, 18, and 19 no questions. Mrs. Jankosky replied to Councilman Heine that the water and sewer rate would be addressed at the first meeting in October.

Mayor Keene questioned the salaries on page 23. Mrs. Jankosky replied that the positions were full time and were cut to part time because we were coming up short initially now those positions will remain full time and be shared labor with the Cemetery. Page 24 was the Golf Course addressed previously. Page 25 Parks and Recreation and Page 26 the Mobile Home Park – no questions.

Mayor Keene mentioned at the County Commissioner's meeting they will be taking up plants on North 17 and the County is offering the plants to the City of Arcadia. Mrs. Jankosky will contact the County.

Mrs. Jankosky reported that the posts are in at the Mobile Home Park and the new slabs are being poured. She reported that the Way Building roof is complete and Mr. Bowen is working on the permit for Smith Brown Gym. Page 28 Water and Sewer

revenues. Page 29 Water and Sewer expenditures. Councilman Fink asked on reserves it was his understanding that there would be a problem with the covenants because we are \$610,000 short and asked if that was true. Mrs. Jankosky responded that we are not short. Councilman Fink replied but he understood that we were short. Mrs. Jankosky replied that these numbers are based on the rate study and rate increases. Councilman Fink asked if Mrs. Jankosky was going to generate a new budget so that it has the fire fund listed and it seemed that everyone knew about that but him and he thought that was kind of peculiar. He found all that rather peculiar.

Page 30 Water Plant. The only changes were with health insurance. Councilman Fink stated that actually the WWTP changed line item 6630 and brought a number down to \$170,000. Mrs. Jankosky replied that they were able to narrow down the pricing on the repairs. Mr. Underwood added that number could be lower based on going out to bid for construction. Page 32 Utility Collections, page 33 Water Systems, page 34 Sewer Systems no questions. Page 37 Water and Sewer Bond Sinking Fund. Councilman Heine asked if they paid off WWTP loan. Mrs. Jankosky replied that she believes that loan was paid off last year. She noted if you look at what our loan payments are \$432,000 and the Water Plant \$161,000 is this year that will be \$323,000 next year so we have to plan for a double payment next year. Page 38 is the Reserve Fund. Page 39 is the Water Sewer Replacement fund. Page 40 is the Airport Fund and Expenditures on page 41. She added that with the Airport loan we have a debt principle and interest which won't start until 2013/2014 because we won't take the loan until November on the lights.

Page 42 is the Small County Surtax which is where we will transfer the additional money for the Fire contract. Page 43 is the Local Option Gas Tax. Page 44 is the CDBG grant for \$700,000. Page 45 is the \$500,000 grant for McSwain park improvement grant. Page 46 is the Capital Improvement Fund and the City is still paying on the Triton meters that ends in 2016. Page 47 is the Fire Protection services contract where the transfer in will show from the Small County Surtax. Councilman Fink asked Attorney Wohl if that contract is in fact working as if we had a fire service, like we are providing our own fire protection. Attorney Wohl confirmed. Councilman Fink stated that he believed in 2003 or 2004 that the State Legislature changed the way Fire Services were to be funded and requested the Attorney to research. He stated that it seems to him that you can either use ad valorem taxes for EMT but not for Fire Services or the other way around. He continued that if we don't take it out of the General Fund we may be in violation of statutes. Attorney Wohl asked Councilman Fink to send him an email to that question. Councilman Fink replied that in 2003/2004 they changed the statute, several cities had Fire Districts and they funded them through an assessment program, at that time the State Legislature changed the Statute so that one or the other, the EMT or Fire Services had to be funded by ad valorem and the District could only fund the other. Attorney Wohl replied when you said district he thought County. Councilman Fink replied that there are many Municipalities who deal with Fire Service through that particular purview and we have to use specific funds, then we may be restrained from using other funds to pay off the contract. Attorney Wohl responded that perhaps they said that because it is a payment on the contract and could he please email him that question. Councilman Fink replied that he was suggesting that perhaps it wasn't done in error but because of Statutes. Mrs. Jankosky stated that they could not

implement the MSTU because that was ambulance that would come from ad valorem. Councilman Fink stated it was a requirement and he didn't know if they repealed it or not. He said he didn't want us to take it out of the wrong fund.

Mrs. Jankosky continued that the rest of the packet was summaries showing percent changes from last year, some up some down, overall the whole budget is down 13.6% and expenditures on water and sewer are down 29.4%

Captain Matt Anderson stated that the Police Department had a unit that got totaled. The insurance company is valuing the vehicle at a certain price but he is still negotiating the equipment cost. Insurance is estimating \$6,000 - \$7,000 range and he is attempting to get another \$1,000 for equipment. He talked to the City Administrator and the Finance Officer regarding the Police budget as of August 31st and they have \$247,000 left for the remainder of month which will mostly be payroll and pension. They should have more than enough to replace said vehicle. He looked at State contract pricing at \$21,000 for a new Crown Vic or Dodge Charger. Roughly with the insurance from the totaled vehicle the new car would cost between \$14,000 to \$15,000.

Mayor Keene thanked the Police for assisting with the incident at the bridge.

Deputy Mayor Frierson thanked all the department heads and Mrs. Jankosky for working on the budget.

Mr. Cordes asked if there are no raises for his employees why we have money to fix the Smith Brown Gym when the gym brings in no money, like the golf course. Mayor Keene replied that he hopes we can turn that around and understood where he was coming from.

PUBLIC COMMENTS - NONE

COUNCIL MEMBER COMMENTS - NONE

ADJOURN

Having no further business, the workshop was adjourned at 7:30 PM.

APPROVED THIS 2nd DAY OF October, 2012

By:



Keith Keene, Mayor

ATTEST:



Virginia S. Haas, CMC
City Recorder