

SPECIAL BUDGET WORK SESSION

OCTOBER 26, 2004

A Special Budget Work Session of the Arcadia City Council was held on October 26, 2004 at 4:00 p.m. in Room D of the Way Building at 23 N. Polk Avenue. Councilmembers attending were: Whitlock, Heine, Goodman and Fazzino. Absent: Council Member Johnson was out of town. Also in attendance were: Administrator Strube, Fire Chief Rutherford, City Marshal Lee, WWTP Supervisor Steve Underwood, Water Plant Lead Operator Vern Erickson. Special Projects Coordinator Hewett, and Recorder Baumann.

Mayor Whitlock called the meeting to order.

The Invocation was given by Council Member Goodman.

Pledge of Allegiance to the Flag.

As one of his last official acts as Mayor of Arcadia Council Member Fazzino had requested that a proclamation be given to Dr. Don Toews who was the Director of the DeSoto County Health Department. The Proclamation was endorsed at the October 5, 1002 meeting, however Dr. Toews was out of town at the time. Fazzino then presented a "Key to the City" along with two City golf shirts as a retirement gift from the Council. Dr. Toews thanked the Council and stated that he had enjoyed working with the Council during his eighteen (18) years at the Health Department. In March 2005 Dr. Toews will begin an eight (8) year trip sailing around the world.

Administrator Strube addressed Council regarding proposed adjustments to the FY 04/05 budget. Currently the Property Appraiser is estimating a reduction in property taxes of 25% or \$335,689.00 due to damage caused by hurricanes Charley, Frances and Jeanne. Taxes that are collected in November 2004 are actually based on appraisals from last year. If the taxes are not paid the Tax Collector is authorized to sell tax certificates however they do not come due until three (3) years after the original tax bill was due.

Administrator Strube reported that all departments were requested to submit a revised FY 04/05 budget reducing their operating and capital expenditures by 25%. As the departments do not budget for personnel services Administrator Strube reviewed these accounts to see if costs could be cut by not filling positions currently vacated. Administrator Strube reported that when the original FY 04/05 budget was prepared increases in Liability Insurance, Health Insurance and Workers Compensation were not known. A savings of \$144,050.00 is possible by eliminating the 3% merit raise, Police longevity raises, extra week of pay after 20 years, vacation and sick leave buyback and Christmas bonuses. An additional savings of \$243,393.00 is estimated by not filling vacant positions City wide for a total of \$387,443.00 which is just short of the \$400,000.00 reduction needed.

Mayor Whitlock asked for comments from department heads.

Marshal Lee addressed the Council stating that his department understands the cuts are necessary; however his department is in a competitive business and he requests that any budget cuts are from his operating and not from the longevity increase program. He believes that he will lose officers noting that it is very hard to compete with the Sheriff's Department in the area of pay. Mayor

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Whitlock stated that the Council is not asking his department to go backwards, we are not cutting pay; we are just not giving any raises. Mayor Whitlock then stated that it is very hard to cut operating costs as most of them are fixed such as lights, insurance and phone.

Assistant Fire Chief Dan Wells addressed Council stating that now is the time to implement a Municipal Service Taxing Unit (MSTU) to support Emergency Medical Services (EMS) which is based on ad valorem taxes and a Municipal Service Benefit Unit (MSBU) to support Fire Services which is not based on ad valorem taxes. He stated that people should now begin to pay for services as they are used.

Mayor Whitlock stated that it will take at least two (2) years before a MSTU or MSBU could be put in place.

Fazzone suggested that the City privatize solid waste collections. He then noted that in the future there will be more new homes on the tax roll to replace those destroyed by the hurricanes.

Mayor Whitlock said that it is the next two (2) years that are critical and that we need to take the necessary steps to keep from spending what we do not or will not have.

Mr. Steve Underwood, Supervisor of the Waste Water Treatment Plant addressed Council to inquire why the Police Department was not listed on the proposed reductions by department to which Marshal Lee responded that his department had already given up two vehicles and the dispatchers.

Goodman stated that the Council did not prepare the document and that Mr. Underwood should direct his questions to the Administrator. Goodman stated that the Police Departments longevity increase program was enacted before the current Council was in place. She wants everyone to work together, noting that no one wants to see these cuts; however we have to work with what we have.

Heine noted that over the past couple of years the Council has had to watch the budget, noting that raises were almost taken out of last years budget. He agreed that an MSTU and/or MSBU needs to be put in place.

Goodman stated that she is willing to donate her monthly salary back to the City.

Administrator Strube reported that before Hurricane Charley the Council had already decided that with the exception of public safety positions all departments would have to do without filling any vacant positions. He then noted that this is the first year that the cost for dispatch services are not being paid by the City and are being paid by property taxes. There is a possibility that the state may supplant the loss of ad valorem taxes with other funds. Administrator Strube is hopeful that since sales tax is being collected on all repair work being done the state may consider redistributing these funds to the areas hardest hit by the hurricanes.

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Administrator Strube then noted that the City will receive reimbursement for hurricane damage from FEMA based on the FEMA Project Worksheets, although it will be a long time in coming. He then stated that every City, County and School Board in the State of Florida have had some financial loss due to the four (4) hurricanes that hit Florida this year.

Fazzone requests that Tara Anderson, Parks and Recreation Coordinator be on the next Council agenda to discuss youth programs. Fazzone prefers that no youth programs be cut.

Heine asked if the City had liability insurance on the ball fields and was informed that they were insured. It was noted that whatever the insurance does not cover will be covered by FEMA under a Project Worksheet.

Goodman stated that while we need to consider the youth programs, Council needs to do what they can with what we have.

Heine asked that all employees bear with the Council at this time.

Goodman stated that she mentioned to FEMA that we do not want our City employees to suffer. She then said that anyone who suffered any damage should call the FEMA hotline as Arcadia will be reimbursed based on the number of claims received by FEMA.

City Recorder and Finance Officer Baumann noted that the City's financial condition does not come as a surprise to Council as problems regarding reserves were noted in last years audit.

Administrator Strube reported that the City has sixty (60) days to make amendments to the Project Worksheets. At this time there has been no clarification on the Roads Worksheet. He also reported that a possible 3rd amendment to the Consent Order may be required due to damage from the hurricanes.

Fazzone moved to hold the 3% merit raise, Police longevity raise, 20 year one week pay bonus, vacation and sick leave buyback, Christmas bonus and the filling of any vacant positions in abeyance until the finances of the City improve; seconded by Heine and carried.

There being no further business the meeting was adjourned.


CITY RECORDER


PRESIDENT