

**CITY OF TEMPLE TERRACE, FLORIDA
MAYOR AND CITY COUNCIL
REPORT OF WORK SESSION**

**Tuesday, July 6, 2010
Council Workroom
4:30 p.m.**

Having been duly advertised as required by law, the Mayor and City Council of the City of Temple Terrace, Florida, met in a work session, beginning at 4:30 p.m. on Tuesday, July 6, 2010, in the Council Workroom in the rear of Council Chambers, for a Budget Workshop for Fiscal Year 2010-2011.

PRESENT WERE: Mayor Joe Affronti, Council Members Alison M. Fernandez, Ron Govin, Ken Holloway, and Mary Jane Neale, City Manager Kim Leinbach, and City Clerk Lisa Small.

ABSENT WAS: Council Member Mark A. Knapp.

ALSO PRESENT WERE: Finance Director Diane Reichard, Police Chief Ken Albano, Human Resources Director Woody Hubbard, Public Works Director Joe Motta, Public Information Officer Michael Dunn, Fire Chief Keith Chapman, Leisure Services Director James Chambers, IT Director Bob Keel, Assistant Fire Chief Ian Kemp, Human Resources Officer Janet Bledsoe, Fire Local 3582 Representatives Walt Rogers, Roger Chewing, Brendan Paterson, and Ronald Black, Joyce McKenzie, Mike Prendergast, Jane Land, Al Brown, Jo Ann Spear Brown, Mel Jurado, Rod Jurado, and several other persons.

Mayor Affronti called the work session to order at 4:30 p.m.

The City Manager opened the work session stating they are here to present the status of the Fiscal Year 2010-11 budget and receive Council's direction for finalizing the budget. He reviewed the process to date and mentioned the worsening financial situation, adding that this is his 40th budget and the most difficult by far. He said the recommendation being presented was a unanimous decision by him and the Department Directors. He called on Finance Director Diane Reichard to make the presentation, during which they will entertain the Mayor and Council's questions and direction.

Utilizing a PowerPoint presentation, a copy of which is part of the record, the Finance Director reviewed the purpose of the meeting, which is to briefly discuss the status of the Fiscal Year 2010-11 Budget, specifically Street and CIT Funds, Utility Funds, TIF and Debt Service Funds, and the General Fund. The Finance Director said the administration's recommendation will also be presented, after which they will seek the Mayor and City Council's direction for going forward.

Reviewing the Street Improvement Fund, the Finance Director presented the nine improvement projects included in the \$4,461,000 and pointed out additional funding sources being utilized to accomplish the projects, which include the following:

- Temple Heights - \$600,000
- Telecom Parkway to Morris Bridge extension (design) - \$250,000 (County CIT)
- Completion of 56th Street - \$2,400,000 (She noted the project is not all in this year's budget.)
 - Federal Earmark - \$1,152,000
 - County Grant (CGIP) - \$624,000
 - Gas Tax - \$624,000

- Sign Retro-reflectivity Program – \$50,000
- Telecom Drive (include milling) – \$300,000
- Sidewalk Projects - \$129,400
- Storm Sewer Projects - \$80,000
- Pleasant Terrace Drainage Study - \$50,000
- Maintenance - \$301,175

The Finance Director noted the Street Improvement Fund is a restricted fund, which is funded by Gas Tax. The Finance Director noted the projected balance in the Street Improvement Fund at September 30, 2011, is \$1,342,591, which will be used to fund the capital projects over the next five years.

Council Member Halloway questioned the Sign Retro-reflectivity program. The City Manager interjected this is a new Federal regulation. Public Works Director Joe Motta explained that the new regulation requires that all signs – regulatory and traffic – have to meet the new standards by 2015 for traffic signs and by 2018 for all other signs. He noted that the funding shown is only to gather the data necessary to determine what they need to do; they do not have a cost estimate yet for the signs that must be replaced.

The Finance Director briefly reviewed the projects to be funded by Community Investment Tax, totaling \$1,358,000, which include: Police vehicles and equipment - \$249,800; Fire vehicles and equipment - \$168,200; Municipal buildings - \$64,600; Riverfront Preserve development - \$175,000; and County-funded recreation projects - \$410,000. She noted this will leave a balance at September 30, 2011, of \$1,398,039 to be used toward the five-year capital improvement program.

Regarding the Water & Sewer Fund, the Finance Director noted the projected revenue of \$10,677,793 includes a 2.6% increase, based on the 2009 rate study. She explained that Council did not want to implement the entire increase at once time, but instead, chose to implement it incrementally. She commented on capital expenditures of \$70,500 and the increase in chemical costs for Thioguard for wastewater treatment due to the new Environmental Protection Commission requirement and in accordance with the City's Interlocal Agreement with the City of Tampa. She projected a balance at September 30, 2011, of \$817,961, which is not as much as they would like to have in this fund; however, they knew when they did the rate study that it would take until 2014 to get to the point where they need to be, and they are gradually making progress.

The Finance Director noted that the City is required to transfer 5% of the water and sewer revenue annually into the Renewal and Replacement Fund when they do a bond issue to be able to replenish the assets as they come due. She commented that they are not doing very many asset replacements this year - water treatment in the amount of \$62,500, distribution system expense of \$35,000, and sewer collection system expense of \$60,000; however, they do have a five-year capital improvement program, so as the funds are accumulated, they will be spent over the years. She stated there is a projected balance at September 30, 2011, of \$517,262.

Regarding the Water Improvement Fund, the Finance Director noted this is a restricted fund that can only be used on water system improvement projects.

The Finance Director reviewed the Water Improvement Fund projects planned for this year, which include continuing with the automatic meter reading program in the amount of \$250,000, and correcting a continuing problem on Valletta Drive/Industrial Drive in the amount of \$175,000. She explained the \$50,000 planned for the Fowler/I-75 area references "Federal" funding, because when I-75 is widened, the Fowler Avenue exit will be affected, and water and sewer lines will have to be moved. She remarked that the City will not have to pay for any of that; it will be federally funded, although the revenue and the expense must be shown in the budget. She explained the \$450,000 budgeted for the Live Oak area is because the area has a significant number of small water lines that need upgrading, as well as hydrant replacements. She commented that the balance at September 30, 2011, is projected to be \$2.83 million, which will be used to expand and improve the system in the future as needed.

The Finance Director commented that the Sewer Improvement Fund is a small fund, which accumulates funds over time as people come onto the system. She reviewed the proposed expenses, which include the \$100,000 for the Fowler Avenue force main, which, as mentioned before, will be part of the federally-funded I-75 widening, and \$10,000 for sewer system extension. Referring to the projected low balance at September 30, 2011, of only \$11,300, the Finance Director explained that the City recently completed the rehabilitation of Lift Station B, with a 16" force main at a cost of \$1,016,000; the Harney Road force main was repaired at a cost of \$492,000; Lift Stations E and SB are currently being rehabilitated at a cost of \$296,000 and \$748,000, respectively; and the design for the rehabilitation of Lift Station SB is completed; however, construction costs of an estimated \$700,000 are unfunded. In the future, she said they will be exploring ways to fund the \$700,000 project.

The Finance Director reported there is no rate increase proposed for the Sanitation Fund, which is projected to receive revenue in the amount of \$3,029,000 and expenses for roll-off containers and a recycling vehicle. She noted one position has been eliminated and they were able to absorb a County rate increase, leaving a balance in the Sanitation Fund at September 30, 2011 of approximately \$894,984, which is a healthy balance for this fund.

Regarding Fleet Maintenance, the Finance Director commented that revenue is generated from internal departments in the amount of \$536,046 to cover the costs to maintain 207 vehicles and equipment. For Fiscal Year 2011, the Finance Director said they have proposed to reduce the cost to departments and use \$18,443 of fund balance, leaving a balance at September 30, 2011 of \$63,477. She explained that a significantly large fund balance is not necessary in this fund.

Relative to the Temple Terrace Redevelopment Agency, the Finance Director commented that funding comes from three different agencies – Hillsborough County, Tampa Port Authority, and Temple Terrace all contribute to the TIF Fund for redevelopment. She continued that while taxable property value declined 15% to \$73.4 million, an increase in value is anticipated due to the redevelopment over the base value that was set in 2004. Of the \$117,648 anticipated revenue in the coming fiscal year, the Finance Director said that redevelopment administrative costs are anticipated at \$52,200, (primarily attorney fees and state fees), with the balance of \$65,448 being transferred to the Debt Service Fund.

In response to the question of what comprises the administrative costs, the Finance Director responded they are mostly attorney fees, operational expenses, and fees required by the State.

The Finance Director stated that in the Debt Service Fund, the major concern is the \$21.8 million debt. She commented \$600,000 was paid on principal in the last fiscal year, bringing it down to \$21.2 million. She continued that the loan is a three-year loan; therefore, in the next budget cycle they will be discussing the refinancing of the debt. She briefly reviewed the sources available to pay interest only on the debt, which include rental income from the redevelopment property, TIF income, and the quarter mill from the General Fund. She commented that the interest has only been running about 2.57%; however, they estimated 3.25% (equating to \$672,000 of interest) to be safe. She noted there are no additional funds available for principal payments this fiscal year, due to the current decline in value in the TIF district.

In response to questions the Finance Director has recently received as to how the City got to this tenuous situation with the budget, the Finance Director referred to several slides with pie charts comparing the breakdown of General Revenue at 5-year intervals, in 2001, 2006, and 2011. She also provided a chart showing a 10-year snapshot of personal services expenses for those same periods of time, noting that personal services amount to 76% of the General Fund budget. She explained that personal services include salary and fringe benefits.

The Finance Director reviewed services eliminated and altered since 2008 to try to keep the budget in line, including closing the Library on Sundays, eliminating the annual employee appreciation luncheon, eliminating civic memberships, a reduction in employee training to those classes necessary for certification, hiring freezes, eliminating 16.46 positions as they became vacant and reducing the full-time equivalent count by 16%. She reviewed services altered since 2008, including senior membership fees for those using the Lightfoot Center, leagues assuming 50% of the charges for ball field lighting, extending the computer equipment lease cycle from three to five years, and delaying capital outlay and equipment purchases.

The Finance Director presented a graph showing the decline in taxable property value, noting that current property tax value is less than it was in 2006. She remarked that Amendment One resulted in the City losing \$130 million in value – translating to a loss of \$594,174, and property values have declined 28% over that period of time. Other revenue losses since 2008 were mentioned, including reserves utilized three years ago to upgrade the Communications radio system, a reduction in State and County Library funding from 40% of expenditures to a flat rate of 23%, and declining interest rates resulting in less interest earned, all of which have resulted in a cumulative revenue loss of \$3.2 million. She delineated the revenues that make up the \$3.2 million – ad valorem tax, utility tax, State-shared revenue, Library grants, and building permits.

The Finance Director reported that increased expenses since 2008 include fuel and utility expenses, and an increase in the City's contribution expense to the police and fire pension plans due to the decline in investment earnings.

The Finance Director briefly reviewed modifications made since 2008, which includes a reorganization of several departments, including Leisure Services, Public Works, and Community Development, as well as the City Manager serving as the Redevelopment Director, Housing and Code Compliance were relocated to City Hall, and a number of employees took voluntary time off to save the City money.

The Finance Director presented a pie chart of the 2011 General Fund budget of \$21.8 million, reflecting Public Safety costs of 58%, Leisure Services costs of 18%, Public Works costs of 7%, and Administration and Other costs of 17%, which is a combination of several of the smaller City Departments. She reviewed General Fund options that were explored over the last several months, and changes that were implemented in the area of Revenues for the proposed budget, including a “no growth” projection, using additional gas tax to pay for maintenance, and a roll-up of the millage rate from 5.2829 to 5.95, which is slightly less than revenue neutral.

The Finance Director briefly explained that the current \$1.21 billion in property values generates \$6,088,297 in property tax revenue at the current millage rate of 5.2829 mills; the drop from the previous year valuation of \$1.6 billion results in a loss of \$900,833 in General Fund from the current fiscal year. She explained if the millage rate is increased by .8560 mills to 6.1389 mills, it would generate the same amount of property tax revenue for the City as the current year, and the residents would pay the same amount of taxes. Instead, she said the administration is suggesting an increase in the millage rate by .6671 to 5.95 mills, which will generate \$62,957 less than last year, resulting in the residents paying slightly less tax dollars. She noted that at the July 20th City Council meeting complete information concerning the millage rate will be presented to Council for consideration. She remarked that because of Amendment One, the State made it very complicated to compute the maximum millage rate. She briefly explained the various adjustments for growth, roll-up rates, and maximum levy, with the votes required for passage, and indicated Council would receive a Memorandum explaining this in detail before the next Council meeting.

The Finance Director briefly reviewed changes that were implemented in the area of expenses in the proposed budget, including FRS (Florida Retirement System) rate increases, utility cost increases, OPEB (Other Post Employment Benefits) cost increase (for retirees), 50% of ball field lighting to leagues, economic incentives (QTI) delayed at request of recipients who were unable to meet their obligations in the required timeframe and received extensions from the State, and removal of the \$10,000 Council contingency.

The Finance Director continued with changes implemented in the area of expenses, stating that union employee salaries and benefits for Police, per contract, will cost an additional \$226,200; Union Fire employee salaries and benefits are subject to negotiation. She said that a one-ton truck needed for Streets, in the amount of \$125,000, was in the five-year CIP, but has been delayed for lack of available funds; frozen positions, which will remain frozen through next fiscal year, are in the amount of \$300,939; and fund balance in excess of 20% is planned to be used, which equates to about \$87,000. She stated that the deficit “at the end of the day” is \$345,700. Reviewing the General Fund by category and noting Personal Services at 76%, the Finance Director commented that to make a significant impact it would have to be in the Personal Services category.

The Finance Director reviewed the changes in general fund positions since 2008, including positions eliminated and proposed to be frozen in 2010-11.

While 16.46 positions (16%) were reduced, the Finance Director noted that 11 positions were added: four Firefighters were added in January 2008, to be funded by annexation; six Firefighters were funded with a SAFER grant in May of 2009; and one Communications Officer that was eliminated two years ago was added back when the position was able to be funded by a grant. She reviewed the breakdown of the 16.46 FTE (full-time equivalent) positions eliminated over the last three years, which were primarily through attrition. She noted there would be no salary increase for non-union employees or Council, adding that there was also no increase for employees in the current fiscal year. She also remarked that no flex benefit increase is proposed, requiring that employees will assume the estimated 9% health insurance increase. She pointed out that health insurance has increased by 45% over the last four years.

The Finance Director presented the Executive Staff Recommendations, which include no layoffs or furlough days. She relayed that the administration thought it was very admirable that if given a choice, staff preferred furlough days over layoffs. She continued with the recommendations, that a portion of the Red Light Camera Revenue be utilized to balance the budget and implement a Fire Service Fee to offset a portion of the property tax millage rate. The Finance Director noted that cutting additional staff will adversely affect services, lose continuity of staff's training, and trigger unemployment benefit expenses; that is the reason no layoffs or furlough days are included in the recommendation. Fire Chief Chapman was asked to explain the proposed Fire Service Fee.

Fire Chief Chapman explained he and the Finance Director have been contacting various jurisdictions and consultants over the last several months to explore how a Fire Service Fee is structured and implemented. He remarked that a Fire Service Fee is a non-ad valorem based fee allowed under Florida's Home Rule Authority; therefore, it is not based on property value. He said the fee is charged to the property owners or the occupants of that parcel, being largely considered a user fee, which he said is important because a number of parcels in the City either pay no ad valorem taxes or a very small amount of taxes, while some of those are the highest users of their services. From a user fee perspective, he said they are using services for which they are not paying.

As an example, Fire Chief Chapman reported that the Finance Director was able to obtain statistical data from the Property Appraiser's office, which revealed that 275 parcels, representing 3% of the parcels in the City, have a zero taxable value; in addition, another 300 parcels, which represent 6% of the parcels in the City, pay less than \$100 because they have a taxable value less than \$19,000. He continued that there are 1,438 parcels for which the owners pay between \$100 and \$200 in property taxes; combined with the other categories, those parcels represent 23% of the parcels within the City which, from a user perspective, are not paying for the fire services they receive. He also presented service fee considerations, including the fee type and how fees are established and billed, commenting that the Fire Service Fee would exclude Emergency Medical Services. He noted that the millage rate could be adjusted downward as all parcels in the City would be contributing their fair share of the cost of fire service.

Fire Chief Chapman summarized that staff recommends implementation of a Fire Service Fee, which would be included on the monthly utility bills, with the fee being collected from those using the service.

Fire Chief Chapman pointed out 59 cities and counties that have already implemented a Fire Service Fee, some of which go back to the 1990s. He noted this is not an all inclusive list of those who have implemented a fee. He explained that before a Fire Service Fee can be implemented, a consulting firm would assist in conducting the statutorily-required study and analysis to determine what the Fire Service Fee should be and develop an ordinance in accordance with case law and State Statute. He noted there are two consulting firms that specialize in this area, Government Services Group, Inc., from Tallahassee, and Burton & Associates from St. Augustine. Fire Chief Chapman concluded that staff is looking for direction from the Council as to whether to pursue a consultant in order to perform the analysis; at the time the analysis is done and the fee schedule has been determined, staff will come back to the Council, most likely in a workshop to discuss the options. He concluded that at that point in time, the Council would make a decision as to whether Council believes this would be in the best interest of the City. He reiterated that staff does not believe this could be accomplished by October 1; however, they believe it could be accomplished by the first of the year, with a mid-year implementation.

Mayor Affronti questioned whether they have any ideas as to how much the fee would be and what revenues could be generated, if the Fire Service Fee is pursued. The Finance Director suggested that with 8,933 parcels, if the Fire Service Fee is accepted and the fee was \$100 per parcel, it would roughly generate \$900,000, with the caveat that commercial properties are generally calculated differently and the number of those parcels that are commercial is unknown at this time. Fire Chief Chapman interjected that most of the commercial fees he has seen have ranged from \$300 to \$400. The Finance Director remarked the City is about 70% residential; therefore, they use residential for rough estimates.

In response to Mayor Affronti's question as to whether the total shortfall is \$1.3 million, the Finance Director clarified with the roll-up millage rate of approximately \$900,000, the gap is about \$357,000, without any increase in Fire salaries.

The City Manager interjected that if there is an adjustment in the Fire salaries, it would have to be taken out of reserves; there is no other way to afford it. He confirmed for Mayor Affronti that the reserves are approximately \$4 million. The City Manager explained that they are proposing to use \$357,000 of the approximate \$850,000 of the red light camera monies to cover the current deficit of \$357,000 as a stop-gap measure for the 2010-11 Fiscal Year, while they study the Fire Service Fee. Any additional costs, he said, would also have to come from the red light camera funds.

Mayor Affronti asked the City Manager to explain why the \$850,000 of red light camera revenue is being kept in reserves, to which the City Manager responded it is being held because of the lawsuit against the City. He said only about \$35,000 of the red light camera funds has been used to administer the program. He expressed concern that using the red light camera funds is a risk, since they cannot predict the outcome of the lawsuit; if the City loses, they may have to pay the money back.

Council Member Halloway interjected that he doesn't agree there is much risk involved; he cited the length of time involved in settling a lawsuit and that paying the funds back is a worse-case scenario.

Council Member Govin inquired about the original purpose of the red light camera revenue.

The City Manager responded that if they were ever free to do so and the economic conditions permitted, he had envisioned using the red light camera funds to pay down the public safety pension obligation, believing that to be a logical use of the money.

Council Member Govin questioned whether there was a Council vote to that effect, to which the City Manager responded there was never a vote concerning the use of the funds. Council Member Govin questioned how the City Manager knew that was how the funds would be used; the City Manager responded that would be his recommendation to the Council. Council Member Govin confirmed there was no vote on the use of the funds. The City Manager responded affirmatively, adding that he did speak with the City Attorney concerning the use of the funds and was advised there is no legal impediment to use the funds.

Council Member Fernandez questioned what the millage rate could be, instead of, as an example, 6.1 mills, if the Fire Service Fee was put into place. The Finance Director responded that she cannot answer that at this point in time. She stated that 5.95 mills is where they are today, and with approval to use \$357,000 from red light camera funds, would solve the budget shortfall for this budget cycle. She added they are recommending that the Fire Service Fee be researched to see if that is a viable alternative for next year – a mid-year implementation would help get them back on track and then they could look at the millage rate for next year.

The City Manager commented that the City is running out of choices; over the last three years it has become progressively worse. He opined that the next step is to cut people, which will result in reduced services, which is contrary to what they have heard from the residents.

Mayor Affronti asked the City Manager for his recommendation. The City Manager responded that the administration recommends they utilize most of the rolled-up millage rate to 5.95 mills and make up the deficit of approximately \$357,000 from the red light camera funds, with the other recommendations made today throughout the presentation, and allow the administration to study a Fire Service Fee during the year and come back to the Council for their decision as to whether to implement a Fire Service Fee. If all of that is done, the City Manager confirmed it would be revenue neutral, with everyone receiving a slight property tax break.

Council Member Govin questioned how the Fire Service Fee would be distributed, to which the City Manager responded it would go against all of the fire expenses except for those related to EMS (Emergency Medical Services), which is excluded. Fire Chief Chapman confirmed that was correct, once the Fire Service Fee is implemented and revenue comes in, those monies would offset the fire expenses, which would free up general fund monies which could be used for other purposes as Council directs.

Acknowledging that a study is needed, Mayor Affronti asked the City Manager for a rough estimate of the amount of a Fire Service Fee, to which the City Manager responded that a “wild guess” would be roughly \$100 to \$120 per year per residence; commercial buildings are on a per square foot basis. He recalled that the Fire Chief mentioned the average in the state runs about \$300 to \$400 per year.

Fire Chief Chapman reiterated that the commercial schedule he has seen starts around \$340 and goes up, based on the size of the building; Ocala residences are paying about \$14 per month, which is around \$170 per year.

Mayor Affronti expressed concern that small businesses are already struggling and this may add to their problems. Finance Director Reichard responded that the millage rate, based on the value of a business, could be higher for a business than the fixed Fire Service Fee would be. She said they would include that in the information they bring back to Council, if they decide to look further into a Fire Service Fee.

Council Member Govin confirmed the number of personnel hired under the SAFER grant was six. He expressed concern that because the SAFER grant is reduced over a five-year period, it can no longer pay for six persons. The City Manager confirmed that was correct; the City has to pick up the difference. He commented that the administration is proposing further annexation to the east, and if that is accomplished, the City will have the fire personnel essentially in place to serve that area.

Council Member Fernandez questioned whether a strip shopping center would pay the fee or divide it among the renters. Fire Chief Chapman stated that since it is based on square footage, the owner could look at it both ways; as an example, with the Rental Housing Program, they have found some pass on the fee to the renters and some do not.

Council Member Fernandez mentioned concerns expressed by business owners in the past over the fees charged on the Rental Housing Program. She commented that she has some reservations about the Fire Service Fee; however, there is a cost to doing business. She said that was one of the reasons she asked to see what revenue is available, so they could determine what revenue they have to divide. She continued that people are the City's "Number One" asset, because the City is a service industry; for instance, any type of equipment the City uses is because of the service being provided. She reasoned that while she wants to be sensitive to the public who may also be facing pay reductions or job loss, it costs a certain amount to do business and there is an expectation in this City to keep property values high and make this a City worth living in. She noted that residents do receive a prompt response when calling the Public Safety Officers, even for trivial things like locking the keys in a car – that kind of response doesn't happen everywhere. She concluded that she is not 100% convinced that a Fire Service Fee is the way to go, but she would be in favor of researching it; her direction would also be to use a portion of the red light camera money as indicated; in a perfect world she would advocate using it for public safety transportation projects.

Council Member Neale questioned that when Council asks for the Fire Service Fee to be researched whether it will come back with different options for how to apply it to businesses – that they are not making any decisions now. The City Manager responded affirmatively and confirmed that if the Council proceeds with a Fire Service Fee, once it is adopted by ordinance, it would go on year after year, until there is a vote to rescind it.

Council Member Halloway commented that he supports using the red light camera funds to bail out the budget. Regarding the Fire Service Fee, he said he considers it just another tax. He expressed concern that once they get into it, it would be a slippery slope, and being easy to increase, it would grow by leaps and bounds. He concluded that he is opposed to a Fire Service Fee.

Mayor Affronti commented that if they raise the millage, that is a tax increase. Council Member Halloway concurred, adding that it is an “honest” one, while he believes a Fire Service Fee is “clandestine.”

Council Member Govin expressed concern that at the last meeting the millage was suggested to be set at 5.7; however, now the administration is talking about 5.95, which is a sizable jump. The City Manager explained that the property tax deficit grew from 10% to 13% during that time as well.

Council Member Govin stated that he also talked about reducing employees and thought there was a clear understanding to reduce personnel costs. While he understands they reduced the number of employees by 16, he said they added back 11 over the last three years, which is not a real reduction – only a net difference of five in three years. He continued that it seems to him there have to be some openings and there should have been some seeking of positions that could be eliminated. He explained he is not saying to eliminate 25; five to ten would solve the \$370,000 gap. He said he doesn't see any great effort to reduce personnel costs. Although he knows it is probably the worst place in the world to cut, he said he doesn't see the City having made a big effort over three years, with cutting only a net of five positions.

The Finance Director responded that the City has been very lean with positions, with no positions put in the budget and purposely left vacant – a practice among some cities and counties. She continued that the City has been very frugal; every person here is working.

Mayor Affronti questioned where the positions were added. The Finance Director responded that the Fire Department added positions, explaining that when the City annexed property, the Level of Service report indicated a need for additional fire positions. She continued that the other fire positions were added with the SAFER grant, and while they understood it was a declining revenue source, at the time the grant was obtained and the positions filled, it was believed that there would be additional annexations for which the personnel would be needed to be in place. She summarized there were ten firefighters added and one Communications Officer, which she said had been eliminated two years ago, but added the position back when a grant was obtained to fund the position.

Council Member Govin stated that 20 minutes is not sufficient time in which to discuss the budget recommendations; he is not prepared to give direction without the opportunity to ask multiple questions on the various slides. He suggested another two-hour workshop and that they be given a copy of the presentation so that they can come better prepared. The Finance Director distributed copies of the PowerPoint presentation. Council Member Govin commented that they will raise the millage, put in the Fire Service Fee, or direct the administration to cut employees, none of which are desirable options. He emphasized a more extensive meeting is necessary.

Council Member Neale commented that without first researching the Fire Service Fee, she doesn't know whether she can support it. Council Member Govin pointed out that the Fire Service Fee does not affect the 2010-11 Fiscal Year budget. The City Manager interjected that if the Council is dead set against a Fire Service Fee, the administration doesn't want to spend the staff time or money to pursue the study.

Council Member Halloway commented that the study isn't going to tell them whether they should implement the program; it will tell them how much they should charge and how much money it will raise.

Council Member Fernandez remarked that one reason they are looking at the Fire Service Fee is because some people pay no property taxes because their property is valued so low. She said one thing she likes about the Fire Service Fee is that every property owner in the City pays a portion – it more equitably distributes the cost of the service provided. She asked Council Member Halloway how he would propose to have those people who now pay nothing for the service to pay something.

Council Member Halloway responded that he would not have them pay a Fire Service Fee; he is opposed to the Fire Service Fee.

Mayor Affronti commented that there has to be additional tax paid by a millage rate increase or a Fire Service Fee to meet what they have to meet. The City Manager added that otherwise severe cuts have to be made.

Council Member Fernandez wanted to clarify for the public that the water and sewer funds are enterprise funds that do not affect the general fund. Regarding the potential of cutting positions, she expressed concern that she does not see a lot of room for cutting personnel and still maintain services. While many cuts may focus on Leisure Services, she reminded Council that they are responsible for maintaining the medians and public spaces. If residents see those areas decline, she questioned how effective Code Compliance can be in enforcement of residents who don't maintain their properties. The City Manager stated that is correct; the City has kept the same number of personnel, but increased the workload. He said it is a struggle right now to maintain what they have.

Council Member Fernandez commented that she wants that looked at closely. While an individual's income is what it is and they have to make do, Council Member Fernandez said cities are different in that they have the option to raise additional taxes. She doesn't want staff to eliminate looking at all the ways they can cut; however, she does not want the Council to arbitrarily "cut this" or "cut that."

Mayor Affronti added that they don't want to ruin all that the City offers. The City Manager interjected that is the premise on which the proposed budget is based. Mayor Affronti continued that he realizes the town hall meeting was just a sampling of the community; however, last year when the millage was raised, Council was surprised there were no complaints. He expressed the belief that people understand in order to have the services and protect the amenities of the City, they may have to pay a higher fee. He concluded that is what makes the City what it is.

The City Manager concluded that Council is directing the administration to set up another workshop as soon as possible. He said Council has heard the administration's recommendation, and he asked that they consider it.

Mayor Affronti asked whether they can be more definitive at the next meeting as to what they believe the Fire Service Fee would be and how much revenue it would generate. Fire Chief Chapman responded that specific fees would be very difficult to do; however, they do have meetings scheduled with both consultants later this week to gather more information, which they will present at the next meeting. He said it may be possible to have a ball park figure, but the study is required to get conclusive information. He reminded Council that it will not affect this year's budget, but if allowed to proceed with the study, the administration would bring the entire proposal back at mid-year – possibly January or February.

Mayor Affronti summarized that at the next workshop Council will need to determine for the short-term what they need to do to balance the budget, with the study for the Fire Service Fee proposal considered for the long term.

Council Member Halloway asked the City Manager that the next meeting have sufficient time and not be pressed up against another meeting. Mayor Affronti announced he will be out of town next week and would not be available. It was the consensus that the next Budget Workshop be held two hours before the next City Council meeting (4:00 p.m.) on July 20, 2010. The Finance Director stated that the tentative millage will be set at the next City Council meeting, but the final millage does not need to be set until September, which gives the Council additional time to make their final decision. Council Member Halloway commented that it would be helpful to have handouts distributed for review prior to the meeting. The City Manager explained that the PowerPoint was updated late today.

The City Manager said that he would contact Council Members individually by next Tuesday to determine what additional information they need in order to make their decision.

The work session concluded at 5:44 p.m.

Submitted by,

Lisa Small, MMC
City Clerk