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2
3 **CITY OF TAVARES**
4 **FISCAL YEAR 2010-2011 BUDGET WORKSHOP**
5 **July 28, 2010**
6 **TAVARES CITY HALL COUNCIL CHAMBERS**

7
8 **COUNCILMEMBERS PRESENT**

ABSENT

9
10 Robert Wolfe, Mayor
11 Lori Pfister, Vice Mayor
12 Sandy Gamble, Councilmember
13 Robert Grenier, Councilmember
14 Kirby Smith, Councilmember

15
16 **STAFF PRESENT**

17
18 John Drury, City Administrator
19 City Attorney Robert Williams
20 Nancy Barnett, City Clerk
21 Tammy Rogers, Director of Community Services
22 Bill Neron, Economic Development Director
23 Jacques Skutt, Director of Community Development
24 Lori Houghton, Director of Finance
25 Lori Tucker, Director of Human Resources
26 Brad Hayes, Utility Director
27 Chris Thompson, Interim Public Works Director
28 Chief Stoney Lubins, Police Department
29 Chief Richard Keith, Fire Department

30
31 **1) Call to Order**

32
33 Mayor Wolfe called the Council Meeting to order at 4:00 p.m.

34
35 **2) Discussion of Budget Summary**

36
37 Mr. Drury presented the following summary:

38
39 The primary purpose of this meeting is to present and discuss the proposed FY 11
40 (October 1, 2011 - September 30, 2011) budget so that Council can then set the
41 tentative maximum millage rate for Fiscal Year 2011 at this meeting.

- 42
43 1. This tentative maximum millage rate must be filed with the Property Appraiser by
44 August 2, 2010. The Property Appraiser provides notification to all property
45 owners of the tentative maximum millage rate.

2. As Council reviews the proposed FY 11 Budget, Council may make adjustments to the budget and Council may lower the millage rate but may not increase the millage rate.
3. The Council will have four more meetings to discuss the budget and make adjustments to the budget and millage rate as desired.
4. An analysis of going from twice a week residential garbage pick-up to once a week garbage pickup will be provided at the next budget workshop.
5. The water, wastewater and reclaim user fee rate study is included.
6. The five year draft tentative Capital Program is included.
7. The Health Clinic financial analysis shall be presented at the next budget workshop.

SUMMARY:

The City Administrator is responsible for preparing the annual city budgets and submitting them to Council. There are five (5) government operations and their associated budgets that the City manages as follows:

- 1) **General Fund** (40% funded by Property Tax and 60% by fees and non property tax)
- 2) **Water/Wastewater/Reclaim** (funded by user fees)
- 3) **Storm Water** (funded by storm water fee)
- 4) **Solid Waste Collection/Disposal – Garbage** (Funded by user fees)
- 5) **Capital Program** (Funded by Infrastructure Sales tax, grants and loans)

General Fund: This includes: Police, 911 Communications Center, Code Enforcement, Fire, Parks, Recreation, Library, Planning, Zoning, Permitting, GIS mapping, Economic Development, Grant Writing, Human Resource, Finance, Budgeting, Procurement, Clerk, Public Works, Building Maintenance, Street Maintenance, Fleet Maintenance, Information Technology, Public Relations/Web Page/News Letter, Cultural Affairs, Legal Services, Liability Insurance, Property Insurance, Utilities, Street Lighting Administration and City Council.

Water/Waste Water/Reclaim: This includes the operation and maintenance of the Sewer Plant, Water Plant; reclaim program and the storage, treatment, collection, distribution and disposal services. User fees and base charges offset costs. Rate studies have been completed to establish a fiscally sound enterprise.

Storm Water: This includes the storage, treatment, collection and disposal of storm water to reduce flooding events and street cleaning and filtration system management to reduce storm water runoff pollutants from entering the lakes and environment. A \$4.50 per month charge per property is collected to offset costs.

Solid Waste Collection/Disposal – Garbage: This includes:

- 1 1. door to door collection and disposal services of garbage (twice per week
- 2 residential).
- 3 2. recycling (one per week).
- 4 3. yard waste (twice per week).
- 5 4. bulk items including furniture, mattresses, washer dryers etc (four times per
- 6 year).

7
8 A fee of \$20.69 per month covers the above four services.

9
10 **Capital Program:** This program includes all capital items for the four enterprises (see
11 attached five year program).

12
13 Prior to preparing the FY 11 budgets, the City Administrator sought Council's direction
14 on broad budget goals. The Council held its first two FY 11 budget discussions on
15 March 2 and March 17th, 2010 (See attached Agenda Summary and minutes Exhibit A).
16 At the second meeting the Council, who had been provided 10 Broad Budget options,
17 weighed in on their respective views. The City Administrator's take-a-ways from those
18 two budget meetings was to develop a General Fund budget:

- 19
- 20 **1. With less tax revenues**
- 21 **2. That had a millage rate that was less than the roll back rate**
- 22 **3. That did not institute new fees (like a fire assessment fee).**
- 23 **4. That maintained a similar level of service**
- 24 **5. That provides the employees a compensation adjustment**
- 25

26 The current tax rate is 6.2500 mills. The roll back rate is 7.5673 mills (this is the rate
27 that would bring in the same amount of tax revenues in FY 11 as was received in FY 10
28 current year – See "Truth in Millage Tax Rate Act" provided in package). The
29 recommended millage rate is 6.9500 mills for FY11.

30 Based on the Council's broad budget goals, the City Administrator has developed a
31 budget with staff as outlined below and as attached.

32 It should be noted that after the first two budget meetings in March, the Property
33 appraiser has issued his final estimated reduction in property values of 17.17% for
34 Tavares. This is a 5.67% higher reduction than his preliminary estimate back in March
35 of only an 11.5% reduction.

36 The proposed FY 11 budget included the following salient points and is built upon the
37 premise of doing more with less.

- 38 1. Tax revenues will decrease by \$406,489 (From \$4,940,287 in FY 10 down to
- 39 \$4,533,798 in FY 11).
- 40 2. Budget cuts for all enterprises totaling \$2,998,093 were instituted (See Exhibit B).
- 41 These cuts include items that were in the current FY 10 budget as well as
- 42 proposed items for FY 11.

- 1 3. Total General Fund budget will be reduced from \$11,220,749 down to
2 \$11,266,112 (See Exhibit C).
- 3 4. The General fund reserve fund balance is proposed at \$1,711,933 or 14.4% of
4 the budget. No reserves are being used to balance the proposed budget. GFOA
5 recommends a 5%-20% reserve fund for government enterprises with smaller
6 cities like Tavares maintaining above the 12.5% midpoint.
- 7 5. The employee furlough program will end September 30, 2010.
- 8 6. All employees will receive a 2% increase in pay (COLA) six months into next
9 year's budget on April 1, 2011.
- 10 7. There will be no increased costs to employees for benefits. (Note: The Fire and
11 Police pension funds are outside the scope of the Council as they are managed
12 by the Pension Boards).
- 13 8. All employee benefits stay the same. . (Note: The Fire and Police pension funds
14 are outside the scope of the Council as they are managed by the Pension
15 Boards).
- 16 9. The following vacant positions will remain unfilled:
17 - City Administrator's Executive Administrative Assistant
18 - Planning and Zoning Director's Administrative Assistant
19 - One Information Technology Computer position
20 - One Police Officer
- 21 10. The following capital projects are moving forward this current year and are
22 programmed to move forward into the next fiscal year.
23 - Amphitheater on the water front (Voter Referendum G.O. Bond Issue)
24 - Pier and Pavilion (\$1.5 million previously budgeted through infrastructure
25 sales tax loan).
26 - Woodlea Sports Park (\$300,000 previously budgeted by city and \$250,000
27 by County to grade and permit the fields).
28 - Public Safety Complex (\$500,000 grant to begin the design).
- 29 11. The recommended millage rate to support the above is 6.9500 mills for FY 11.
30 This equates to a \$695 tax payment for a homesteaded home valued at
31 \$150,000. (\$150,000-\$50,000/1000X6.95).

32
33 **OPTIONS:**

- 34
- 35 1) Discuss budget and set a tentative maximum millage rate of 6.95.
- 36 2) Discuss budget and set a tentative maximum millage rate that Council
37 develops.
- 38

39 **Presentation by Finance Director**

40
41 Ms. Houghton presented the proposed FY 2011 budget. She discussed current initiatives
42 reflected in the current budget:

- 43
- 44 • Implementation of the downtown master plan
- 45 • Reclaimed water project

- 1 • USDA funded water and wastewater replacements within the CRA
- 2 • Expansion of the Wooton Park Seaplane Base with an amphitheater (going to voter
- 3 referendum)
- 4 • Woodlea Sports Park development
- 5 • Aesops Park enhancements
- 6 • Public Safety Complex
- 7 • Pier and Pavilion project

8
9 Ms. Houghton discussed historical millage values, noting that the city's taxable values
10 decreased 17.03 since the prior year. In the last three years there has been a 29%
11 decrease in total. She discussed growth indicators such as population which directly affects
12 state revenues. She discussed revenue trends, costs in each department, and each
13 revenue fund's costs.

14
15 Mr. Drury summarized that this is a budget that is a balance between declining revenues
16 and increasing expenses. He thanked staff for their work and invited questions.

17
18 Mayor Wolfe thanked Ms. Houghton. He asked if anyone in the audience wished to speak.

19
20 He asked for Council discussion.

21
22 Councilmember Grenier asked for clarification on the tourism data in the TIF fund.

23
24 Ms. Houghton responded that because the property values fell in the CRA, those revenues
25 fell as they are directly related. She said the tourism dollars are from the Lake County
26 Tourism Development department which helps to offset the costs for such things as fishing
27 tournaments.

28
29 Councilmember Gamble asked about the deadline for the millage submittal. Mr. Drury said
30 it is Monday, August 2, 2010. He asked about the \$350,000 total cut. Mr. Drury said that
31 was the amount that had been done to this point and on top of that would be the items
32 proposed for the next year. He said Exhibit B shows the list of everything that was cut. He
33 said he will prepare separate lists that show what is existing and what is proposed.

34
35 Vice Mayor Pfister asked about the water taxis and for clarification about the increase. Ms.
36 Houghton said this would be comparing figures since the start of the Seaplane Base in April
37 of 2010. Vice Mayor Pfister said she had asked for a total breakdown of the Splash Park
38 and the Seaplane Base and wanted to have data regarding the costs and the revenues
39 regarding the whole entity. Ms. Houghton said she would bring that information back for the
40 next meeting.

41
42 Councilmember Gamble asked if the Sanitation Department had acquired smaller trucks.
43 Mr. Thompson said there is one small truck and that there may be a possibility of the city
44 picking up the trash for the smaller parks to save costs.

1 Councilmember Gamble said he understood that if the millage rate is set at this meeting at
2 6.95 mils it can always come down at a later date.

3
4 Councilmember Smith said he is not in favor of any millage increase.

5
6 Mayor Wolfe confirmed it could be adjusted but that he was in favor of starting with the
7 6.95.

8
9 Councilmember Grenier concurred.

10
11 **MOTION**

12
13 **Bob Grenier moved to set 6.95 as the new mil as the starting point, seconded by**
14 **Sandy Gamble.**

15
16 Councilmember Gamble said he agreed with Councilmember Smith and this would give
17 Council and staff an opportunity to cut another \$504,000 out of the budget at a future
18 meeting in order to lower it to 6.25.

19
20 Councilmember Smith said there would not be as much motivation to lower it if it is set at
21 6.95.

22
23 Vice Mayor Pfister asked what would happen to the employees if the city changed to a one
24 day pickup. Mr. Drury said if the level of service is lowered it would likely require less
25 people.

26
27 Vice Mayor Pfister said she did not understand why some of the services could not be
28 combined between the surrounding cities. She discussed the issue of duplication of
29 services. Mr. Drury discussed the three meetings that had been held between Mt. Dora,
30 Eustis, and Tavares and noted the next meeting is scheduled to be held in Tavares in
31 January. He discussed some of the collaborative discussions that have been held.

32
33 **The motion carried 3-2 as follows:**

34
35 **Robert Wolfe** **Yes**
36 **Sandy Gamble** **Yes**
37 **Bob Grenier** **Yes**
38 **Lori Pfister** **No**
39 **Kirby Smith** **No**

40
41 Mr. Drury asked for clarification on further direction from Council as to priorities. He said
42 further cuts would require cutting of services. He suggested that Council meet with him
43 individually about their priorities and then be prepared to discuss them at the next council
44 meeting.

1 Mayor Wolfe stated the next budget workshop would be held at the next regular Council
2 meeting on July 4th in two weeks which would provide Council time to review the budget
3 and bring forward suggestions for cuts.
4

5 Mr. Drury recommended that if Council is concerned about the millage rate, then the focus
6 needs to be on Item #1 and the components of the General Fund services. He said one of
7 those areas would need to be reduced.
8

9 **There was general consensus that Council would review their priorities and bring**
10 **back recommendations for cuts in services provided through the General Fund.**
11

12 Vice Mayor Pfister asked how much would have to be cut to stay at the current millage. Mr.
13 Drury said that staff will email the exact figure needed to be cut to remain at the same
14 millage.
15

16 **Adjournment**
17

18 There was no further business and the meeting was adjourned at 5:33 p.m.
19

20 Respectfully submitted,
21
22
23
24

25 _____
26 Nancy A. Barnett, C.M.C.
City Clerk