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2
3 **CITY OF TAVARES**
4 **CITY COUNCIL BUDGET WORKSHOP**
5 **JULY 29, 2009**
6 **TAVARES CITY HALL COUNCIL CHAMBERS**
7

8 **COUNCILMEMBERS PRESENT**

ABSENT

9
10 **Nancy Clutts, Mayor**
11 **Robert Wolfe, Vice Mayor**
12 **Robert Grenier, Councilmember**
13 **Lori Pfister, Councilmember**
14 **Norb Thomas, Councilmember**
15

16 **STAFF PRESENT**

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

30 Mayor Clutts called the meeting to order at 4:00 p.m.

31
32 **State of City Address**
33

34 Mr. Drury stated that the city is in the implementation phase of its Master Plan. The
35 Master Plan resulted from the two year visioning process that the stakeholders of
36 Tavares underwent in 2006 and 2007 under the leadership of Mayor Nancy Clutts. Mr.
37 Drury noted that like many other cities throughout Florida and the United States,
38 Tavares is recovering from a significant downturn in the economy. The most affected
39 areas are reduction in property values, foreclosures, and an increased unemployment
40 rate. He said the City has responded to the situation by downsizing its staff and annual
41 budget commiserate with the downturn in the economy while stepping up its economic
42 development program to assist new businesses, and existing businesses. The result is
43 a 17% decrease in the city budget as well as many businesses opening up and
44 relocating to Tavares, along with several businesses being shored up, to continue
45 operations. Mr. Drury listed a number of businesses that have opened up over the past
46 year. In addition to these businesses, he noted the city has embarked on a significant

1 waterfront development project which will not only provide an additional opportunity for
2 an entrepreneur to operate the marina, but also stimulate economic growth in the
3 downtown business district. He said it is anticipated that this project will be completed in
4 about a year. He discussed the activities and projects of the various city departments.

5
6 **Presentation of Fiscal Year 2009-2010 Budget and Setting of Maximum Millage**

7
8 Mr. Drury stated that the objective would be to present the FY 2010 budget and set the
9 maximum millage rate. He noted that the maximum millage rate could be lowered
10 throughout the budgeting process.

11
12 Mr. Drury presented the following report:

13
14 Previously the City Council developed the FY 10 broad budget goals which were
15 to 1) Not raise the millage rate 2) maintain a similar level of service and 3) treat
16 all employees fairly.

17
18 The city operates the following five (5) Public Service Centers (Government
19 Businesses):

- 20
21 1. Water, Waste Water, Re-Use Water: Here fees off set expenses so no property
22 taxes support this enterprise.
23 2. Sanitation Service (Garbage Collection): Here fees off set expenses so no
24 property taxes support this enterprise.
25 3. Storm Water Service: Here fees off set expenses so no property taxes support
26 this enterprise.
27 4. General Fund: (Police, Fire, Community Development, Economic Development
28 and Grant Writing, Finance, Information Technology, Human Resources,
29 Administration, City Council, Clerk, Parks, Recreation, Library, Public Works,
30 Building Maintenance, Street Repair, Fleet Maintenance, Debt Service). Here
31 revenues are made up of 44% property taxes and 56% other revenues including
32 recreation fees, permit fees, special event gate fees, splash park fees, electric
33 franchise fees, electric utility tax, ½ cent sales tax, gas tax, State Revenue
34 sharing, interest income, telephone tax, transfers from enterprise funds to pay for
35 the administration cost of those enterprise funds.
36 5. Capital Improvement Program: Here grants, infrastructure sales tax, impact fees,
37 and property tax revenues towards debt service are used to fund the projects.

38
39 **As it relates to the General Fund:**

40
41 Due to the economy, state legislation, sales tax revenue dropping, gas tax revenue
42 dropping, and property values dropping as well as the significant increase in
43 Healthcare costs, it is estimated that the city will have a shortfall of approximately
44 \$2.3 million for next year's budget. This shortfall equates to the cost of
45 approximately 52 employees or 31% of our work force. The City Administrator and
46 City Council explored the establishment of a Fire Assessment fee to assist with this

1 \$2.3 million shortfall; however the citizens of Tavares who have also fallen on hard
2 economic times could not afford a fire assessment fee and therefore were not
3 interested in a new fee for services. Therefore that shortfall must come out of the
4 City Budget by reducing expenses.
5

6 The City Administrator proposes the \$2.3 million expense reductions which he
7 believes are in line with Council's three budget priorities and result in a neutral and
8 an unchanged millage rate of 6.25 and balanced budget of \$11,048,142 in expenses
9 and \$11,048,142 in off-setting revenues along with \$1.3 million in reserves which is
10 12.4% of budget. He said the goal in reserves is to move that as close as possible to
11 20% over the next three years. Next year the goal is to go from 12.4% to 15% and
12 the year after 17.45 and the following year, 20%. He said that the Government
13 Finance Officers' Association recommends a 5 to 20% reserve figure for unforeseen
14 issues with about 10-15% appropriate for a city the size of Tavares.
15

16 The proposal to get to the 17% reduction in the budget is as follows:
17

18 **A) General Fund** 19

- 20 1. 11 full time positions are proposed to be cut as follows: Parks Assistant
21 Supervisor, Library Children's Coordinator, Public Works Director, Public Works
22 Maintenance Worker, Waste Water Treatment Operator, Police Major, one Police
23 Road Patrol position through attrition, Police Records Clerk, Public Works
24 Construction Inspector, Permitting Technician, Sanitation Worker and one part
25 time Public Works Staff Assistant position. Seven positions are through attrition
26 and four are through lay-offs. Expense reduction = \$634,212.
- 27 2. There will be no raises next year.
- 28 3. A temporary half day unpaid furlough program once a month will be instituted for
29 all employees (including the City Administrator). The unpaid ½ day will be the last
30 Friday of every month beginning in October – City Hall will be closed down ½ day
31 on that day. (Sanitation's, Police, Fire and Dispatch's ½ day furlough will be once
32 a month as determined by the employees supervisor. We will monitor the
33 economy, expenses and revenues, and at such time as we move in a more
34 positive direction in these areas, it will be recommended that the Furlough
35 program would end. Expense Reduction = \$510,474
- 36 4. Health Care: The current Healthcare costs are going up significantly. The city
37 simply has no money to absorb this increase so the following changes are being
38 made to the Healthcare Plan to reduce the proposed increase:
 - 39 a) A new similar but less expensive plan will be offered that calls for higher co-
40 pays from the employee.
 - 41 b) Currently employees pay \$0 for employee healthcare cost to cover
42 themselves. Beginning October employees will contribute \$25.00 per month
43 to cover themselves.
 - 44 c) Employees contribute an average of 25% towards Family coverage this
45 would increase to 50% or \$337.40 for HMO and \$323.88 for PPO per month
46 for family coverage. Expense Reductions = \$242,560.

- 1 5. Over time: The proposal includes a 50% reduction in overtime costs. Expense
2 Savings = \$407,410
- 3 6. Department Operational Cuts: Significant cuts across the Board at all levels were
4 necessary. They are identified in Councils budget books and the Finance
5 Director will go over these as she presents the details of the budget. Expense
6 Reductions = \$490,574.

7
8 The above proposed expense reductions equate to \$2.3 million and result in a balanced
9 budget with sufficient reserves of \$1,371,231 or 12.4% in the event of an unforeseen
10 issue like a hurricane.

11
12 **B) Water, Waste Water, Reuse Enterprise:** Expenses are estimated at \$6,731,285
13 and Revenues estimated at \$6,731,285 with \$1,479,700 or 21.9% in reserves.
14 Last year expenses were budgeted at \$7,370,475 and revenues budgeted at
15 \$7,370,475 with \$1,910,132 in reserves or 26%. The same cost cutting measures
16 were implemented as indicated for the General Fund.

17
18 **C) Sanitation Services:** Expenses are estimated at \$2,190,633 and Revenues
19 estimated at \$2,190,633 with \$142,062 in reserves. Last year expenses were
20 budgeted at \$2,398,941 and revenues budgeted at \$2,398,971 with \$179,856 in
21 reserves. The same cost cutting measures were implemented as indicated for
22 the General Fund.

23
24 **D) Storm Water:** Expenses are estimated at \$427,044 and Revenues estimated at
25 \$427,045 with \$309,172 in reserves. Last year expenses were budgeted at
26 \$683,045 and revenues budgeted at \$683,045 with \$123,248 in reserves. The
27 same cost cutting measures were implemented as indicated for the General
28 Fund

29
30 **E) Capital Improvement Plan** (Mr. Drury noted the Capital Improvement Plan would
31 be discussed at the next budget workshop on August 5th. He said he wished to
32 make sure the most recent capital projects discussed will be included in the plan.
33

34 Finance Director's Presentation

35
36 Ms. Houghton reviewed the proposed budget beginning with the Visioning Statement:
37 *"Tavares will be the capital waterfront city of Lake County building on a historic*
38 *foundation, creating an authentic, accessible community of neighborhoods, businesses,*
39 *and citizen services, distinguishing itself as the defining vision of where you want to be."*
40

41 Ms. Houghton discussed the major initiatives comprised of the Wooton Park Seaplane
42 Basin, Implementation of Downtown Master Plan, Revitalization of downtown
43 businesses; Stormwater Drainage; Reclaimed Water Project, Street Paving for
44 unimproved streets within the city, Woodlea Sports Park, and Public Safety Complex.
45

1 Ms. Houghton presented the budget for each department and discussed the changes in
2 the budget proposed. She discussed the historical level of the millage rate. She listed
3 the positions proposed to be unfilled in the coming year and the recent layoffs.

4
5 Council Discussion/Questions
6

7 Mayor Clutts asked for clarification on the issue of cutting overtime. She asked knowing
8 that curbing overtime is a goal (not guaranteed) would any overage come out of
9 General Reserves? Mr. Drury noted that every month expenses for every department
10 are reviewed by Finance Department and each department head and himself. He said
11 he meets with the department heads if increases are observed and any increases are
12 attempted to be covered by transfers within the budget. Only if there is a need to cover
13 the increases from Reserves is that issue brought to Council.
14

15 Mayor Clutts said she had noticed the 17.5% cut across the board. She said this year
16 there were two community grants that show they are being funded 100%. (Chamber of
17 Commerce and the Tavares Historical Society). Mr. Neron added that there are certain
18 events funded under Community Grants last year that are now being funded under
19 CRA-TIF account for the coming year. Mayor Clutts stated this may be an equity issue
20 that Council may want to consider.
21

22 Mayor Clutts said she had noticed the actual amount for liability had changed
23 significantly. Ms. Houghton responded that there were significant reallocations that had
24 to occur. Last year several departments were split into further divisions and it appears
25 that those reallocations did not take place last year that should have. In addition there
26 was a significant decrease in the cost of liability insurance.
27

28 Councilmember Grenier agreed with Mayor Clutts' concern regarding the reduction of
29 overtime.
30

31 Mr. Drury noted that controlling overtime is difficult with a small staff. He said the
32 options are to increase staffing and have no overtime or staff down and have overtime
33 to cover sick days, vacation days, etc. In addition issues concerning level of service will
34 be examined in order to reduce overtime.
35

36 Councilmember Pfister asked if only one fire station could be utilized. She compared
37 Eustis with Tavares who has one fire station. Chief Keith answered the city could be
38 covered with one fire station but that the insurance rate would be affected by closing
39 one station. He said the response time is the main issue and if a station were closed it
40 would likely be the south station. Chief Keith discussed the issues concerning response
41 time and the factor of differences in staff between the two cities.
42

43 Mayor Clutts noted that there would be a requirement to increase the floor plan to house
44 more staff. Chief Keith said that if the decision was made to close a fire station it would
45 mean reducing the number of employees.
46

1 Councilmember Thomas asked to receive the costs to provide dental insurance,
2 dependent dental insurance, dependent health insurance, and long term disability
3 insurance city-wide.
4

5 Mayor Clutts asked Ms. Houghton if the taxpayer pays 100% for those costs. Ms.
6 Houghton said the cost of the disability insurance is a minimal cost but that she could
7 bring back that information. She noted it has an employer benefit. Mr. Drury said the
8 cost of those programs will be provided.
9

10 Vice Mayor Wolfe said he did not think shutting down a fire station was a good solution.
11 He said he believed Mr. Drury and staff had prepared a good budget. He said it
12 appeared almost 39 jobs had been saved by the different measures that had been
13 taken.
14

15 Councilmember Pfister said she was still trying to find a way to give the employees what
16 they deserve. She said she did not like asking the employees to pay more and then
17 taking a additional decrease in salary.
18

19 Mayor Clutts asked Councilmember Thomas if he thought that had been the purpose of
20 the fire assessment. Councilmember Thomas answered in the affirmative but noted it
21 had been denied. Mayor Clutts stated that she believed government was going through
22 a shift. She said she did not think the residents could afford to subsidize benefits at the
23 level they had been providing. She commended staff for developing a budget that is
24 more in parity with other cities. She said she believed the employees would be making
25 an investment in the community.
26

27 Vice Mayor Wolfe stated the half a day furlough could be reviewed every quarter and if
28 the economy is improving it could be discontinued. He said he thought this budget was
29 a reflection of the tough economic times and the employees he had spoken with
30 understood this.
31

32 Councilmember Grenier added that it was better to contribute than not to have a job at
33 all.
34

35 Councilmember Pfister said she would like to see fewer employees maintain their salary
36 and benefits, than more employees struggling. Vice Mayor Wolfe said that would mean
37 12 employees instead of the furlough program across the board.
38

39 Mr. Drury noted that if the 11 positions had not been eliminated the city would be facing
40 a full day furlough as is being done by the County. He said he believed this budget
41 reflected Council's direction for a balanced budget with a similar level of service,
42 treating employees fairly and without raising the millage. He spoke of the trends in
43 Tavares for growth and said that he believed Tavares would be well positioned for
44 growth once the economy begins to improve.
45

1 Mayor Clutts asked about the \$25,000 figure for a fire protection vehicle. Chief Keith
2 responded that it was the replacement vehicle for Captain Luckock which is a 12 year
3 old Explorer. He said they had considered just painting it, however, the Fleet
4 Maintenance manager, recommended against doing that.

5
6 Councilmember Pfister asked if there was any way legally and ethically to find a fee that
7 affects the Lake County buildings that would not put so much of a hardship on the
8 residents. She asked what services Lake County pays for. Ms. Houghton responded
9 that the County pays for water, wastewater, garbage, and stormwater. Ms. Pfister said
10 she believes the County needs to contribute and asked if the city could charge
11 according to the number of their employees. Mr. Drury said the only way it could be
12 done is through a fire assessment fee but that option is off the table. He said in fairness
13 to Lake County government (and affiliated businesses) they also bring in hundreds of
14 employees downtown who contribute to the businesses. Vice Mayor Wolfe said he had
15 spoken to Attorney Williams who has said one government cannot tax another
16 government. Mr. Drury said by establishing a fire assessment, it could be a negotiations
17 tool which has been done by several other cities in Florida. He added that he felt the
18 City had an excellent relationship with Lake County.

19
20 Mayor Clutts invited audience members to provide comment.

21
22 Public input was closed.

23 **Maximum Millage Rate**

24
25
26 Mr. Drury stated that staff recommends that City Council establish a maximum millage
27 rate of 6.25 and confirm the next Budget Workshop date at which time the Capital
28 program will be discussed, and answer any further questions. He said this rate will go
29 out to taxpayers in the Truth in Millage statement but that it could be lowered.

30
31 Mayor Clutts asked about the increase in the city attorney's line item in the budget. Mr.
32 Drury said the City Attorney has not increased his fee in five years. Ms. Houghton said
33 the fee does not reflect his contract; it is based on some of the legal issues that the City
34 may be facing. Mayor Clutts clarified that the fee is an aggregate for all legal services.
35 Ms Houghton said that was correct.

36
37 Mayor Clutts asked for a motion on the millage.

38
39 Councilmember Pfister asked if Council cannot raise the rate and this is the first budget
40 meeting, was it really safe to make a motion to have the millage remain the same when
41 there is no option but to go down, if there was a problem.

42
43 Mayor Clutts said that would be up to each councilmember noting that anything in
44 excess of this budget would need additional funds.
45

1 Mr. Drury discussed the rollback rate versus roll forward rate. Mr. Drury said rollback is
2 the millage rate needed to get the same amount of money in tax revenue obtained last
3 year. The rollback rate in the history of Florida has always been a lower rate. By utilizing
4 the rollback rate it would probably mean that the budget is not going to be increased as
5 it is always less. He said for the first time in the history of Florida the rollback rate
6 increased and it is called a “roll forward” rate. To get the same amount of money last
7 year as this year, the millage rate would have to be increased to 6.875 which would be
8 a roll forward rate.

9
10 Councilmember Pfister noted that last year Council started higher but then went down
11 and she thought that was more responsible.

12
13 Mayor Clutts said she was not in support of raising taxes at all. Councilmember Thomas
14 said he had received a clear message from the citizens to cut the budget.
15 Councilmember Thomas said when he had asked about dental insurance, etc., he was
16 not saying the benefits should be cut, but he did want to know what they cost.

17
18 Vice Mayor Wolfe said he did not want to raise the millage.

19
20 **MOTION**

21
22 **Robert Wolfe moved to discuss the budget (which has been done), set the millage**
23 **rate at 6.25 and a set time for the next workshop. The motion was seconded by**
24 **Robert Grenier.**

25
26 **The motion carried 4-1 as follows:**

27
28 **Nancy Clutts Yes**
29 **Robert Grenier Yes**
30 **Lori Pfister No**
31 **Norb Thomas Yes**
32 **Robert Wolfe Yes**

33
34 **Setting of Next Budget Workshop**

35
36 Mr. Drury noted the next Budget Workshop would be held concurrent with the Regular
37 Council Meeting on August 5, 2009 at 4 p.m. He said the regular business would be
38 dealt with to be followed by the Budget Workshop. He said a time specific would not
39 need to be set until the September 2nd meeting which would be 5:00 p.m.

40
41 **Other Discussion**

42
43 Councilmember Thomas asked if Council would be reviewing the budget department by
44 department, line by line. Mayor Clutts said she usually meets with staff for on specific
45 questions but asked if Council wished to look at the budget at that level. Mr. Drury
46 offered to meet with Councilmember Thomas and any councilmember who wished to

1 meet with him on the details. Councilmember Thomas said he had questions about
2 some items that were eliminated, etc. and he would meet with Mr. Drury.

3
4 Ms. Houghton said she continues to go through the Budget document to ensure there
5 are no errors. She said she had noticed that overtime had not been distributed between
6 Police and Dispatch which will be brought up at the next workshop.

7

8 **Adjournment**

9

10 There was no further business and the meeting was adjourned at 6:08 p.m.

11

12 Respectfully submitted,

13

14

15

16 _____
Nancy A. Barnett, C.M.C.

17 City Clerk