

**CITY OF TAVARES  
CITY COUNCIL BUDGET WORKSHOP  
MINUTES  
JULY 25, 2012  
CITY COUNCIL CHAMBERS**

**COUNCILMEMBERS PRESENT**

**ABSENT**

Robert Wolfe, Mayor  
Norman Hope, Councilmember  
Kirby Smith, Councilmember  
Lori Pfister, Councilmember

Bob Grenier, Vice Mayor

**STAFF PRESENT**

John Drury, City Administrator  
Nancy Barnett, City Clerk  
Lori Houghton, Finance Director  
Joyce Ross, Director of Public Communications  
Richard Keith, Fire Chief  
Bill Neron, Director of Economic Development  
Chris Thompson, Director of Public Works  
Brad Hayes, Director of Utilities  
Stoney Lubins, Police Chief  
Jacques Skutt, Director of Community Development  
Tammey Rogers, Director of Community Services

**I CALL TO ORDER**

Mayor Wolfe called the meeting to order at 4:03 p.m.

**City Administrator Presentation**

Mr. Drury said the goal of this workshop is to allow Council the opportunity to discuss the budget and to identify any areas of the budget that require more information so that Council can make a fully informed decision. In addition the purpose of the meeting is to provide anyone in the audience with an opportunity to provide input. The last goal is to set the tentative maximum millage rate, the tentative maximum fire assessment, and to authorize the City Administrator to execute phase 2 of the contract with GSG to prepare the assessment roll by October 1, 2012.

Mr. Drury noted Council has set the broad budget goals and staff has provided a balanced budget without using any reserves that is in line with the budget goals. One budget workshop has been held and five options have been provided for funding the budget. The options range

1 from lowering the millage rate with an assessment to increasing the millage rate without an  
2 assessment.

3  
4 Mr. Drury said he has also provided the impact of those five options on residents and on  
5 commercial properties and has given four case studies on that impact.

6  
7 **Finance Director Presentation**

8  
9 Ms. Houghton noted the budget builds on the city's vision statement as a historical and  
10 waterfront city. She listed each project: downtown master plan implementation, economic  
11 development for job growth and community prosperity, railroad initiative; possible relocation of  
12 the IKON manufacturing facility; Alfred Street realignment and construction; Wooton Park  
13 Seaplane Base and Pavilion; Water and Sewer line replacements in downtown CRA; Phases 2  
14 and 3 of the water reclamation project; Woodlea Sports project; police and fire public safety  
15 facility; nostalgic downtown train service; and the Wooton Park Expansion.

16  
17 Ms. Houghton provided historical information on the millage rate. She said the city has been  
18 successful in bringing its millage rate down since the first increase in 2008 due to the economic  
19 decline at the time. At the same time the millage rate came down the taxable values have  
20 decreased. The rollback rate is 7.394%; the current rate is 6.89%. The adjusted rollback rate  
21 based on the Amendment One is 10.8092%; if the rollback rate is adjusted for population and  
22 income it bumps up to 11.2924.

23  
24 The largest state sharing revenue is related to the municipal revenue sharing which is directly  
25 related to the population. She noted the city's population has increased to 14,014.

26  
27 Ms. Houghton noted that although the property rates have gone down the economy continues to  
28 experience rising prices. As of March of 2012 the CPI was 2.7% over the prior year. She  
29 commented that when health insurance discussions first started the increases were 48% but the  
30 Human Resources Director was able to have that decreased through negotiations to 8%.

31  
32 In terms of staffing, there are two less positions in the Library Department but two have been  
33 added in the Fire Department related to reducing overtime from the prior year. She noted there  
34 are 17 unfilled positions over the last few years however the City wants to keep the same level  
35 of service so those functions are still being absorbed in the budget.

36  
37 The recommended budget includes the following:

- 38  
39 1) Reducing the millage rate from 6.89 to 5.985  
40 2) Not funding two positions in the library  
41 3) Adding two firefighters positions to reduce overtime  
42 4) 2.5% cost of living increase to employees effective January 1, 2013  
43 5) Health insurances increases 8% (employees pay 6.5% for single coverage and 46% of  
44 the family health coverage

- 1       6) FRS contributions for general employees are budgeted at blended rates and the
- 2       increases effective July 1, 2013; are for regular class 5.43% (1.9% increase) and for
- 3       senior management 6.6% (25% decrease)
- 4       7) Fire Pension contribution – prior year was 21.1% of payroll and it has gone down to
- 5       20.89%
- 6       8) Police Pension contribution lowered from 21.2% to 20%
- 7       9) General Liability Insurance - not known yet but budgeted at 5%
- 8       10) Workers Compensation Insurance – same as above

9  
10 Ms. Houghton reviewed each department included in the General Fund for Fiscal Year 2013  
11 and the services provided including projected revenues.

12  
13 **City Administrator**

14  
15 Mr. Drury stated staff has provided a balanced budget based on the goals set earlier in the year.  
16 Total expenses are around 12.6 million; total non- property tax revenues are about 7.6 million  
17 which leaves about 5 million needed to be obtained either through property taxes or  
18 assessments or a balance of the two. Five options have been suggested as discussed

19  
20 Mayor Wolfe invited public comment.

21  
22 **Bill Cauthen, Tavares Attorney**

23  
24 Mr. Cauthen stated he thought the city was doing a good job however he wished to discuss four  
25 keys points. He discussed the proposed fire assessment, noting a portion of that “tax” would be  
26 used to balance the budget. He discussed his business and type of clientele. He discussed the  
27 problems of businesses in the area and the downturn in the economy. He said he had reviewed  
28 the Fire Department budget noting the City is limited by the union contract. He discussed the  
29 amount the city is paying for the police and fire pensions compared to the FRS employees or for  
30 a private plan. He questioned the savings on overtime proposed by hiring two firefighters. He  
31 said if a plan is underfunded there will be problems down the road. He said any change in the  
32 budget should be done on a global basis and not rely on additional taxes.

33  
34 **City Council Discussion**

35  
36 **Councilmember Smith**

37  
38 Councilmember Smith discussed the following issues:

- 39  
40       • Dependent health and dependent dental – questioned the differences in departments

41  
42 Ms. Houghton said the budget is done by participation and changes with circumstances every  
43 year. Mr. Drury said last year when the employee contribution to family health coverage  
44 increased several employees left the plan.

- General Services: Todd Way Circle budgeted at \$30,000 – had thought this was coming out of the reserve road fund but it appears to be coming from the General Budget. He said that could be cut.
- Seaplane Base – contribution from General Fund is 77% increase from last year. Asked about \$50,000 for marine vessel water taxi inspection and removal and the recreational fuel inventory of \$200,000. Mr. Drury noted the budget is made up of expenses and revenues. The difference between purchase and sale will be the net profit and will reduce the amount needed from ad valorem taxes. Mr. Smith said he could not find the revenue side. Ms. Houghton said it is on page 331. Mr. Drury said staff will compile the revenues and expenses for review.
- Splash Park – no new positions but a 71% increase in salaries. Mr. Neron said that had to do with the allocation of management overhead changes. The total dollars are the same. Mr. Drury said that net will be shown and where the expenses were shifted and how they are being reallocated

Councilmember Pfister asked for a list of everything that staff decided to move.

- Could not find the contributions to the Chamber of Commerce or the Renaissance Faire - asked for a list of those items the city is funding (e.g. Rubber Ducky). Mr. Neron said in the CRA budget is the source for the matching funds for the Crappie Fishing Tournament, Bass Open, and two Jet Ski races. Mr. Drury said a list will be provided of the special events and where they are funded including Chamber of Commerce. Councilmember Smith added he would like to know where funds are located that are being given to any outside organization. Ms. Houghton referred to Page 50 that shows the community grants for CRA; other grants or contributions will be in community grants in the General Administration division.

Councilmember Pfister said she saw there was no funding for Early Childhood and she had thought the decision had been made to contribute to more entities. Mr. Drury said he has a list of budget cuts that he has provided to Council (\$14 million) which included that item based his request to be advised if Council wished to add new programs.

- Asked for all contributions to be listed. Mayor Wolfe said the city has 16 or 17 events and the funding source should be listed. Ms. Houghton said she will bring back a work sheet that shows all the events and contributions.
- Pavilion – positions for two new employees. Ms. Rogers said the plan is to open the pavilion in July/August 2013 so a small portion of 2013 had to be accounted for. It is anticipated that the support staff will be hired when the doors open but the coordinator will not be hired until the next fiscal year. Councilmember Smith noted there was \$107,000 budgeted for a month. Ms. Rogers said that will be for the park employees until the new staff is hired. Mr. Drury said staff will bring back the business plan and show Council the total cost allocated, the total revenues anticipated, and why the hiring is being done in February for July.

1  
2 Councilmember Pfister asked if the service could be outsourced. Mayor Wolfe noted that was  
3 tried with the Seaplane Base. Mr. Drury that RFQ's will be done for the catering, flowers,  
4 photography, wedding planning, etc. He said an option is to contract out the management of the  
5 facilities and let a private company make the profit. He said currently the business plan shows  
6 the Parks and Recreation Department managing it and contracting out some services, in  
7 addition to leasing out the spaces for conferences and meetings. He noted the Splash Park  
8 could be contracted out; however, the city is making a profit on the Splash Park which reduces  
9 the cost to the taxpayer in the other area. He said the goal is to make the Seaplane Base self  
10 sufficient in the next five years. Mr. Drury said the number for staffing will be brought back with  
11 more detail.

- 12
- 13 • Questioned the decrease in overtime for the Police Department: 288 hours to one hour
- 14

15 Ms. Houghton said Police overtime is on page 108 and 80,000 hours are budgeted. Ms.  
16 Houghton said the one hour is for Code Enforcement as 100% of the overtime was cut (last  
17 year \$288.00 was spent on overtime).

- 18
- 19 • Fire Department – two new positions. He said he understood the purpose was to reduce  
20 overtime, however, he said there was \$133,000 budgeted last year and \$133,000  
21 budgeted this year. Ms. Houghton said staff budgeted at \$130,000 but it appears the  
22 department will go over that which will require the final budget to be amended.
- 23 • Fire Department – on the job board the City is asking for a firefighter/EMT; in the budget  
24 is says Firefighter/paramedic. Chief Keith said the current posting is to replace Diane  
25 Jones who recently retired which is a different position than the two in the budget.  
26 Councilmember Keith said the Police Chief has added reserves to help with his overtime  
27 budget. He said he could not understand how hiring two firefighters will reduce overtime  
28 unless there is a person floating and working different shifts. Mr. Drury said he had the  
29 same questions when the budget was developed however there is a white paper and a  
30 Kelly Day schedule that was developed by staff that clarifies the issue. He said he would  
31 like to assemble that information together and provide that to Council for further  
32 discussion.
- 33

34 Councilmember Pfister said for the size of the city and the population there are many cities that  
35 only have one fire station. Mr. Drury said that question is addressed in the document he will  
36 assemble.

37  
38 Councilmember Smith said instead of hiring two new medics the city could spend the money on  
39 training eight paramedics to be ALS. Then the golden Triangle fire district could be created and  
40 everything could be consolidated. He said he assumed the cost would be about the same  
41 amount. Mr. Drury said Chief Keith did put an ALS program into the budget but he removed it  
42 and the cost is higher. Chief Keith said they are looking for grants as well.

- 1 • Fire Department cell phones – He questioned the Nextel cell phones budgeted at  
2 \$10,000. Chief Keith said the cell phone has a different application. It is an enhancement  
3 to people working as staff-- he, Captain Luckock, and the three battalion chiefs are the  
4 only ones with cell phones.
- 5 • Parks and Recreation: cell phones at \$5,000. Mr. Drury said the IT department needs to  
6 put a report together that discusses the bidding process, how many phones we have and  
7 where they are allocated. Ms. Rogers said of the 10 parks employees there are only five  
8 with city cell phones and none have “smart phones”. The other five employees use their  
9 own personal cell phones.
- 10 • Parks and Recreation Water Budget: \$153,000 – under line item 572-43-10 (page 165).  
11 He asked if the reclaim water would be used at Woodlea. Ms. Rogers said that was  
12 anticipated and this figure also includes the cemetery and all of the medians and rights  
13 of way. He said he assumed this figure would be less if it was reclaim. He asked about  
14 the budget for uniforms which was zero. Ms. Rogers said the uniforms are rented and  
15 are budgeted on page 166 at \$4050 for Parks.
- 16 • Water Department: spending \$83,000 on water. Ms. Houghton said that is an accounting  
17 rule.
- 18 • Councilmember Smith said the assumptions seem a little higher for the Seaplane Base;  
19 i.e. the slip rentals are at \$12,000. Mr. Drury said the seaplane rentals are sold out. He  
20 said the fuel went up to \$210,000. Mr. Neron said part of that has to do with the price  
21 fluctuations. He said the simple answer is that we have a certain amount for purchase  
22 and the city charges 10% markup. Mr. Neron said the gallons sold decreased  
23 significantly from the same month last year but the revenue generated was only down  
24 19%. Ms. Houghton said the number of pumps were also increased from the prior year  
25

26 Councilmember Hope

- 27
- 28 • Commented that he had seen a figure of 5.8 reduction in the property values and also  
29 seen a figure of 4.74 which is a difference of at least 1% and he asked which figure the  
30 budgeted reflected. Ms. Houghton said the original estimate was no increase in property  
31 values and then there was a preliminary estimate May 31 which was 4.74 and then the  
32 updated figure was provided which is 5.8. Mr. Drury said that is the amount reflected in  
33 the budget which is the final number from the Property Appraiser. Discussion followed  
34 on the homestead fraud investigation and Ms. Houghton said that figure was included in  
35 the original estimate.  
36

37 Councilmember Pfister said by voting on the fire assessment maximum rate Council was not  
38 committing to a fire assessment today. She discussed the example of the County taking over  
39 the fire service. Mr. Drury said if the County took over the fire assessment the residents would  
40 have a new fire assessment of \$181 from the County and not the \$153 assessment being  
41 proposed by the City. Councilmember Pfister said the city’s millage would also go down.  
42

43 Councilmember Smith said Council had also wanted to look at the impact of including nonprofits  
44 in the fire assessment.

1  
2 Ms. Houghton said for all the options except the 100% there would be a decrease by the  
3 additional revenue from adding the nonprofits. If the 100% is chosen and the nonprofits included  
4 and the governmental entities there would be more money for the fire assessment but we  
5 cannot bring more over to the General Fund than than the fire assessment “assessable”  
6 amount. On 100% fire assessment there is not a significant change. Councilmember Smith  
7 asked just to see the impact from nonprofit. Ms. Houghton said she had combined both and  
8 could bring back the figure just for nonprofits.  
9

10 Mr. Drury said the amount of revenue that all of the governmental agencies would pay if they  
11 would pay if they were paying 100% is around \$500,000 (Ms. Houghton said “\$546,398.”) Mr.  
12 Drury said that those agencies are not required to pay it and do not have it budgeted this year.  
13 He said if Council does a fire assessment it will allow the Mayor and himself to discuss this  
14 issue with the county in the following year’s budget. He said in terms of nonprofits the figure is  
15 \$135,314 at 100% assessment. If a 50% assessment is done similar to the County the city  
16 would bring in about \$67,500 towards the budget. From a millage perspective it is a .001  
17 decrease in the millage rate.  
18

19 Councilmember Pfister asked if some services could be traded out with the County instead of  
20 requesting funds. Mr. Drury noted Leon County has the same issue and worked out an  
21 arrangement with the City of Tallahassee after the assessment was put in place. He said this is  
22 a good option and if staff is directed to explore this it will be done.  
23

24 Councilmember Smith asked for clarification on information in the agenda. He said the rollback  
25 rate is 7.394. Ms. Houghton said 7.3694 is the unadjusted rollback rate. She said the State  
26 provides an adjustment for determining what the maximum millage is that the city can assess  
27 and it is adjusted population and income. Councilmember Smith asked if the 7.3694 would bring  
28 in the same amount of revenue as that brought in last year, less the amount received from  
29 reserves. Ms. Houghton confirmed. Discussion followed on the loan for Station Two. Impact  
30 fees were used previously to pay the capital loan on the station and this year that amount is in  
31 the General Fund.  
32

33 Councilmember Hope noted option 5 showed the millage required to balance the budget with no  
34 fire assessment at 8.7164.  
35

36 Mr. Drury noted 7.37 is the millage rate to balance the budget at a 50% fire assessment.  
37 Councilmember Smith asked if this included the ad valorem tax for the Wooton Park expansion.  
38 Ms. Houghton said that was correct.  
39

40 Mr. Drury distributed a handout that showed the impact on residential and commercial.  
41 Mr. Drury said if a fire assessment is set at zero it would require a 8.7164 millage which would  
42 be a \$76.41 monthly payment of a home owner of a home assessed at \$150,000. If the fire  
43 assessment included at 33% then millage would be lowered and that would lower the monthly

1 payment to \$73.20. At 50% if the fire assessment is paid the homeowner will pay \$71.55. At  
2 100% the millage rate will lower to 5.89%, the monthly rate would be \$66.47.

3  
4 On the commercial side, four different buildings were picked to review. This report says if no fire  
5 assessment is done a small business will pay \$12.20. If a 33% fire assessment is done it rises  
6 to \$20.00; at 50% it is \$24.00; and at 75% it is \$31.00. The owner of a 10,000 square foot  
7 building would pay \$1,200 a month with no fire assessment. If a fire assessment is done it  
8 begins to drop down, so it depends on the size of the building.

9  
10 Mr. Drury said other cities are in the process of considering fire assessments in order to bring  
11 properties in who do not pay any taxes.

12  
13 He noted as the property values go up and the millage rate stays the same, the owner will pay  
14 more. However with a fire assessment it is a flat fee and does not relate to the property value.

15  
16 Councilmember Hope asked if there were any buildings larger than 10,000 square feet. Mr.  
17 Drury said there are some but the rate caps at 10,000 square feet. Mr. Hope asked what  
18 happens if the city chooses 100% and the property values drop again next year and there is  
19 less income from the millage rate.

20  
21 Councilmember Smith questioned the number of residences and the assessment include vacant  
22 land? Ms. Houghton said the data is for single family homes which could be a condo and/or a  
23 townhouse as well. Councilmember Smith asked about a vacant lot with a meter. Ms. Houghton  
24 said the vacant lots were not included in the assessment. Mr. Drury said there are  
25 approximately 300 homes that pay nothing currently; they would be billed at \$12.75 a month.  
26 The costs for someone paying taxes on \$25,000 assessed value were discussed (approximately  
27 \$18.00 a month at 8.7 mil).

28  
29 Councilmember Pfister asked again about the rates being lowered if the nonprofits were  
30 included. Mr. Drury said it would be lower but not significantly. He said he believed the hospital  
31 might participate since the city responds to so many calls at the hospital.

32  
33 **Vote on Maximum Tentative Millage**

34  
35 **Norm Hope moved to set the maximum millage rate at 8.7164 for fiscal year 2013,**  
36 **seconded by Lori Pfister.**

37  
38 Councilmember Smith expressed concern that the final millage rate might not come down.

39  
40 **The motion carried unanimously 4-0.**

41  
42 **Fire Assessment**

43  
44 **MOTION**

1  
2 **Norm Hope moved to set the fire assessment at 100% for fiscal year 2013, seconded by**  
3 **Kirby Smith. The motion carried unanimously 4-0.**

4  
5 **Contract for Phase 2 of Fire Assessment**

6  
7 **Kirby Smith moved to authorize the City Administrator to execute the contract [with GSG]**  
8 **for Phase 2 of the Fire Assessment, seconded by Norm Hope. The motion carried**  
9 **unanimously 4-0.**

10  
11 Councilmember Smith stated that if the Golden Triangle Fire District is established the fire  
12 assessment should sunset. Mr. Drury stated that was correct.

13  
14 Mr. Drury asked if it acceptable he will prepare the answers to the council questions over the  
15 next week or two which he will mail to Council. He encouraged Council to speak to the  
16 department heads about their budgets. He said the issue of pensions was brought up earlier  
17 and he noted Council had taken action to authorize RFQ's for an independent pension advisor.  
18 He said staff understands the sentiment about keeping a handle on controlling pensions.

19  
20 Councilmember Smith said he will not be present for the August 1 meeting. He commended  
21 staff for their work on the budget and he appreciated the time that had been taken to develop  
22 the budget.

23  
24 **Adjournment**

25  
26 There was no further business and the meeting was adjourned at 6:28 p.m.

27  
28 Respectfully submitted,

29  
30  
31  
32 Nancy A. Barnett, C.M.C.  
33 City Clerk  
34