AGENDA ITEM NO. E-1(e)
10/15/12

CITY OF BROOKSVILLE
FIRST PUBLIC HEARING
FISCAL YEAR 2012-2013 BUDGET
CITY COUNCIL CHAMBERS
201 HOWELL AVENUE

MINUTES

SEPTEMBER 12, 2012 **6:30 P.M.**

Brooksville City Council met in regular session with Mayor Joseph E. Johnston, III, Vice Mayor Lara Bradburn, Council Members Joe Bernardini, Frankie Burnett and Kevin Hohn present. Also present were Robert Battista, City Attorney; T. Jennene Norman-Vacha, City Manager; Janice L. Peters, City Clerk; Jim Delach, Assistant Finance Director; Mike Walker, Parks and Recreation Director; Bill Geiger, Community Development Director; Richard Radacky, Director of Public Works; George Turner, Police Chief and Tim Mossgrove, Fire Chief. Members of the Hernando Times and Hernando Today were also present.

The meeting was called to order by Mayor Johnston, followed by an invocation and Pledge of Allegiance.

PUBLIC HEARING - PRESENTATION OF PROPOSED BUDGET FOR FISCAL YEARSTARTING OCTOBER 1, 2012

City Clerk Peters read the Public Announcement into the record.

Public Announcement - Ad Valorem Tax Rate (TRIM Notice)
Pursuant to Section 200.069, F.S., "Notice of Proposed Property Taxes" (TRIM NOTICE) the proposed ad valorem rate for the Fiscal Year 2012/13 was advertised to be a maximum of 7.5000 mills. This millage rate would be a 13.92% increase over the current year's rolled-back rate of 6.5834mills. After reviewing revenue projections and proposed expenditure levels for the 2012/13 Fiscal Year, the General Fund budget is balanced at a proposed rate of 6.5834 mills, which is 00.00% less than the current year's rolled-back rate.

Proposed FY2012/13 Budget

Review proposed budget and points of discussion.

City Manager Norman-Vacha reviewed that Council has been presented with several options regarding the Fire Assessment levels which will change the unallocated reserves. She also reviewed that unfinished discussions from previous workshops is also included in the budget packet.

Regarding the refinancing of the City's current debt, Mr. Adam Horn, of SunTrust was on hand to answer any questions. He advised the initial figures had an error and presented savings for the refunding of the current bonds at $410,000. He proposed shortening the amortization of one loan to 15 years, which will save about $1,000,000. Vice Mayor Bradburn asked was the error found in penalties. Mr. Horn clarified it did not apply to this transaction but was built into the model designed for preparing bond issuances as additional costs for escrows.

Council Member Hohn asked Mr. Horn is money at an all-time low cost. Mr. Horn stated recently there have been historical low rates and variables fluctuate rates for various reasons. Cost of funds has changed for banks over several years due to regulatory changes. He could not guarantee the rates would continue to stay low and advised consulting an economist.

Vice Mayor Bradburn confirmed the City has a good rating and asked what the debt ceiling would be to harm that rating. Mr. Horn indicated he did not put together an analysis on that issue but it would be

based on what the rating agencies are using for their models. He advised taking existing debt and better managing it to reduce overall debt service and retiring it early is favorable to a rating agency.

Council Member Hohn asked is the City nearing the threshold of its credit rating being changed. Mr. Horn stated that was not was not considered given that they were not looking at issuing additional debt.

Council Member Hohn asked what the rates are on the three (3) General Fund loans. Mr. Horn reviewed the largest loan was in 2011 and had current rates and a 1% prepayment penalty. He advised there would be no cost savings to restructure it. Restructuring the two (2) smaller General Fund loans by reducing the rate for savings may offset the cost of issuance.

Vice Mayor Bradburn asked how long it would take to restructure the loans. Mr. Horn advised the proposal has been completed so it could be converted to a commitment quickly should Council support moving ahead with SunTrust. Vice Mayor Bradburn indicated she favored a motion to amend Monday's agenda accordingly at the end of this meeting.

Mr. Horn stated built into the analysis is the cost of issuance to be financed and amortized at the term of the loan as opposed to an upfront cost for the City. It includes an estimated quote of $20-25,000 in legal fees for drafting the documents and a $10,000 related fee.

City Manager Norman-Vacha also recognized SunTrust local representative Steve Emerson as being present.

Mobile Home Licensing

City Attorney Battista advised no final answer has been received regarding this issue. City Manager Norman-Vacha advised a final conclusion will be provided for the final budget hearing.

Council Member Hohn asked about the $20,000 payment allocation. City Manager Norman-Vacha advised there is a penalization for early payment of that loan and suggested the practice be stopped.

Fire Assessment

City Attorney Battista advised there was no opposition filed with the courts either for methodology or amount. City Manager Norman-Vacha advised the budget reflects the $600,000 assessment at 95% revenue calculation ($570,000) but provided other options for Council to consider as outlined in the attachment.

Vice Mayor Bradburn pointed out the proposal for the Fire Assessment at $600,000 would bring the millage rate down to 6.5834 mils as promised. Only four (4) people in the entire City opposed the plan.

Council Member Burnett agreed with Vice Mayor Bradburn but felt Council will have to eventually increase the millage rate to maintain its infrastructure. He advised $600,000 can be assessed this year but that can change from year-to-year.

Mayor Johnston asked for public input; there was none.

Florida Retirement System

Council Member Bernardini asked the status of State court challenge to the 3% employee retirement contribution and where would it get paid back from. Council Member Hohn and Mayor Johnston felt it should be from the State of Florida. Vice Mayor Bradburn confirmed this has been priority for the

Florida League of Cities and the Association of Counties.

Overall Budget

Vice Mayor Bradburn commended the City Manager for proposing the lowest General Fund budget since Fiscal Year 2000. However, the budget contains no Capital Improvements. She referenced the Pavement Management Program and pointed out roadway projects would require $18-25,000,000 to complete. She reviewed various areas of the budget that have been reduced over the past five (5) years; technology has been improved; and public and private partnerships have saved money. These economic challenges have forced the City to get to where it should have been a decade ago. She pointed out among the challenges have been improvements to sewer lines, getting the Police Department accredited, implementing curbside recycling at no cost to residents.

She would like to move forward with the Community Redevelopment Area Capital project funding with the understanding that they are subject to change pending finalization of the list.

She did not support Council Member Bernardini's proposal of abolishing Fire, Police and Parks. She did support upholding the Fire Assessment Resolution for $600,000.

She supported reinstatement of $7,000 for fee waivers contingent upon approving a methodology by the first of the year on how the money will be allocated with an economically driven policy for distribution.

She felt a part-time temporary position is needed to address right-of-way, ditch and drainage maintenance at a cost of $14,500 allocated from the red light camera fund due to public safety issues.

Council Member Burnett recommended consideration of hiring college students in the summer for cleaning ditches thereby encouraging them to stay in school.

Vice Mayor Bradburn supported a minimum rollback rate of 6.583 mills but preferred 6.6 mils to buffer reserves.

Council Member Bernardini clarified that his recommendations for cutting the budgets were options he has heard over the years, not necessarily his preferences. He stated it was his suggestion to eliminate the Cemetery but the savings are minimal. Council Member Burnett did not support eliminating the cemetery due to low cost and benefit of its beauty.

Ad Valorem Tax Rate for Fiscal Year 2012/13

Consideration of establishing ad valorem tax rate.

Mayor Johnston asked for motions from Council.

Motion:

Motion was made by Council Member Hohn for a 6.5834 millage with a $400,000 Fire Assessment. Motion died for lack of a second.

He supported 12% in total reserves including vehicle replacement and felt it is more than adequate in today's economy.

Motion:

Motion was made by Vice Mayor Bradburn for approval of a 6.6 mils with a $600,000 Fire Assessment. Motion died for lack of a second.

Motion:

Motion was made by Council Member Burnett for a 6.5834 millage with a $500,000 Fire Assessment. Motion died for lack of a second.

Motion:

Motion was made by Vice Mayor Bradburn for a 6.5834 millage with a $600,000 Fire Assessment. Motion died for lack of a second.

She asked why no one supports a Fire Assessment of $600,000 after it was not challenged by the public. Council Member Hohn felt it was not needed when there is hundreds of dollars in reserves. Vice Mayor Bradburn felt if vehicle replacement money was raided it would be better used for infrastructure improvements. Mayor Johnston felt it is a new program and was more comfortable with starting at a lower rate to see how it works and its effects on taxpayers.

Motion:

Motion was made by Council Member Burnett and seconded by Council Member Hohn for a 6.6 millage with a $400,000 Fire Assessment.

City Manager Norman-Vacha referenced her memorandum as presented with $600,000 funding from Fire Assessment left a 3.1% in the General Fund alone coupled with the monies in Vehicle Replacement would leave 11.41% in overall reserves. This does not take into account the additional $105,000 reserves that have been allocated within the 143 Fire Department Fund.

Mayor Johnston asked for Public Input.

Margaret Bloomquist of 4475 Hickory Oak Drive asked is the Fire Assessment for one year or is it on-going. Mayor Johnston advised it is to be reviewed annually. She asked what efforts the City is making to increase the revenue base by encouraging new business or new housing. Mayor Johnston assured her Council is always looking for ways to accomplish that. Vice Mayor Bradburn felt there is a balance to get people to move to the City. She felt improving roads and ISO rating for the Fire Department are necessary to encourage new business and residential growth. She supported a 6.6 millage rate to maintain services and invest in the future.

Roger Elliot of 5401 Grand Summit Drive advised it is critical to assess what it costs to live here and keep those costs low. He recommended the City look at lease-back opportunities to sell its real estate. He also suggested lamp post signage, street light signage and parking lot signage with socially acceptable messages to raise a significant amount of revenue.

Motion carried 4-1 as follows:

Council Member Bernardini	Nay
Council Member Burnett	Aye
Council Member Hohn	Aye
Vice Mayor Bradburn	Aye
Mayor Johnston	Aye

Ordinance No. 832 - Recommended Budget for Fiscal Year 2012/13

Consideration of first reading of proposed budget effective October 1, 2012.

City Clerk Peters read Ordinance No. 832 by title, as follows:

AN ORDINANCE APPROPRIATING CERTAIN MONIES FOR THE GENERAL OPERATIONS OF THE CITY OF BROOKSVILLE, FLORIDA,

FROM ITS SEVERAL FUNDS FOR THE TWELVE MONTH PERIOD BEGINNING OCTOBER 1, 2012 AND ENDING SEPTEMBER 30, 2013.

City Manager Norman-Vacha asked if Council wanted to take funds from the Vehicle Replacement Fund 503.

Motion:

Motion was made by Council Member Burnett and seconded by Council Member Hohn for approval of Ordinance 832 with the millage set at 6.6 with a $400,000 Fire Assessment and a reflection of fund balance at 3% funded from the Vehicle Replacement Fund and scheduling the second reading on September 26, 2012.

Motion carried 4-1 upon roll call vote, as follows:

Council Member Burnett	Aye
Council Member Hohn	Aye
Council Member Bernardini	Nay
Vice Mayor Bradburn	Aye
Mayor Johnston	Aye

Council consensus was to add refinancing of the bonds to the final budget hearing.

Motion was made by Vice Mayor Bradburn and seconded by Council Member Hohn for approval of $7,000 for fee waivers contingent upon Council adopting a methodology for allotment. Mayor Johnston pointed out this motion would have to be taken at the next hearing since the previous motion had already passed.

Council Member Hohn suggested 90% of Red Light Camera revenue allocated to street repairs budget.

City Manager Norman-Vacha clarified bond monies for Capital Improvement is specific to water and sewer utilities.

Council Member Bernardini commented on overall taxes and utilities being paid by citizens. He pointed out Capital Improvement has to be funded to attract residents and felt the past years of cutting the tax rate has not helped. He felt vacant and dilapidated buildings deter people from living here and strong code enforcement is essential.

Council Member Burnett advised looking forward there has to be creativity and innovation.

Mayor Johnston agreed and pointed out drainage and the study for streets is in place to address some issues.

ADJOURNMENT

There being no further business to bring before Council, the meeting adjourned at 8:10 p.m.

City Clerk

Attest: _____

Mayor