

**CITY OF BROOKSVILLE
 FIRST PUBLIC HEARING
 FISCAL YEAR 2010/11 BUDGET
 MINUTES**

SEPTEMBER 8, 2010

7:00 P.M.

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

Mayor Bradburn added to the record public citizen correspondence regarding the budget and Fire Assessment (Attachment A).

**PUBLIC HEARING - PRESENTATION OF PROPOSED BUDGET FOR FISCAL YEAR
 STARTING OCTOBER 1, 2010**

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 2010/11 was advertised to be a maximum of 8.0000 mills. This millage rate would be a 13.96% increase over the current year's rolled-back rate of 7.0202 mills. After reviewing revenue projections and proposed expenditure levels for the 2010/11 Fiscal Year, the General Fund budget is balanced at a proposed rate of 6.0690 mills, which is 13.55% less than the current year's rolled-back rate.

Mayor Bradburn read the Public Announcement into the record. She indicated that after months of workshops the majority of Council favored a rate of 6.0690 millage rate for the General Fund, not 8 mills.

City Manager Norman-Vacha reviewed the changes per Council direction at the August 24th Council Workshop. She indicated Council directed raising the millage within the General Fund to 6.069 mills versus the previously proposed 5.869 mills, which is a difference of \$78,807, along with increasing Reserves for Contingency and/or the Vehicle Replacement Fund; the TIF was adjusted in the amount of \$1,363; additionally added in \$57,000 for a prison guard to replace the prison inmate crew no longer funded by the State of Florida. This leaves a balance of \$20,444 from the change in the millage which currently resides in Reserves for Contingency established at \$578,889 approximately 8.69% of overall revenues received. She asked Council for direction on whether or not to allocate \$20,444 on a pro ratio basis for vehicle replacement. There are other funded projects that are minor changes but do not affect the ad valorem tax or millage rate.

She indicated also for discussion this evening is the Fire District budget as it is part of the regular budget. The Fire Assessment projected revenue is \$631,730 from Special Assessments with the balance coming from both General Revenue funds and \$18,000 from an anticipated grant. The projected revenue is a difference of approximately 1.4469 mills based on property values of \$414,775,000.

Mayor Bradburn asked for public input.

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CITIZEN INPUT

Fire Assessment

Robert Buckner addressed Council concerning the Fire Assessment and indicated it was understood there would be a roll back in the millage rate commensurate with the Fire Assessment. He provided Council with an updated analysis from what he previously presented to the City Manager. He felt there is an unintended consequence with the current rate applied to certain properties. He recommended a rollback in the millage and another review of the unit value as applied to some properties.

Attorney Joe Mason, representing six (6) different clients, asked Council to allow him three (3) minutes for each client. Mayor Bradburn polled Council and consensus was to allow ten (10) minutes with the understanding that Mr. Buckner could also readdress Council if he so desired. The clients being represented were Lake Lansing Development, LLC; Perron Investors, LLC; Genokas, LLC; Rogers Industries LLC; Sun Fiberglas Products, Inc. and Flagstone Pavers, Inc.

He indicated by setting a millage rate before going forward with the assessment will likely exceed the ten (10) mill-limit allowed by the State for municipal purposes, which he reviewed and referred to other cases. He pointed out that his clients' total city taxes and assessments exceed ten (10) mills.

He read from the Florida Statute regarding the ten (10) mills allowed for "municipal purposes" and indicated Council needs to wait until the millage rate is set as the Fire Rescue will have to be funded out of the General Fund for the first year.

City resident Judy Korbus asked Council to keep their word and reduce the millage accordingly or do away with the special assessment.

Fire Chief Mossgrove reviewed the methodology used to figure the fire assessment and requested Council authorize the reduction of the industrial warehouse rate structure from the proposed 15.8 cents to 8.4 cents per square foot.

City Manager Norman-Vacha explained that government and industrial warehouse are grouped together as they have similar response requirements. She advised the rate reduction would provide relief for those properties and additional funding from the General Fund of \$31,568 would be needed for budgeted revenue.

Mayor Bradburn indicated the City's legal staff has reviewed lawsuits regarding Fire Assessment of other governmental entities and can withstand the challenge. She pointed out the goal of the assessment was to ensure everyone contribute to the cost of providing fire services, and lower the millage rate to attract business. She suggested future methodology be applied with a discount for fire safety equipment, square footage and a rate based on home size. She is in favor of funding the Fire District at fifty percent (50) and a 5.86 millage because it balanced the new millage rate with the Fire Assessment and believes it could be revised further to 5.5 mills.

Council Member Bernardini clarified he supported, at a previous budget workshop, reducing the millage that would equal the assessment value but then noticed inequity in the budget for Contingency for Reserves. He further indicated, should the Fire Assessment not be implemented, he would still recommend funds from the millage be put into a special assessment to increase an inadequate balance of \$300,000 in reserves. He pointed out Council has been diligent over the years to lower the millage rate and questioned that action as possibly too aggressive. He recommended a millage rate of 6.069 to ease the shortfall in reserves, stating fire services have to be paid for either way and suggested departments cut an additional ten percent.

Vice Mayor Lewis thanked Mr. Buckner for the comparative analysis information he provided. He indicated Council set a tentative rate higher than anticipated of eight percent (8%) for the TRIM notices

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in order to avoid resending the notices as mandated. He recommended 6.0692 mills since the reserves would be extremely low at \$309,000 with the proposed 5.1921 mills. He pointed out reserves should be adequate to run the City for three (3) to four (4) months during an emergency. This would be a nine percent (9%) budget increase for reserves in the amount of \$394,000 for a total balance of \$703,000 as suggested by the Florida League of Cities. He next reviewed the Vehicle Replacement Fund as he is concerned that this is the first year it is not funded. He will support 5.19 mills if that is what the public wants.

Council Member Johnston indicated he was initially in favor of the Fire Assessment so that everyone pays for fire service. His calculations to fully fund the Fire District would have to be 5.366 or 5.4 mills and he would not support anything over 5.4 in conjunction with the fire assessment. He reiterated that there are designated reserves in case of a catastrophic event.

Council Member Burnett advised his greatest concern was the reserves but with additional research he found the Contingency Reserves are sufficient. He is in favor of granting the citizens' requests of a lower millage.

Mayor Bradburn clarified several scenarios that have been proposed; a millage rate of 5.2 mills was initially proposed; then there were corrections by the Property Appraiser that had to be factored in; bringing the Fire Department budget to an even to \$630,000 to be funded, leaving a millage rate of 5.5 mills. She stated Council may propose other scenarios for discussion.

Mayor Bradburn adjourned as City Council at 7:55 p.m. to the Fire District Meeting and reconvened at 9:15 p.m.

Proposed Budget

Review proposed budget and points of discussion.

Ad Valorem Tax Rate for Fiscal Year 2010/11

Consideration of establishing ad valorem tax rate.

City Manager Norman-Vacha reviewed the budget changes in regards to the Fire District and, referring to the bottom line on Page 131, requested a budget of \$1,573,603, which includes an additional position of Fire Inspector. The original allocation designated in the General Fund was \$956,341 with funding at ninety-five percent for a total of \$598,640 and would require 1.51940 mills, which equates to 7.5884 mills. This would leave a Reserve for Contingencies in the amount of \$578,889 but could be reduced factoring in the unallocated reserves that are available within the Vehicle Replacement Fund. She gave Council an idea of the budget numbers at a 7.5884 millage rate; a mill is \$414,776 and half a mill is \$207,387 at a hundred percent; \$197,018 is ninety-five percent, unless there is a change in the budget and/or reduction in the Reserve for Contingencies line item.

Council Member Johnston asked for the fund balance in Reserve Contingencies before adding money back in. City Manager Norman-Vacha stated at the August 24th Workshop Council advised 5.86 mills and therefore Reserve for Contingencies would have been \$558,445. Originally staff brought forward a balanced budget with a millage at 5.1921 that included separation with the Fire Assessment and proposed reserves were at \$309,124, which was approximately 4.9 percent of the current revenues less prior cash balance forward.

Council Member Johnston referred to Page 5, third line down, right column; adding together total Ad Valorem taxes of \$2.4 million and Fire Department budget of \$630,000 would equate to \$3,030,000. He stated it could be reduced to \$2,880,000 with \$150,000 from Reserve Contingency giving a millage rate of about seven mills. City Manager Norman-Vacha pointed out that when she calculated the millage at 7.584 at ninety-five percent, it equates to an ad valorem tax revenue amount of \$2,090,000 compared to \$2,391,000 in the current budget at 6.069 mills, which is a difference of \$598,698.

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Finance Director Baumgartner stated \$2,736,000 is ninety-five percent of \$2,880,000 as asked by Council Member Johnston.

City Manager Norman-Vacha stated there is a Fire Inspector position included with salary and benefits at \$52,916.00 and an additional prison crew guard at \$57,000 that is not currently in the budget. Mayor Bradburn indicated she would not support eliminating the guard position since the prison crew alleviates staff cost and duties but continues to oppose the inspector position.

City Manager Norman-Vacha reminded Council she had suggested the Health Reimbursement Account be reduced from \$500 to \$250 for the employee medical coverage benefit that has a \$750 annual in-network deductible which affects 96.9 General Fund employees.

Finance Director Baumgartner indicated \$2,836,700 is ninety-five percent of \$2,986,000 as asked by Council Member Johnston.

City Manager Norman-Vacha reminded Council that staff recommended suspending any new allocations to fund vehicles out of the General Fund as it would cause a shortfall in revenues for next year. She suggested a provision to transfer unallocated resources in Vehicle Replacement of \$702,239 which is allocated to General Fund payments and is separate from Enterprise Funds.

Mayor Bradburn asked for the loss in property assessment as City Manager Norman-Vacha indicated the loss is 13.24 percent. The 2009 property value decreased by twenty-one percent from the prior year amounting to a \$469,710,996 reduction. This year the reduction amounts to \$414,775,643.

Council Member Bernardini asked for the increase in the Fire Department budget. City Manager Norman-Vacha indicated \$1,520,274 to \$1,573,603 due to the Fire Inspector position and benefits.

Council Member Bernardini asked the reason for an increase in the Police Department budget. City Manager Norman-Vacha reminded him the increase was due to a change of holiday pay policy and position reclassifications. She stated reclassifications were inclusive of the Police Department, Finance Department, Public Works Department and Streets Division.

Council Member Johnston suggested, in order to cover the \$2,828,333 expense budget, reducing Reserve Contingency by \$150,000, eliminating the Fire Inspector position, and setting 7.2 mills at ninety-five percent.

Mayor Bradburn does not support elimination of the Fire Inspector position since there are several businesses that deal with hazardous waste which are not being inspected on an annual basis. She suggested fire inspection procedures need to be addressed and discussed later this year to include identifying businesses with the greatest potential hazard.

City Manager Norman-Vacha reminded Council there are no new vehicles out of the General Fund as it is in the Vehicle Replacement Fund. Council Member Bernardini suggested transferring funds from the Vehicle Replacement to Reserve Contingency for a Fire Inspector. City Manager Norman-Vacha reminded him that next year there will be no revenue in reserves to fund the position. Council Member Johnston clarified that by his previous comment of taking it out of the fund he was actually referring to a catastrophic incident and not as a manner of balancing the budget. Mayor Bradburn indicated the City cannot depend on timely State and Federal aid in the case of a catastrophic incident and a good practice to always have at least three (3) months in reserves to be able to continue to operate.

Vice Mayor Lewis asked if revenues were accurate in the General Fund carry-forward. Finance Director Baumgartner indicated State revenue is based on ninety-five percent (95%) of the estimate and collection is lower than expected this year.

Mayor Bradburn welcomed new ideas for the second budget hearing from both Council and the public.

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Vice Mayor Lewis clarified a proposed rate tonight could be changed as long as it is not over 8 mills.

Council Member Burnett asked if 7.5884 mills would balance the budget. City Manager Norman-Vacha concurred that it would leave the current budget intact as proposed to include the Fire Inspector position and reserves at \$578,889.

Council Member Johnston stated 7.2 mills would mean taking \$150,000 from Reserves for Contingency and eliminating the Fire Inspector position.

Vice Mayor Lewis stated his preference would be to transfer \$278,000 out of Reserves for Contingency with the option to transfer from the Vehicle Replacement Fund as this would lower the millage rate to fewer than seven mills and keep the Fire Inspector position.

Mayor Bradburn stated she is not comfortable transferring funds from reserves since the economy is not on the upswing anytime soon and should only be used for a catastrophic event as it is prudent to have seven to ten percent as the last budget was about five percent.

Council Member Burnett suggested calculating the budget numbers based on the roll back rate of 7.0202. He indicated he is in favor of transferring from reserves during this bad economy and building reserves back up when it improves. He would like staff to present numbers at the next budget hearing based on the roll back rate for Council discussion.

Finance Director Baumgartner indicated reserves are 6.06 percent of total revenues in the General Fund with the roll back rate.

Council Member Johnston suggested transferring \$228,000 from Reserves for Contingency and not funding the Fire Inspector position, leaving revenues of \$2,758,000 with 7.0 mills funding at ninety-five percent (95%).

City Manager Norman-Vacha agreed with Council Member Johnston's calculations. She clarified the millage rate at 7.0202 with ninety-five percent of ad valorem taxes would equate to \$2,766,218 and subtract ad valorem taxes of 7.5884 in the amount of \$2,990,109 in revenue for a total difference of approximately \$280,000 in revenues.

City Manager Norman-Vacha asked for clarification for the next budget hearing on September 22nd.

Mayor Bradburn stated consensus was to eliminate the Fire Inspector position from the budget and transfer from reserves at the roll back rate of 7.0202.

Council consensus was to put the Fire Inspector position on hold.

CITIZEN INPUT

Mayor Bradburn asked for public input.

Joe Mason suggested the City cut the amount of services it sells to its consumers and a final millage rate reflect a reduction in those services.

Motion:

Motion was made by Council Member Johnston and seconded by Council Member Burnett for approval of 7.0 mills, eliminate Fire Inspector position and reduce Reserves for Contingency to \$350,000. Motion carried 4-1 with Council Member Bernardini voting in opposition.

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Finance Director Baumgartner announced the adopted budget of 6.069 mills is 13.55 percent less than the current year's rolled-back rate and now the 7.0 mills is .29 percent less than the current years roll back rate.

Motion:

Motion was made by Council Member Johnston and seconded by Council Member Burnett for approval to set the millage rate at 7.0 mills for the budget year 2010/11.

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

Ordinance No. 814 - Recommended Budget for Fiscal Year 2010/11

Consideration of first reading of proposed budget effective October 1, 2010.

Mayor Bradburn asked for public input; there was none

Motion:

Motion was made by Council Member Johnston and seconded by Council Member Burnett for approval with eliminating the Fire Inspector position from the Fire Department budget as well as changing the Reserve for Contingencies and the millage amount coming from ad valorem taxes and funding the Fire Department from the General Fund.

City Clerk Peters read Ordinance No. 814 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, 2010 AND ENDING SEPTEMBER 30, 2011.

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

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

Mayor Bradburn stated the tentative millage has been set and the second hearing will be on September 22, 2010 at 6:30 p.m.

ADJOURNMENT

There being no further business to bring before Council, the meeting adjourned at 10:20 p.m.

Attest: 
Mayor


City Clerk
