

**CITY OF BROOKSVILLE
BUDGET WORKSHOP & SPECIAL MEETING
MINUTES**

July 31, 2012

6:00 P.M.

Brooksville City Council met in workshop 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; 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.

The meeting was called to order by Mayor Johnston.

FY2012/13 BUDGET

Overview and General Fund Budget Presentation

Discussion by Council on General Fund Revenues and Expenditures with overall direction.

City Manager Norman-Vacha advised the proposed budget, as presented, is balanced, utilizing 7.5 mills.

Assistant Finance Director Jim Delach reviewed the current General Fund Revenue detail through June as compared to last year. Council was also provided the City Manager's Budget Report, which included details the last 15-years of the General Fund Revenues as well as in-depth details of this year's budget.

Council asked for footnotes referencing variances and projections with documentation of percentages of change for revenues and expenses.

Assistant Finance Director Delach advised that, through the end of June, the budget is down \$210,880, reflecting revenue deficiencies. Over the last 3-year period of 2008-2011, taxpayers were saved a total of \$2,257,448 indicating the City did a lot with a lot less.

City Manager Norman-Vacha reviewed the City Manager's Budget Report graphs reflecting property tax revenue and millage over the last 15-years, as well as Per Capita figures. She advised this Council, along with the management team and staff, has worked very hard to be as effective and efficient as possible. She continued with review of revenue detail beginning on page 6 of the budget. She advised the decline has been so severe it is in our best interest to budget the lesser projected amounts. If things change during August and September, it certainly could affect revenues, but the best guess right now is the continued downturn.

Referencing page 7 of the City Manager's Budget Report, she reviewed the last 15-year history of the State Revenue Sharing and Local Option Gas Tax Revenues, advising it has remained fairly flat revenue, which according to the State, will remain. Vice Mayor Bradburn advised they are projecting a 21% decrease in fuel tax over the next 5-years because of mandates for fuel efficiency coupled with the fact that people are conserving economically; i.e., buying more fuel efficient cars, filling up less often, therefore buying less fuel but more often.

The loss of revenue relating to communication was briefly discussed.

In summary, City Manager Norman-Vacha advised revenues in our highest areas are showing some decline or are stagnant at best. Workshops are also set for August with hearings in September and staff

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may request another workshop at the end of August.

On page 7, referencing court fines, Mayor Johnston asked about the increase of \$19,000 from last year. City Manager Norman-Vacha indicated this year the finance department has projected this based on what has already been collected through June and reflects citations written by the City's Police Officers. Assistant Finance Director Delach reviewed that court fines collected last year through June was \$29,068. So far this year through June, court fines collected are \$53,607, a 184.42% increase over last year.

On the same page, Mayor Johnston referenced Cemetery Sales, which are projected at an increase of \$16,000. City Manager Norman-Vacha advised this is credited to increased marketing by staff.

On page 6, referencing the Brooksville Housing Authority's payment in lieu of taxes, City Manager Norman-Vacha advised, based on their housing collections and activities the Housing Authority is involved in at this time, the revenue is \$0 this year.

Council Member Bernardini, referencing page 5, asked for clarification of the mobile home fees. City Manager Norman-Vacha advised that even though these are General Fund fees, they are in a special revenue fund pledged to pay back bonds. A footnote reflecting this was requested. Vice Mayor Bradburn felt there are greater ways to address mobile homes and the fees charged.

On page 6, Council Member Bernardini asked about the election qualifying fees. City Manager Norman-Vacha advised that, via the Interlocal Agreement with the Supervisor of Elections office, they keep those fees.

Council Member Bernardini asked about the reduction in the facility rental fees. City Manager Norman-Vacha advised that for several years the monies from ECI meetings and rental fees, which are down.

On page 7, Council Member Bernardini asked for clarification in the increase of revenues in Cemetery Miscellaneous Revenues and decrease in JBCC Miscellaneous Revenues. Assistant Finance Director Delach advised all departments that generate revenue has categories. Anything that does not fit those categories goes in miscellaneous, so maybe more is being allocated to specific categories for JBCC. The Cemetery increase can probably be credited to the increased marketing and selling of plants at events, etc. Staff will provide more information to Council regarding this.

Council was advised that 1st Tee is now a separate fund and ½ of a position has been moved into a special revenue fund, resulting in the \$0.

Council Member Hohn, referencing page 1, asked why one staff person is being moved into the newly sub-categorized Business Development. City Manager Norman-Vacha advised that, regarding discussions of Council of investing in volunteers, i.e., the Ambassador of Commerce and Employment Dennis Wilfong, Michael Heard, the Brooksville Vision Foundation, the emphasis has been on creation, retention, and recruitment of jobs for our City. In talking with those who volunteer their time, material and website pieces targeting potential businesses is needed. It is being requested that Council consider moving the Records Management Clerk (Administrative Assistant II) position from the City Manager's office to the Business Development Department. Most of those functions would be absorbed by the City Clerk and Deputy City Clerk positions. Vice Mayor Bradburn preferred that the proposed department be a subcategory within the City Manager's Office.

Referencing the debt schedule, Council Member Hohn recommended refinancing some debt while the interest rates are down. City Manager Norman-Vacha advised staff is working on this.

Regarding Building Permits on page 6, Council Member Hohn asked why the prediction is lower than last

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year's actual since there is an uptake in building. City Manager Norman-Vacha advised it is just an administrative projection. Director Geiger advised the uptake is very small and fees can be very sporadic from year to year and difficult to predict.

Expenditures

City Manager Norman-Vacha, referencing page 3 of the City Manager's Budget Report, continued review of the City Manager Report regarding per-capita costs.

She indicated that in this budget, there are no monies slated for equipment, facilities, or capital improvements. Operating costs are projected the lowest since fiscal year 2005/06, while continuing to face price increases in supplies, materials, fuels, insurance coverage costs. Reductions have only been able to be made with a solid management team and the support of Council. Further reductions in the budget will only be achieved with the elimination of people, programs, and/or services. During this same time period, there have been improved processes, decreased staffing levels, increased productivity, improved efficiencies, better technologies implemented and new ways to cut expenses without elimination of services have been created.

She advised that included in the budget is a flat, no increase or decrease in staffing or personnel. The city is at 86.9 FTE's, a reduction of 35% staffing levels since 2006/07 for the General Fund. Staff levels today are less than 15 years ago.

City Manager Norman-Vacha clarified for Council Member Bernardini that the balanced budget as presented is balanced at the 7.5 mils.

She advised only two changes are recommended for staffing. One is for a cemetery worker who is currently classified as a Park Attendant. The second is the realignment of one staff member from the City Manager's office to Business Development and proposes no increase in staffing dollars.

Pension Plans

Rates have been decreased by the State for the retirement system, but will increase again in July 2013.

A proposal is included to fund a portion of the Police Pension for the equivalent of the regular FRS rate of 5.53% of salary, which equates to just above \$56,000. Regarding the Fire Pension, she advised the current rate is 24.52%, the rate for 2012/13 is 38.34%. That is because the City has its own plan. About \$403,000 of the budget is contributed to the plans.

Health Insurance

She reviewed Attachment 2 of the City Manager's Budget Report documents, which provides options for renewal in healthcare. She pointed out that even with the increase this year we are still below where we were two years ago. Council Member Bernardini requested staff look into combining our health insurance with the County's.

City Manager Norman-Vacha then reviewed general insurance, such as workman's comp, property, automobile, errors and omissions, etc., which reflected a total increase of 9%, which is still over 25% below where the premiums were in 2008/09.

Red Light Camera Revenue Fund

She advised that \$100,000 has been transferred into the General Fund. Brief discussion was had

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concerning the impact of other cities cases regarding this.

Lastly, City Manager Norman-Vacha advised there are no allowances for transfers to the Multi-Capital fund, capital expenditures or the Vehicle Replacement Fund.

Council Member Burnett asked for clarification of, and the City Manager confirmed, the projected 7.5 mills budget. She also confirmed the balanced budget does not include Fire Assessment Fees (FAF). Mayor Johnston asked the status of the FAF. City Manager Norman-Vacha advised we are in the appeal period and hopefully by the 1st Budget Hearing in September staff should have a better view of the process. City Attorney Battista advised that no appeals have been filed. Page 4 of the proposed budget was reviewed, which documents the different millage rate scenarios, with and without the FAF.

Council Member Bernardini advised he does not feel comfortable with a reserve of \$76,093. City Manager Norman-Vacha suggested monies can be found through the elimination of programs, people, or services, and/or a specific amount of the Vehicle Replacement Fund can be allocated for reserves. Options of services were discussed, during which it was noted that there are a lot of redundancies between the City and County services, but the level of services will be different. Council Member Bernardini advised for the record, he is not suggesting that the Fire or Police Departments be eliminated, just that options be looked at. Discussion of options continued.

Council Member Hohn advised there is a big difference between sentiment and practicality and cutting nickels and dimes are not going to get us anywhere. Tough decisions have to be made. Settling for a millage rate increase is the last thing he wants to do. Better response times for fire and police, related to city versus county and better ISO ratings were discussed.

Vice Mayor Bradburn advised staff needs to look at converting the Fire and Police Department pensions to FRS. She wants to see firm numbers on this. Vice Mayor Bradburn also advised she does not want to see anything in this budget continuing to paying pension and retirement funds for Reserve Firefighters. City Manager Norman-Vacha advised it is there because that is what the plan requires. Vice Mayor Bradburn would like this reviewed for a plan change. Mayor Johnston advised it would need to be negotiated. Council Member Burnett felt the City losing Township 22 was the beginning of the problems we are facing today.

Mayor Johnston advised this workshop is to go through the budget preliminarily, announce the roll-back rate and set a tentative millage rate later on. He advised the budget as presented is using a 7.5 millage, which he noted may be set as a maximum.

Page 10

Council Member Bernardini, referencing Police & Fire, asked about the total departmental increases. City Manager Norman-Vacha advised that in the Police department, a couple areas have affected that. Some dollars are associated with salary levels, incentive pay for educational classes, and overtime for holiday pay was revamped. Mayor Johnston felt most of those costs were related to the pensions. City Manager Norman-Vacha will verify.

Page 11

Council Member Bernardini asked for clarification that, as the budget sits balanced today, our reserves are at \$76,093. Mayor Johnston indicated that is at 7.5 mills with no Fire Assessment.

Council Member Hohn, regarding Reserve for Contingencies, asked what dollar amount has been spend year-to-date. City Manager Norman-Vacha advised the Unallocated Reserves is what has not been

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expended but the \$249,051 is not exactly what will come forward because other things have to be considered, such as non-performing revenues and where less money has been spent. It is not a simple carry forward amount. He then asked for the balance of the Unallocated Reserves Fund. Assistant Finance Director Delach advised the \$249,051 is what was expected to be the Unallocated Reserves. He advised page 8 reflects the projected carry-forward of \$227,382. Revenues are down but expenses are up. City Manager Norman-Vacha clarified the carry-forward amounts between revenues and expenditures.

Assistant Finance Director Delach advised that Council direction last year was to have a reserve of 3% of expenses, which was briefly discussed. City Manager Norman-Vacha reminded Council that there is unallocated funds of between \$500,000 and \$750,000 in the Vehicle Replacement Fund.

Council Member Hohn advised money is as cheap as it is ever going to be and if the City was ever going to borrow this would be the year to do it with the low interest rate, versus raising taxes. Assistant Finance Director Delach advised he and Director Baumgartner had been in discussions with SunTrust to come back with a proposal for this.

Vice Mayor Bradburn, for brainstorming purposes, in light of having nothing for infrastructure in the budget, recommended an analysis of what is needed and looking at what paying upfront for those needs would save the City over a 10-year period.

Page 14

City Manager advised \$7,000 for Special Events was added. Council consensus was 3-2 to remove it. Council Member Burnett and Vice Mayor Bradburn opposed, noting the economic benefit of certain events.

Pages 16-17

Council Member Bernardini was adverse to the Business Development position. City Manager Norman-Vacha advised it is no change in the budget. She indicated the position would be to assist Dr. Wilfong and Michael Heard in their efforts to bring new business and jobs to the city, which was discussed.

Page 18

City Manager Norman-Vacha advised Technology Services allocation has been reduced to \$10,000 and covers computers.

Page 19-20

Human Resources. Council Member Bernardini asked about advertising. City Manager Norman-Vacha anticipates some advertising costs.

Pages 23-24

Development. Expenses were reviewed.

Pages 27-28

Police Department. Pension allocations and FTE's were reviewed. Mayor Johnston asked what is included in the Reserves for Public Safety for \$67,000. City Manager Norman-Vacha advised those are salaries for reserve officers.

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Vice Mayor Bradburn asked why Training and Education was cut almost in half. City Manager Norman-Vacha advised there are also funds for training in Fund 104.

Council Member Bernardini asked about the increase in Other Current Charges from 2011 to current. Assistant Finance Director Delach advised it is used for the Police Department lettering and logos.

Council Member Burnett asked what Communication & Freight Charge covers. City Manager Norman-Vacha advised it is related to cell phones, costs occurred for the air cards for the officer's laptops, and CAD modem charges paid through the Sheriff's Office.

Pages 29-30

Fire Department. Council Member Hohn asked if they were hoping to purchase a new truck for \$435,000. City Manager Norman-Vacha advised some debt service was eliminated and there would not be a request at this time.

Pages 31-32

Parks. Council Member Hohn asked what happened with the batting cages. City Manager Norman-Vacha advised the Parks Board will be discussing the issue and it will come to Council on August 20th.

Pages 33-34

Cemetery. Council Member Bernardini pointed out that salaries went up. City Manager Norman-Vacha advised it is the reclassification of one employee. Included in communications is one cell phone, one Cisco phone which costs \$200 per year and services through Brighthouse of \$530 annually for e-mail services since they cannot be connected to the server.

Pages 35-36

Recreation. Council Member Bernardini asked why rentals and leases are going from \$0 - \$3,900. City Manager Norman-Vacha advised it is rentals for movies in the park three times a year.

Pages 37-38

Streets. Vice Mayor Bradburn asked to review the contracts for mowing. It is currently under streets' other contractual services with \$3,000 allocated for mowing. She would like comparisons of contracting versus in-house.

Page 39

Electric – Traffic Lights. Council Member Bernardini asked about the \$4,000. City Manager Norman-Vacha advised it had not been broken down before.

Mayor Johnston asked for public input.

Gail Samples advised the air conditioning fan is noisy.

ADJOURN BUDGET WORKSHOP

Mayor Johnston adjourned the workshop at 8:33 p.m. followed by a short break.

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SPECIAL MEETING

The Special Meeting of City Council convened at 8:41 p.m.

Council Member Bernardini asked if the Public Service Tax is based on the total electric bill. Assistant Finance Director Delach advised no.

An invocation and Pledge of Allegiance was led by Vice Mayor Bradburn.

REGULAR AGENDA

Adoption of Current Year Proposed Millage rate for FY2012/13 Budget

Announcement of rolled-back rate and establish the budget hearing for September 12 and 26, 2012, at 6:00 p.m.

Assistant Finance Director Jim Delach reviewed the State of Florida Truth in Millage requirements and dates of the Budget Hearings of September 12 and 26, 2012.

Motion:

Motion was made by Council Member Burnett for adoption of a rollback rate of 8 mills. Motion died for lack of second.

Vice Mayor Bradburn advised the budget is barely balanced at 7.5 mills and allows for no Capital Improvements or emergency improvements, but allows a lot of money for pensions. Council Member Bernardini advised he favors setting it at the max as Council Member Burnett suggested up to 10 mills because you can always lower it. Vice Mayor Bradburn is hopeful the proposed 7.5 mills will not be approved in the end.

Motion:

Motion was made by Vice Mayor Bradburn and seconded by Council Member Hohn acceptance of 7.5 mills.

Council Member Bernardini felt Council is boxing themselves in. Council Member Hohn felt there to be plenty of room to adjust the budget. Council Member Burnett advised he recommended 8 mills for the extra room but hopes it will be lower than the 7.5 mills.

Mayor Johnston is willing to go along with it to get things done but feels it cannot keep going at this rate.

Motion carried 3-2 with Council Member Bernardini and Council Member Burnett voting in opposition.

Motion:

Motion was made by Council Member Bernardini and seconded by Council Member Hohn for acceptance of the budget hearing dates of September 12th and 26th at 6:30 p.m. Motion carried 4-1 with Mayor Johnston voting in opposition.

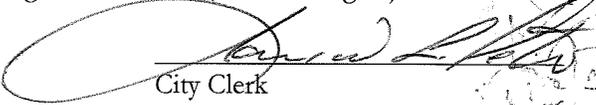
CITIZEN INPUT

Mayor Johnston asked for public input; there was none.

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ADJOURNMENT

There being no further business to bring before Council, the meeting adjourned at 8:55 p.m.



City Clerk

Attest: _____

Mayor

