

**AGENDA MINUTES
ONE ITEM BUDGET WORKSHOP
CITY COUNCIL
CITY OF ARCADIA
MONDAY, AUGUST 17, 2015
5:00 P.M.**

The following minutes reflect action items of the City Council of the City of Arcadia. For a verbatim copy of the minutes, you may contact City Administration to obtain a copy of the recorded meeting.

CALL TO ORDER AND ROLL CALL

The Mayor called the meeting to order at approximately 5:00 p.m. and the following members and staff were present:

Arcadia City Council

Mayor Judy Wertz-Strickland
Deputy Mayor Alice Frierson
Councilmember Joseph E. Fink

Councilmember Susan Coker
Councilmember S. Delshay Turner

Arcadia City Staff

City Administrator Terry Stewart
Finance Director Beth Carsten
City Clerk Penny Delaney
Human Resource Manager Linda Lowe
Marshal Matt Anderson

Finance Clerk Ashley Killmon
Public Works Director Steve Underwood
Water Treatment Plant Director A.J. Berndt
Golf Course Director Mike Kotzker

ACTION ITEM

Discussion of Proposed Budget for FY 2015-16

City Administrator Stewart advised that this was his first opportunity to work together with Council on the budget. He complimented staff for doing a lot of work in a very short period of time. He explained that this year the State was a little slower in providing its estimated share of revenues which the City had just received a couple of weeks ago. He advised Finance Director Carsten did a great job getting it all together. He reemphasized that Council had recently decided on a tentative millage rate and had adopted the roll back rate of 8.9586. He stated that the current millage rate was 8.8195. Mr. Stewart advised that this year's overall revenues will be \$4,677,553.00 and the total general revenues for the adopted budget FY 2014-15, was \$4,779,650.00. Finance Director Beth Carsten pointed out that they were a little higher regarding the communications service tax at \$227,125.00. City Administrator Stewart advised that the overall expenditures for total general government was \$1,864,098.00 for the current budget year and the current budget year is \$1,782,484.00. He pointed out that a number of state

shared revenues had increased with the exception of the communications tax which decreased by approximately \$20,000.00. Regarding expenditures, each section was broken down and he stated that Council would notice changes because the way certain costs were being allocated did not provide for a great deal of clarity. He advised he had asked the Finance Director to modify it and create it so that it would be clearer. Mr. Stewart stated that another thing that would be different was in the area of roads. He explained that a street fund had been identified that had over \$1,000,000.00 in reserves in it and another fund with set aside reserves for infrastructure that had over \$1,000,000.00 in it. He stated he was at a loss as to why those reserves were set aside for specific purposes and not being utilized. Mr. Stewart stated \$500,000.00 was taken from each of those funds and placed in an account to accomplish some street work. He stated they will be looking at streets that, for the most part, do not have utilities under them so that they won't pave something and have to tear it up in just a few years. He pointed out that tomorrow night Council would be asked to approve grant applications to SCOP wherein requests were made for a little over \$500,000.00 for additional work in addition to the \$1,000,000.00 set aside.

City Administrator Stewart then turned it over to Finance Director Beth Carsten who began the review of the budget by department. Ms. Carsten informed Council that anything that was highlighted through the budget was numbers that they were still waiting on. She explained that most of that was the liability insurance and the workman's compensation insurance. She advised that the increase for the health insurance was only 7%. She reminded Council that last year initially it was a 44% increase and they were able to get it down. She further advised that they may be able to get it down another percent. She predicted the liability insurance and workman's compensation remaining about the same with the exception of a few departments.

Ms. Carsten began with the legislative department wherein most everything had stayed the same. She explained that the \$25,000.00 in other contractual services had not been used because it had been set aside for codification of codes and it had not been done yet, but she understood the importance of it and was working with the City Clerk regarding same. Regarding mileage, schools and lodging, Councilmember Fink stated that the Mayor had recently gone to the Florida League of Cities Annual and paid for it herself. He stated he did not think it was reasonable and felt a proper amount should be set aside for it. Ms. Carsten advised that the Mayor turns in her receipts and that was why they put \$2,000.00 in the mileage for next year and asked if they wanted to set aside more. Councilmember Fink stated that he felt they should have a cushion and place a little more aside. There were no further questions or comments.

Retirees and Council Retirees was the next department that was discussed. Ms. Carsten advised the amount had gone up this year. City Administrator Stewart advised that he had not dealt with this before as a separate item and that it was a substantial amount of money for a small group of people. Ms. Carsten stated that Council had placed a cap on it and a stipend had been instituted based on our own manual for those on Medicare. Councilmember Fink stated that it will not drastically increase, but will eventually decrease and Ms. Carsten agreed. There were no further questions or comments.

Administration was the next department discussed and Ms. Carsten advised that regarding the allocations, it gave a truer picture of what the department salary was, but it

increased the line item. She pointed out that the total amount of credit that administration would be receiving from the enterprise fund would be \$95,251.00. City Administrator Stewart advised that when you allocate a part of a person's salary to another division, it would not show up there showing a real clear picture of what the actual costs are for that individual's salary. He stated that with the way they had changed it, it actually gave a clear picture of what the total cost was regardless of how it was allocated amongst other enterprise funds. There were no further questions or comments.

Ms. Carsten advised that the Finance Department had a similar situation with the allocation process and the total expenses will be \$144,804.96. There were no further questions or comments.

Ms. Carsten advised that since they will not have an election this year, the election budget is \$0. There were no further questions or comments.

Regarding Legal Counsel, Ms. Carsten advised that historically for at least the last three (3) years, \$130,000.00 had been placed in legal, but they had not used anything close to that. She advised that besides our attorney, very little attorney services had been used other than work related to the personnel manual. She advised that she had placed \$80,000.00 in the budget and stated that if they felt it should be higher they could do so. Ms. Carsten advised that she had spoken with the attorney and he had every reason to believe that he would come in lower than \$70,000.00 this year and he believed that he would do the same next year. There were no further questions or comments.

The next department discussed was Community Development and Code Compliance. Ms. Carsten advised that there were changes and the main reason was because of the way they are handling planning this year by using Central Florida Regional Planning Council. She explained that the personnel portion has decreased, but the operation expense is \$20,000.00 which is the planners' fee.

Mr. Stewart stated that he wanted to make some changes in how they operated regarding the code. He advised they had created a budget that presumed they will continue in generally the same fashion, but he further advised he will be coming to Council asking to make some structural changes in the way the department operates. He stated that he will expect significant more revenues coming in to offset the costs and gave the hearing officer as an example. He explained as of now, the people who have been taken to the hearing officer are not charged. Mr. Stewart stated those type of things will be brought to Council, but they are not included in the budget now. Councilmember Fink asked for confirmation that code enforcement was not included in the police department and Mr. Stewart confirmed that it falls under administration. Councilmember Fink stated that it was a formal action to place it under the police department and it was a formal action to not remove it from the police department. However, Councilmember Fink felt that formal action should be specifically dealt with. Mr. Stewart advised that he would check with the City Attorney to ensure that he is in agreement of when a budget is adopted by ordinance. Councilmember Fink asked if he could also check to see what previous councils did in their delineation regarding whether it was done through resolution or

simple action of Council. Mr. Stewart stated that he would check and provide Council with the answer. There were no further questions or comments.

The next department discussed was Other Governmental. City Administrator Stewart explained this department was a catch-all for areas such as health insurance, professional services, accounting, costs of telephones, etc. Ms. Carsten advised administration needed a new server for Munis which was reflected in the \$8,000.00 amount. She advised \$20,000.00 was allotted for auditing and the Tyler Management amount of \$41,738.00 is for the software, along with other software and other monthly maintenance that runs through it. She advised they are expecting the insurance costs to remain flat and not increase. Ms. Carsten advised the contingency amount had decreased without having to take from other departments. Mr. Stewart went into detail to explain the contingency fund. He stated that they recommended that instead of setting aside \$600,000.00, they set aside \$253,000.00 which will still allow them to meet their budget, fortify the reserves and keep money set aside for unforeseen circumstances. There were no further questions or comments.

Regarding the police department, City Administrator Stewart stated that when the City made the decision for the County to take over fire services, the City still retained the responsibility for the retirement costs of those individuals that were within the police and fire pension fund of the City of Arcadia. He explained that certain costs had to be put aside for not only the police officers, but also for the firefighters who have not yet retired. He further explained that there was a certain amount of the pension costs that were not related to the police department yet for some reason it was included in their budget and it inflated their personnel costs. Another impact of the budget was due to the audit not being completed in a timely manner and certain funds that would have come from the State in the amount of approximately \$70,000.00 could not be provided because there was no audit. He explained that due to those impacts, the City had to offset those costs within the budget. He stated those funds have now been received and Council would see some adjustments that would be reflected in the cost of this year's budget. Mr. Stewart suggested taking the pension costs out of the police department and placing it in the fire control portion of the budget which would provide a more accurate reflection of what the police department costs are and the ongoing costs of the fire department. There were no further questions or comments.

City Administrator Stewart advised that the police department was requesting an additional officer which was not included in the budget and an additional car which was included in the budget. Marshal Anderson had also requested an increase in his salary which was also included in the budget. Mr. Stewart stated that he had compared the Marshal's salary to other top law enforcement officers throughout the State of Florida and it was not an unreasonable request. He also stated that since the Marshal is a constitutional officer / an elected official, the decision should reside with Council. Deputy Mayor Frierson asked the initial cost of an officer and Ms. Carsten stated that with pension, health insurance, and everything it is about \$60,000.00. Marshal Anderson stated that a car is currently in the fleet, gun, radio, etc., is either in house or the budget could absorb it. Mayor Frierson asked how many total officers this would give the department if it was approved. Marshal Anderson advised that there were currently 14 full-time law enforcement officers and if approved, this would give him 15 full-time officers. He advised

he currently has two (2) part-time officers. Deputy Mayor Frierson asked how the department's number of employees in relation to our population compares with other communities. Marshal Anderson stated that according to the Federal Governments Safeties Guidelines for a law enforcement agency, they recommend anywhere from 2.2 to 2.5 officers per 1,000 and the City of Arcadia is roughly 8,000.00 which equals out to 17-19 officers that are recommended. Ms. Carsten stated that overall it would be approximately a \$30,000.00 increase over where they are this current year. Deputy Mayor Frierson pointed out that the department came in under budget this year. Councilmember Fink pointed out that according to their packets, they had spent 95% of revenues and there are still several months remaining. Ms. Carsten referred back to the subject previously discussed regarding revenue received and City Administrator Stewart advised that the revenue had been received and it would offset it. Councilmember Fink stated that the actual figures presented do not add up. City Administrator Stewart advised that he would take a look at it and will have an answer for him tomorrow. Councilmember Fink stated that before they increase with additional personnel, he felt they should look at raises to know the entire picture. He stated he would like to get a personnel services log of the entire City so they will know the number of positions, raises, how much of a percentage of raises, etc. City Administrator Stewart advised that he had presented a budget letter which provided for a 2-3 percent and he went into detail as to figures of same. Mr. Stewart asked for confirmation as to the personnel services log and asked if he wanted to know the current number of employees in each department, if there was a change in that for the proposed budget, which departments those affect and what the additional cost of each position would be if there is an additional position on one paper and Councilmember Fink agreed. Deputy Mayor Frierson asked the City Administrator to also check into previous substantial pay raises given with title changes. Councilmember Coker referenced when the Marshal stepped into his position and was later elected, and she asked the Marshal if he had been compensated any difference for his job increase. Marshal Anderson advised that he had not received a pay raise in seven (7) years. The City Administrator stated that the City was lacking a compensation classification system which is a professional analysis of all of the jobs which are given a classification and then that classification is assigned a pay scale. He assigned that a professional services firm performs the work and it could cost between \$25,000.00 and \$30,000.00. Mr. Stewart advised that he would bring the issue to Council in the future. There were no further questions or comments.

The next department discussed was fire control and Ms. Carsten pointed out the difference in the proposed from last year under the retirement. She explained the change reflected what was discussed previously regarding the split from the police department. Ms. Carsten pointed out that repairs and maintenance were higher due to building repairs at Station 1. Mr. Stewart advised that there would also be a roof repair as well. There were no further questions or comments.

The next department discussed was Public Works which encompassed numerous areas with the first being the cemetery. Ms. Carsten pointed out that the biggest change was regarding contractual which included the cost of utilizing the inmates. She explained that there is a \$60,000.00 expense regarding such which is allocated throughout the different departments and 25% of it comes out of the cemetery budget. City Administrator Stewart referenced state statute requirements regarding funds set aside and explained that there are no funds set aside at this

point. He advised that he would analyze this and come back to Council in respect to what needs to be done regarding future cemetery costs. There were no further questions or comments.

The next area discussed was the Streets Department and Ms. Carsten advised that this department had different allocations to it and explained that one of the salaries which was not in this department before was spread out in different places which is why it looked heavier. She advised there had not been any hires, but it was a matter of allocating the funds. There were no further questions or comments.

The next area discussed was Other Transportation which Ms. Carsten explained was where the funds received from the State of Florida regarding maintenance for traffic lights, etc. was placed. She explained that they had received an increase of approximately \$20,000.00 this year. There were no further questions or comments.

Under the Vehicle and Facility Maintenance Department, Ms. Carsten advised there was very little change. There were no questions or comments.

Under the Parks Department, Ms. Carsten advised there was not a lot of change. There were no questions or comments.

The next area discussed was the Mobile Home Park and City Administrator Stewart stated it did not make business sense and it was not a good representation of our community. He further stated that it was not even close to supporting itself. Mr. Stewart advised Council that he would be asking them to look at it a whole lot harder in the future. Councilmember Fink stated that when the rodeo grounds moves out of its present location, he felt there may be a reverter clause within that property as well leaving the City with a much larger piece of property in that area. Many concerns were discussed to include free electric for RVs, lack of a water meter in the park, etc. Councilmember Fink suggested the City Administrator speak with the City Attorney regarding any changes that may be made and how it affects the prospectus. There were no further questions or comments.

The next department discussed was the Way Building and Ms. Carsten advised that the utilities had increased and the repairs had a slight increase. There were no further questions or comments.

Regarding the Solid Waste Department, Ms. Carsten stated that with the increase for garbage, they were looking at a revenue of \$793,799.00. She advised that after explaining the allocations from administration and finance, this is where they show up. Ms. Carsten advised there was an increase in the cost on the expenditures side in the sum of \$25,000.00. She stated they had budgeted \$273,000.00 and were looking at the same amount this year. She further stated that to date, \$194,000.00 had been spent. Further discussion included an increase of tipping fees once a new dump is needed, the 2% increase of solid waste collection fees, rate structures, future capital cost outlays, and a rate study. There were no further questions or comments.

Regarding the Golf Course, Councilmember Fink asked for confirmation that expenses were \$409,000.00 and proposed revenues were \$335,000.00 and City Administrator Stewart confirmed it. Councilmember Fink stated that they had been told for a few years that it would turn around and now they were facing a \$74,000.00 loss. He suggested looking at something else such as selling it. Deputy Mayor Frierson advised she receives many complaints about the golf course. City Administrator Stewart stated that like the mobile home park, this just does not make good sense. He advised that the resources provided to keep the course in decent shape was dismal. He explained that for a course its size, an expenditure of chemicals and fertilizer in the neighborhood of \$80,000.00 - \$100,000.00 was needed to keep the course looking good and staying playable, but instead \$20,000.00 was given to the department. He advised that the staff had done everything within their power to make due. Mr. Stewart asked for an opportunity to improve the course. He advised he would check for deed restrictions so Council would have a full understanding of what they were dealing with. Options were discussed which were to close the course, attempt to sell it, continue to subsidize it, obtain outside management and keep the budget as is, but advertise to sell the course, along with unforeseen consequences of such options. City Administrator Stewart asked if in the meantime they could try to operate the course in the manner in which it was supposed to be operated which fit within the budget that had been submitted. After much further discussion, Councilmember Turner, Deputy Mayor Frierson, Mayor Wertz-Strickland and Councilmember Coker expressed their desire to leave the budget as is and allow the City Administrator to come back with feedback. Councilmember Fink stated he would agree if they do it with the intent of marketing it to sell it, but otherwise he was not in agreement. There were no further questions or comments.

The next department discussed was the water and sewer department and Ms. Carsten advised that the biggest reason that there is a difference between this year and last year was because of the work done and the new water treatment plant and she advised that the first payment had not taken place because of the time of the loan and it will not occur until next year. She stated the expenses regarding the waste water treatment plant had gone up due to repairs, replacement of pumps and chemical expenses. Mr. Stewart advised that money had not been set aside to handle the necessary improvements. The City Administrator informed Council that there would be a change in the management of the utilities systems and the topic of rate studies will be looked at in order to bring information back to Council to help them understand the issue. There were no further questions or comments.

The next department discussed was the Airport. Ms. Carsten advised she did not have the numbers for the grant amount from the FAA, the FDOT or for the fuel and sales. Councilmember Fink asked if the hangar rentals should be closer to \$75,000.00 rather than \$66,000.00 and Ms. Carsten advised that she would check to be sure. Deputy Mayor Frierson stated that it was possibly before the increase. Councilmember Coker pointed out that there was no figure listed for the mowing and Ms. Carsten advised that it was in personnel. City Administrator Stewart went into detail to explain the situation of an employee who was mowing at the airport in addition to his regular hours and the issue that arose regarding his payment for same. There were no further questions or comments.

Regarding the Small County Surtax Revenues, Ms. Carsten advised it had gone up from \$472,806.00 to \$478,047.00. She explained that approximately two (2) years ago, Council decided to use this money that used to be in Fund 103 and they decided to transfer it to Fund 107 which is the Capital Improvement Fund to use it for streets improvements. She advised that the 2013-14 budget contemplated all of the money going into streets and last year, Council directed to put \$100,000.00 aside for other capital improvement unknowns. Ms. Carsten advised that after contemplating doing something different with the streets, they are now able to use the money for capital improvements. She explained that is why there is no money listed in streets. She then proceeded to explain where the funds would be placed throughout the City. Mr. Stewart informed Council that \$500,000.00 would be taken from two separate accounts each with a recommendation that it be for streets and \$500,000.00 - \$600,000.00 would be left in each of those accounts that would give them money to do something in the following years as well. Mr. Stewart explained the process and the steps he took regarding application through the SCOP grant. He then addressed the subject of strategic planning and his plans for such. There were no further questions or comments.

PUBLIC

Jorge Santana, a non-city resident, pointed out that the 2014 Audit was not completed and he was at the workshop to get some answers to his questions. He questioned the funds from Fund 103 and Fund 104 and the application of those funds for streets. Mr. Stewart explained the process to be taken and identified the location of funds to be used. Mr. Stewart informed Mr. Santana that the auditors were completing the audit and the City expected to have the audit done in a timely fashion and submitted to the State of Florida so they will not have the same situation that they had previously. He pointed out that the State of Florida had set a deadline and the City had not exceeded that deadline. Mr. Santana then asked about the local option gas tax and the MSBU assessment. He asked if the MSBU was a revenue that the City receives and Ms. Carsten explained the process of the calculation of the MSBU assessment. Mr. Santana stated that something was missing and stated that there was a lack of connection in what was previously done and what is now being done. He then compared certain funds and questioned why it was put in the general fund. He suggested Council be proactive instead of reactive. Mayor Wertz-Strickland advised Mr. Santana that he had exceeded his time and Mr. Stewart invited Mr. Santana to visit him to continue the conversation.

Discussion turned to the second workshop that had been previously scheduled and it was the common consensus of City Council that it was not needed. Mayor Wertz-Strickland expressed her appreciation of Mr. Stewart and Ms. Carsten regarding the work done pertaining to the budget. Mr. Stewart thanked the Council for helping to provide him with guidance as to what was important to them and also for the support given to him during the time that he had been with the City. He also stated that he was also grateful for the support of the entire upper staff. He advised they had created in a month's time what usually takes six (6) months or better to create. Deputy Mayor Frierson stated that the City Administrator and the Finance Director had done an outstanding job on the budget and it was the best budget they had received in five (5) years.

ADJOURN

Having no further business at this time, the meeting was adjourned at approximately 8:14 P.M.

ADOPTED THIS 1st DAY OF September, 2015.

By:

Judy Wertz Strickland
Judy Wertz-Strickland, Mayor



Penny Delaney
Penny Delaney, City Clerk