

**MINUTES
CITY COUNCIL WORKSHOP
CITY OF ARCADIA
TUESDAY, AUGUST 28, 2012
5:30 PM**

The following minutes reflect a summary of the above meeting 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, ROLL CALL

The workshop session was called to order at approximately 5:30 PM.

Arcadia City Council

Mayor Keith Keene

Deputy Mayor Alice Frierson

Councilman Robert Heine

Councilman Joseph E. Fink

Councilman Robert Allen

Arcadia City Staff

City Administrator Judi Jankosky

City Recorder Virginia S. Haas

AJ Berndt, WTP

Jerry Cordes, Public Works

Interim Finance Director Shelly Baumann

Steve Underwood, WWTP

Carrie Taylor, Golf Course

Marshal Charles Lee

DISCUSSION:

1. 2012 - 2013 Proposed Budget

Mrs. Jankosky reviewed page 2 of the proposed budget which includes an expense summary through August 24, 2012 and next to that column is the budget the departments are proposing at this time. With the proposed budget there will be a shortfall of \$313,495.

Mayor Keene asked what kind of receipts the City has received for the ad valorem. Mrs. Jankosky responded that the City has received a little over 95% of the projected ad valorem.

Mrs. Jankosky continued that page 4 includes the garbage collection fees and is based upon a rate increase of 10%. She replied to Mayor Keene that residential would be \$1.34, commercial \$1.65 and dumpsters 10% of whatever their rate is. She referred to page 5 and noted that \$313,495 is current shortfall to balance to the revenues.

She reviewed page 6 indicating those numbers are what the departments have requested and what they have cut back which includes about \$235,000 reduced from what they originally requested. Mrs. Jankosky responded to Deputy Mayor Frierson that the rate increase is included in that projection for the general fund and the water and sewer is separate.

Mrs. Jankosky reviewed the legislative budget. Councilman Fink asked about cutting the expense allocation as he did not remember discussing that expense. Mrs. Jankosky

responded that they did not discuss that item. Councilman Fink replied so staff took it upon themselves to make that change. Mayor Keene responded the he thought the Council asked everyone to look at their budget to see where they could save. Councilman Fink replied that he doesn't have a problem with it but doesn't remember that specifically coming up. Mrs. Jankosky responded that if Council would like to adjust that back in it can be done as this is a workshop.

Mayor Keene stated that the tone at these workshops is to look closely at all the budgets and the intent is to make us efficient and as streamlined as possible. Councilman Fink responded that when he saw the budget at noon it was the first time he had seen this item touched or talked about and they also did not talk about the Ridge League dinners or subscriptions. Mayor Keene responded the he has been paying his own way to the Ridge League and FLC conferences.

Mr. Santana referred to page 3 noting that it seems the amount that is left over for the last 36 days of the year with the cuts to these departments they may not be able to function. He explained that you are cutting legislative by \$12,000 so that means the Council's salaries are reduced by \$200. He noted that seems like a huge reduction in salaries when he sees no other employee taking that 35%-40% cut. Also if you look at the different line items in executive they are projecting to spend 30% less as well as in the finance department.

Mrs. Jankosky reminded that next meeting will be the tentative millage and budget hearings.

Deputy Mayor Frierson stated she felt it was acceptable to pay for the different events themselves because she did not come on the Council for the city to pay her expenses.

Mayor Keene asked if Mrs. Jankosky could discuss the impact of the reductions. Mrs. Jankosky continued that travel and per-diem under legislative and executive were removed. Operating supplies and uniforms were removed. She asked if Council wished to include the Ridge League of Cities membership. Mayor Keene replied we should not discontinue the membership to the Ridge League of Cities. Mrs. Jankosky responded that she would find out the exact cost and add the membership to the budget. Mrs. Jankosky responded to Deputy Mayor Frierson that professional services was removed as it was not used this past budget year. Mr. Santana interjected that particular line item was to codify the last three years of ordinances through Municode.

Mrs. Jankosky continued onto Executive and pointed out that salaries decreased and the other wages and salaries includes a part time receptionist. Regular salaries were reduced due to the part time planner which now falls under comprehensive planning which in turn decreases some of the other line items. Telephone line item was reduced due to the audit. Postage is based upon the usage of last year. Utility service was booked under the Way Building. Repairs to buildings is now booked under the Way Building instead of executive.

Mayor Keene asked about repairs to computers and printers. Mrs. Jankosky replied that those type repairs fall under contractual. Office supplies and operating supplies were

combined. Mrs. Jankosky responded to Mayor Keene that memberships include ICMA and FCCMA.

Mr. Santana pointed out that since the Executive Department will hire two individuals, funds will be required for physicals and drug screenings.

Mrs. Jankosky continued with the financial and administrative budget noting that regular salaries decreased because the Finance Director was split 60/40 between utility billing, water/sewer and the general fund. Councilman Fink questioned a discrepancy in the numbers. Mrs. Jankosky replied that include a potential increase in salary for the Finance Director position which she budgeted at \$25.00 per hour. All uniforms were cut except for those employees in the field.

Mr. Santana stated that the 60/40 split was deemed non-GAAP (Generally Accepted Accounting Principals) which is why the Finance Director was placed 100% to the Finance Department. The only Department Head that is split is Fred Lewis between the water and sewer systems. He explained that the \$2,500 in line item 30529 was to replace both printers that are very old IBM dot matrix printers. Mrs. Jankosky replied that she would include the \$2,500 for the new laser printers.

Mayor Keene asked about the 60/40 split regarding the Finance Director. He asked did the Finance Director still have oversight of the Utilities Supervisor. Mrs. Baumann confirmed and stated she would review the position.

Mrs. Jankosky reported that in the Comprehensive Planning budget she included a part-time Planner and associated taxes. She explained that originally \$25,000 was included for codification of the land development regulations however that was removed. Contractual Services includes \$30,000 for the Central Florida Regional Planning Council for a total budget of \$59,000.

Councilman Fink noticed throughout the budget a decreasing of salaries and positions that appear to be going from full-time to part-time. He requested a personal services log so he could know what is occurring. Mrs. Jankosky responded that she would provide a log and these positions are new.

Mrs. Jankosky reviewed the General Government budget as proposed. She noted that a contingency in the amount of \$200,000 was included however in order for any department to utilize those funds the approval would have to come before Council. Mayor Keene asked about promotional activities and noted that there are opportunities working with our stake holders like Main Street and Team Arcadia. Mrs. Jankosky replied that she and Ms. Haas currently updated that City website however she could add \$1,000 back into the budget for any type promotions.

Mr. Santana asked about the contingency money and if it was for an emergency such as a storm. Mrs. Jankosky responded that money could be utilized for a storm. Mr. Santana responded normally that money would be placed in a disaster fund and refunded by FEMA and equate back to zero. He suggested placing \$100,000 in the General Fund and \$100,000 in a disaster fund.

Mr. Santana asked about the health insurance. He stated that the City pays \$7,300 per month for retiree health insurance which is close to \$87,982 and unless there is a 20%-25% decrease in health insurance he believes that number is too low. Mrs. Jankosky replied that number is in writing and the number is a worst case scenario.

Mrs. Baumann responded to Mrs. Jankosky that if the City declares a disaster, the City would have the funds to make up any shortfall as FEMA does not pay 100%. The City should plan to pay 25% of any event and there is nothing prohibiting the City from allocating contingency funds at a later date if a disaster occurs.

Mrs. Jankosky explained that if the City has a hurricane the Council calls for a State of local emergency which allows spending outside of anything you have in the budget. The contingency fund is for an unexpected storm or tornado not declared as a local emergency. Mrs. Baumann confirmed that the State expects Cities to take care of some issues and in the past there was money set aside in roads, however with the budget so tight you need some type of flexibility for emergency spending. Having the money in General Government allows a little more control and the funds can be utilized for any department that may need an emergency purchase. Mr. Santana replied that if you have a disaster the money cannot come from the General Fund it must come from the disaster fund. Mrs. Baumann responded that the disaster fund has been set up for years and is in the pooled cash systems which you can operate on a reimbursable basis and there are other funds available to utilize.

Mrs. Jankosky continued by reviewing the Police Department. She noted that she looked at the expenses through August 2012 and sent to Marshal Lee for review and he submitted no changes. Mrs. Jankosky responded to Councilman Fink that the personal services log would include Police Department positions as well.

Mrs. Jankosky reviewed the Garbage and Solid Waste and noted that salaries decreased because Mr. Cordes supervises Sanitation, Public Works, Parks/Recreation and the Cemetery. She explained that in the future if we want to contract out a certain department it would be broken down showing an accurate accounting of the costs. She stated that insurance was estimated on all trucks and this budget may be converted into an Enterprise Fund.

Councilman Heine asked if the City carries full coverage insurance on all cars. Marshal Lee replied that the insurance only replaces a vehicle to a certain amount. Councilman Heine suggested once a vehicle reaches a certain age the Insurance Company recommends carrying liability only. Marshal Lee replied that was a good idea.

Mrs. Jankosky continued that on page 14 the estimated insurance would be reviewed and each item pulled to ensure correct numbers. Improvements other than buildings include the purchase of new dumpsters and the \$140,000 is for the new garbage truck. She reviewed the garbage rate charges by several other cities. The City's current price per cubic yard is a flat rate of \$2.95 and if you review the bottom line numbers there is a significant difference. Reviewing the average of all Cities the City of Arcadia is considerably less in charging per cubic rate. The last page is the lost revenue based on

the average of dumpsters annually at \$367,000. Mayor Keene asked with the increase proposed would that put us at the average. Mrs. Jankosky responded we would have to pick a rate that was close to our City rate however \$6.54 per cubic rate is average. For example Punta Gorda is \$4.14 and Lake Placid is \$9.06. Councilman Fink inputted if we put these rates in effect all at once the public would tar and feather us. He stated that he heard through the rumor mill that the City was doing away with the Sanitation Department and signed a contract with Womack. He stated that rumor was told by staff. Mayor Keene stated that the City needs to be run like a business.

Mr. Santana reported that line item 30490, tipping fees seems a bit low because the burner purchase was removed so tipping fees will go up \$70,000 to \$80,000. Mr. Cordes responded that the City could save \$70,000 to \$80,000 if the burner were purchased however he is still burning piles at the cemetery and is not aware of the tipping fees increasing.

Mrs. Jankosky reviewed the cemetery budget. Regular salaries decreased because one full-time person did not return to work so the next person hired will be a part-time position. The total Cemetery budget is \$63,919. She reminded as we break out the insurance that will decrease charges to the General Fund. Mayor Keene inputted that running the City like a business may not apply to the Cemetery and he recalled a discussion about lots that were sold and not paid for. Mr. Santana responded that over a period of time the City allowed payment plans however when he and Dr. Miller came aboard payment plans were stopped. He completed a spreadsheet showing a total owed of \$42,000 to \$43,000. He was attempting to locate lots not utilized to see if they could be returned to the City to potentially sell. Mayor Keene replied that he would like to be diligent and review the cemetery lots not being utilized. Councilman Heine inputted that they may need to consult with the Attorney. Mr. Santana replied to Councilman Heine that you do not receive a title; the land is owned by the City.

Mrs. Jankosky continued onto the Streets Department explaining that Mr. Cordes' position was prorated into this budget. Also a part-time person will be hired to work the downtown area on weekends. Contractual services line item is for the inmate contract. She explained that the street sweeper is undersized and more for a small parking lot therefore there is a need for equipment repairs. Road materials increased to \$18,000 because there will not be any paving this year. \$9,000 in improvements other than buildings was set aside for stop signs. \$92,500 was removed which was the purchase of the burner and mower.

General Maintenance including Garage: Regular salaries were reduced by half to include two full-time and two part-time positions with no overtime. Mr. Underwood is hoping to purchase a new truck this year so vehicle repair may decrease. Total budget request \$103,024. Mrs. Jankosky responded to Mr. Underwood that after review of submitted work logs two employees were reduced to part time.

Golf Course other wages and salaries include the part time and seasonal employees and actual time worked was narrowed down. \$96,000 is for rental of the carts. Visa charges based upon this year will be approximately \$9,000. Mrs. Jankosky reported that she spoke to Seacoast Bank regarding purchasing an ATM machine. The cost

would be \$3,500 which is .25 cents per transaction and minimum \$50 maintenance per month. She stated an ATM machine could also be placed over in Utilities Billing for customers. Mayor Keene asked what may happen when someone wants to pay for the service with their card. Mrs. Baumann interjected at the Golf Course the issue is going to be paying the annual membership which they will want to pay with their credit card. Mr. Santana pointed out that Utility Billing receives at least 20% credit card phone calls for payments on their accounts. Mrs. Baumann agreed that typically those customers are paying by credit card because they may not have the money in the bank.

Mayor Keene stated that he liked the idea of an ATM at the Golf Course and asked if we could conduct a pilot run. Mrs. Jankosky agreed to contact Seacoast and see what options are available.

Councilman Fink pointed out that the Golf Course was still running a deficit. Mrs. Jankosky reported as of August 24, 2012 the estimated revenue was \$422,000 and prior to that the estimated revenue was \$412,000. Operating supplies were increased to \$35,000 which is for the purchase of snacks, sodas and beer.

Councilman Fink stated, in his opinion, if it were water, waste water, trash services, that is something we have to provide but when the City is subsidizing something that all don't do it is hard to swallow a loss of \$13,000. Mayor Keene suggested increasing the cost of drinks and snacks. Mrs. Taylor concurred that costs for drinks and snacks will be increased and personal beverages are not allowed on the green. Mrs. Taylor responded to Mayor Keene that the Golf Course only sells beer and wine.

Page 19, Parks and Recreation: Wages and salaries in the amount of \$113, 207 and other wages and salaries \$7,977. Councilman Heine asked about money that was donated for Jim Space from the Cruz family. Mrs. Jankosky responded that the City no longer receives donations from the Cruz family however she met with Pat Backer at First State Bank regarding repair recommendations needed at Jim Space. They were planning on scheduling some fund raisers for the repairs. We asked for another mower but that was deleted.

Mobile Home Park: Improvements to building includes roof repair. Mrs. Jankosky responded to Deputy Mayor Frierson that improvements in the park may include a pickle board or pavilion and the park brings in about \$20,000 in revenue. She responded to Mr. Santana that she minimized installation of the concrete and some amenities were removed to cut down the down the budget.

Way multipurpose building: Equipment repair includes \$3,000 for air conditioners that are overworked and undersized.

Water and Sewer Fund: Mrs. Jankosky reviewed the recently completed rate study which recommended a 20% increase in 2013, a 2% increase in 2014 and 2015 and a 5% increase in 2016 and 2017. Mrs. Jankosky replied to Councilman Fink that the additional increases of water/sewer/garbage would be approximately \$11.49 per month for residential. Mr. Santana stated that with these increases it will double the rates for the poorest City and County in the State and maybe Council should look at cutting

expenditures instead. Mrs. Jankosky replied that originally the rate study called for a 50% total increase. The City only implemented 40% which left a deficit of 10% which compounded over the years. Councilman Fink stated that he was not happy with the process and this budget was not addressing the problems only putting it back on the citizens. Mayor Keene replied that you are receiving a product for the price you are paying so he is not sure if that is a tax however he was glad for the rate study and not surprised about the increases. Deputy Mayor Frierson stated that it will be difficult to sell a 20% increase when you have a loss at the Golf Course. Mrs. Jankosky responded to Deputy Mayor Frierson that the budget does not include base rates for off water accounts. Mayor Keene reported that he receives complaints from customers that they don't use 3,000 gallons and why they are charged. Deputy Mayor Frierson requested numbers on the average flow usage of customers.

Councilman Fink inputted we can continue down same path and raise the rates rather than looking at streamlining other departments which is why he asked for a personal services log. Mrs. Baumann stated that when you are talking about the Golf Course, Parks and Recreation, Legislative, Executive, Finance and Sanitation that is the General Fund. Yes expenses have been cut in the General Fund however those cuts do not apply within the Water and Sewer Fund because that it is an Enterprise Fund. The Enterprise Fund has to operate on its own as a business, legally mandated and meet bond covenants. She continued that it is unfortunate that from 2003-2009 the Council refused to increase water rates. Had the Council followed the incremental 5% increases the present Council would not be dealing with the massive increases to catch up to where you need to be. It took not meeting your bond covenants to get to a rate study completed and get to this point. Cutting more in any more General Government Departments will have no effect and the only place that you can cut to have an effect are expenditures in the Water and Sewer Departments. Councilman Heine replied that the City Auditor said that we needed to do something in the Water and Sewer and Mrs. Baumann passed this onto Council every year and no one took heed. Councilman Fink replied that the Council decided earlier in the fiscal year to stabilize our water plant and purchase a new plant because we didn't want to buy water from the County because it was going to cost too much. He asked please tell him that we are not looking right at what the County is paying which was used as a rationale to vote for the new Water Plant. He was not saying the plant was not needed but suggested that maybe we did not choose wisely. Mayor Keene responded that he took exception to that statement because he represented the Council in talking to the County. Mayor Keene stated that by building the new Water Plant the City ends up with an asset, and the ability to still produce water less expensive than we could buy from County and this is an effort to stabilize, make ourselves more efficient and effective in providing services to the citizens. Deputy Mayor Frierson inputted that also the City maintains control over the Water Plant. Mayor Keene agreed and further stated that it was not as simple as going to the County and asking to buy a certain amount of water. There is also the Peace River Manasota Water Supply Authority and there are different layers that are worth different values so if you don't have buy-in from all who owns the water collectively it puts us way down the line. If there had been a conduit to get the water from there to us the City could have negotiated directly with the Water Authority. Councilman Fink stated that this year the rates will be less than the County but if we go through all the steps the rates will be more. He suggested that why couldn't the City have a joint

cooperative effort with the County which he thought would have been more appropriate. Mayor Keene replied that the City and County are cooperating in terms of the interconnect. He stated that he didn't think we should minimize the efforts made and he makes the best decisions he can on based on the information he has. Mayor Keene noted that he came on the Council in 2009 and that was the first time a rate increase was enacted since 2003 but he had no control as to what happened in years before.

Mrs. Baumann interjected that even if the City didn't have the new Water Plant you still didn't meet your bond covenants and you still had requirements to get your rates up to par to include a 30% increase because you went so long without increasing the rates. All costs went up every single year but none of that was passed on with a rate increase. Mr. Cordes stated that it sounds like we are producing a product and selling it for less than it costs to produce which doesn't make common business sense.

Mr. Santana replied that just because you raise the rates 20% doesn't mean you will meet the bond covenants and the key is to reduce expenditures in addition to the rate increases.

Mayor Keene stated that in addition the City was not putting money aside into the renewal and replacement fund for the Water Plant and 30 years later you see it rusted down to nothing.

Councilman Fink stated that this is a step in the right direction with the rate study because the rate study conducted prior to 2009 was done in house and it didn't have any methodology.

Mrs. Jankosky continued review with the Water Treatment Plant and noted that the 20% isn't all water because the Waste Water Plant needs serious repairs also. The clarifiers that are only good for 10 years haven't been touched in 40 years. The original budget was \$488,000. Mr. Berndt stated that this budget was based upon the new Water Plant however we still have five months left on the old plant. He does have extra funds available from last year's budget to buy extra chemicals. This budget was reduced to \$439,000.

Waste Water Treatment Plant. Mrs. Jankosky reported that one Maintenance Worker will go to part-time. Mrs. Jankosky responded to Deputy Mayor Frierson that the \$180,000 is for rebuilding the clarifiers and effluent pump. The clarifiers were sandblasted and painted in 1991. Mr. Underwood responded to Mayor Keene that the materials for each clarifier are \$25,000 and the total \$180,000 for the rebuilds should put the plant close to where it needs to be. Mr. Santana inputted that you could take that money out of the renewal and replacement fund or capital improvement which would get you closer to meeting the rate covenant.

Mrs. Jankosky stated that all this information was given to PRMG and they know exactly what we need to be doing including a new Waste Water plant in 2017. She stated that money is part of your rates that come in and also money is put in the renewal and replacement fund for large projects. Mrs. Jankosky explained that instead of placing \$250,000 into the renewal and replacement fund for future projects they kept \$180,000

in the Wastewater account and put \$70,000 into the renewal and replacement fund. The repair costs needs to show in this budget because this is where you are making the repairs. Mrs. Jankosky reminded that next Tuesday would be the adoption of the tentative budget. Mrs. Jankosky replied to Deputy Mayor Frierson that we have to adopt a tentative millage and budget then two weeks later is the final millage and budget.

Utility Collections – Mrs. Jankosky explained that salary increased because we split the Finance Director and added associated costs. \$1,000 for a new computer was removed.

Page 30 Water Systems: Fuel was increased based upon their August numbers. Mrs. Jankosky responded to Deputy Mayor Frierson that the \$32,000 and \$38,000, improvements to buildings and other than buildings would include purchasing sleeves, slip lines, hydrants, asphalt roller machine and a valve insertion machine. This budget was reduced by about \$20,000.

Page 31 Sewer Systems: Mrs. Jankosky responded to Deputy Mayor Frierson that the \$41,000 in improvements other than building would include manholes, more hydrants, parts and pipes for repairs and the \$6,000 is half of the machine to roll the asphalt following a repair.

Councilman Fink explained that the vast majority of the employees of the City are not making tons of money. He stated he requested the log so he could see who is going to part-time and other departments don't have their payroll changed at all and it is an important decision.

Mr. Santana stated that he looked at the health insurance and it is going down 35% from \$660,000 annually which equates to \$55,000 per month down to \$431,000 which is how the budget was cut because \$200,00 plus from health insurance and \$100,000 from deletion of the burner. He stated that seems like an awful huge decrease especially with the loss runs this year and he alone has cost the City a half million when he found out he was disabled. If you can't get a health plan that reduces by 35% your budget is going to go up to the \$600,000 deficit.

Deputy Mayor Frierson stated she thought the half cent sales tax was a bit ambitious. Mr. Santana replied that you can only base the figures through the past eight months. Councilman Fink asked if they would see the Airport budget soon. Mrs. Jankosky replied yes, that they need to figure that budget out along with the grants.

Mr. Santana stated that also there are eight fiduciary funds like infrastructure, street reserve, CDBG, restoration fund for McSwain Park, that is not included that you need to add so you can see how to proceed in balancing the budget.

PUBLIC COMMENTS - NONE

COUNCIL MEMBER COMMENTS - NONE

ADJOURN

Having no further business, the workshop was adjourned at 7:50 PM.

APPROVED THIS 2nd DAY OF Oct., 2012

By: Keith Keene

Keith Keene, Mayor

ATTEST:

Virginia S. Haas

Virginia S. Haas, CMC
City Recorder