

**CITY COMMISSION WORKSHOP
BUDGET PRESENTATION
AUGUST 26, 2004**

Mayor Quesinberry called the budget workshop to order at 7:48 p.m. with the following in attendance:

CITY COMMISSION: Mayor Jack Quesinberry, Commissioners Bill Thompson, Theo Graham, John Harriman, and Mildred Dixon

CITY STAFF: City Manager Hollis Holden, Finance Director Mike Bollhoefer, Recreation Director Larry Caskey, Fire Chief John Williamson, Police Chief George Brennan, Trailer City Manager Hughlan Martin, Public Works Director Bob Smith, Assistant to the City Manager Marshall Robertson, City Planner Mark Cechman, Human Resources Director Victoria Ward, Utilities Director Fernand Tiblier, City Clerk Kathy Golden, Assistant Finance Director Brian Strobeck, and IT Director Bob Reilly

Finance Director Bollhoefer began the presentation by stating that the he would present the graphs and charts, and the City Manager would provide additional information in the PowerPoint presentation.

GENERAL FUND

Ad Valorem Taxes

Mr. Bollhoefer stated that the total assessed valuation in 1986 was \$139 million and for the first time, the City will exceed \$1 billion. The graph shows that the increases in ad valorem proportionately match the population increases through the years.

Revenues by Source:

Taxes	\$7,806,373	46%
Intergovernmental	3,446,824	20%
Other	1,786,079	10%
Licenses and Permits	1,358,000	11%
Other Financing Sources	1,221,073	7%
Charges for services	312,270	5%
Fines and Forfeitures	230,310	1%

Mr. Bollhoefer stated that intergovernmental revenue includes: half-cent sales tax (our primary source of intergovernmental revenue); local option gas tax (used for road expenses); grants; and the cigarette tax has been eliminated. The Taxes category includes: property, utility and franchise fee.

Operating Uses by Department:

Public Safety	\$8,059,434	53%	General Government	\$3,270,860	22%
Parks & Recreation	\$1,501,070	10%	Public Works	\$2,188,418	15%

Mr. Bollhoefer stated that the Public Safety category is within the normal accepted percentage range and the General Government category is misleading because it includes: contingency expense which is close to \$700,000 and \$230,000 will be transferred to the CRA; utility billing which is \$357,000; IT which is \$500,000; legal expenses of \$130,000. If these amounts are removed, General Government is reduced by almost \$1.9 million and becomes much more reasonable.

Capital Expenses by Department

General Government	\$940,160	58%	Public Safety	\$461,418	28%
Public Works	\$164,600	10%	Parks & Recreation	\$ 72,745	4%

Mr. Bollhoefer stated that the General Government amount includes the new city hall design, Information Technology (IT) infrastructure items as capital, and Public Safety includes IT items as well.

Major Projects

New City Hall Design

City Manager Holden stated that we cannot add another person in City Hall because there is no more office space. It is time to start the process of building a new City Hall and therefore the proposed budget includes the design cost. He, Mr. Robertson and Mr. Bollhoefer have looked at Plant City City Hall and they believe the design and layout are almost perfect for Winter Garden based on the area available. They will ultimately be providing the Commission with some pictures and their ideas. The cost to build a similar City Hall is estimated to be \$6.8 million. Winter Garden is unique with the growth almost doubling in the 11 years he has been here. The tax revenue base was at \$300 million when he became City Manager and it is now over \$1 billion. There are not too many cities over \$1 billion in tax revenue base. We are starting to be in the league of Apopka, Winter Park and Ocoee. According to the State, looking at populations over 15,000, Winter Garden is the fastest growing city in the state from 2000 to 2003 at a 42% growth rate. We grew at 9.1% this past year. The taxable value has increased as a result of all the new construction. We have held our taxes constant. What is so unique for the City is that mid-way through this fiscal year we will be debt free and owe no bonds. He is proud of this fact, as the City Commission should be. Staff looked back in the records for the past 30 years and could not find a time when the City was not in bonded debt. So that is why he believes it is a good time to start to look at building a new City Hall. City finances have been controlled while transforming the downtown area without bonds.

Utility Billing Credit Card Payments

Mr. Holden stated that the City first implemented payment boxes to minimize counter payments to keep the employee costs to a minimum. We then instituted the ability for customers to use bank drafts for their payments. There has been an increase in requests to pay by credit card and that is why this item is included in the budget proposal. The estimated cost to the City is \$30,000 a year and at some point in the future, utility rates would have to be adjusted to offset this cost if the City Commission chose to do so. Staff is requesting the Commission's support on this item.

Records Management System

Police Department

- Records Management System
- Six (6) New Officers (Two Hired at Interim)
- Did not qualify for Block Grant as the City was considered "Too Safe"

Mr. Holden stated he has discussed the proposed records system with the Police Chief and it is a package based on GIS and will be a tool for police officers to spend less time drafting reports and more time making arrests. Ultimately, utilizing the system will allow us to operate with fewer police officers. There are other components to the system that they will be reviewing such as fleet maintenance. There is a separate records management system proposed for all other records because we are getting critical with our available storage space. We are going to get more aggressive with records that can be destroyed instead of keeping them all. Decisions will need to be made as to whether we hire someone to come in and for staff to identify those records that have to be stored.

Fire Department

Three (3) new Firefighters; to fully staff the newest unit
Construction of Station 23 (Hennis Road)

Public Works

Street lights on Crest Avenue
Bury utilities on Tremain (Main to Dillard)
Sidewalk Repair Program
Crown Point Cross Road

Mr. Holden stated that we have been unable to budget and construct a roadway in a single year so staff is going to start with the design and the bidding process at the beginning of the year with the money that is budgeted to do the road. It has been a struggle, as in the case of Crown Point Cross Road, to get a contractor to do a road project. We are further impacted by all the growth and the repairs needed as the result of Hurricane Charley.

Recreation

Expand Senior Programs
Teen Program

Mr. Holden stated the budget does not include the new senior center in the old library because we can only anticipate that it will close and transfer from the County sometime early next year.

Other Items

Increase in health insurance by 12.5%
 Decrease in liability insurance by 11%
 No bonded debt by mid-year

Mr. Holden stated that Risk Manager Victoria Ward has done a great job dealing with our health insurance rates from the initial quote of a 19.5% increase. The departments, department heads, and Ms. Ward have all worked diligently to lower our liability insurance premium by 11%. We even had to call them to make sure the decrease was correct.

UTILITY FUND

Revenues by Source:

Sewer Service	\$3,229,944	52%
Water Sales	2,219,473	36%
Other	575,924	9%
Non-operating	100,650	2%
Fire Hydrant Rentals	43,500	1%
Rental Income	18,000	0%

Mr. Bollhoefer stated that sewer service and water sales make up 88% of revenues. The other revenue of 9% is primarily from meter installation.

Operating Uses by Department:

Administrative	43%	Waste Water	18%	Distribution	16%
Water	12%	Collection	11%		

Mr. Bollhoefer stated that administration looks rather large but it includes \$400,000 for contingent expense; \$750,000 to be transferred to fund balance; \$200,000 to be transferred to the renewal and replacement fund.

Operating Uses by Category:

Materials & Supplies	43%	Personal Services	32%
Non-Operating	22%	Capital	3%

- Reclaimed Water System Design
- Construction Trunk Line C Phases 1 & 2
- Trunk Line C Phases 3 through 5 Design
- Burchsire Water Main
- Daniels Road North System Upgrade

Mr. Holden stated that without a doubt our biggest challenge is within the utility fund. Primarily, as we have been told, we are located in multiple water basins. We do not as yet have

our Consumptive Use Permit final. We have given them everything they have asked for and we are scheduled to go before the board in October. We have met regarding a regional reclaimed water system and we are looking at innovative measures. Whatever the outcome, there will be a substantial cost to the City. We spent three years convincing them that it was not economically feasible to retrofit the whole northern part of the City to use reclaimed water and they agreed. There is not a single subdivision south of SR 50 and there are some north of SR 50 that have been required to install reclaimed water lines. We have done everything at the water plant to produce reclaimed water but one thing. We have not installed a tie where it comes out to where it needs to be, to the south and that is what trunk line C is, part of which is mainly wastewater disposal and dealing with the capacity in our three trunk lines (A, B and C). When we dig up the streets for trunk line C sewer lines, we are putting in a main line for reclaimed water as well. For certain, we are going to have to raise utility rates in the future to deal with these types of issues. A study is currently being done as part of this budget. He would not be surprised if the utility relocation in conjunction with SR 50 widening will cost the City \$5 million. The City has older lines so we will probably be hit the hardest. The Daniels Road North system upgrade has to do with the widening all the way to SR 50. The expenses are connected to the agreement with the County and the development of the mall on the Fowler property.

STORMWATER

Operating Uses by Category:

Materials & Supplies	\$153,522	14%	Personal Services	\$217,585	20%
Capital	\$695,500	60%			

- Construction Trunk Line C Phases 1 & 2
- Mater Plan and Needs Study
- Crown Point Cross Road

Mr. Bollhoefer stated that capital expenditures are for infrastructure and primarily all the money we spend in stormwater is for infrastructure because whenever we do roads or utilities, we want to install the stormwater line. Revenues right now are not keeping up with expenditures and we are currently studying the rates. We will be presenting the findings to the Commission in September. Mr. Holden stated that the City was primarily built without much underground stormwater and whenever we have the opportunity, we are adding stormwater drains as in Boyd Street.

SOLID WASTE

Operating Uses by Category:

Materials & Supplies	\$1,528,098	62%	Personal Services	\$705,644	29%
Capital	\$ 212,000	9%			

Mr. Bollhoefer stated that the largest expense under materials and supplies includes \$800,000 we pay under a contractual agreement to Waste Management and tipping fees. The graph on revenue to expenses has been diminishing as expenses have been catching up. Therefore, staff is

looking at ways to enhance revenues without increasing costs to residential citizens such as a franchise agreement for roll-off fees and taking over recycling.

- New Pole Barn
- New Sideload Truck

Mr. Holden stated that we have handled all the growth with minimal additional staffing and they have been given better equipment. The residential rates have been the same for the past 11 years he has been here and staff will continue to look at ways to maintain the rates.

TRAILER CITY

Mr. Bollhoefer stated that the revenues no longer exceed the expenses due in part to the apartment rentals being removed and older mobile homes being purchased and removed by the City. Additionally, changing the mobiles to individual meters has somewhat decreased revenues.

Projections indicate an additional liability of \$25,000 for insurance.

Mr. Holden stated that the apartment revenue was not separated out from Trailer City revenue. Also, when the rent included the utilities, the rent was higher. When the individual meters were installed, the rent was reduced by the difference so the revenue could go the utility fund where it should have gone to begin with. In expenses, they have added the \$25,000 liability estimate.

This budget also includes a 5% pay increase for everyone and the salary table has been provided. The raise includes a 2.5% cost-of-living, which shifts the pay tables, and a 2.5% merit increase. The recommendation also includes some adjustments for the City Manager and certain department heads, based upon the Florida League of Cities Salary Survey.

In Conclusion:

Mr. Holden stated that the City maintains: a low debt burden, large fund balance, remains in excellent financial condition, balanced budget, sufficient contingency fund, and a significant fund balance to further be able to deal with a tragedy as to not interfere with normal operations. Department heads are present and ready to answer any specific department questions.

Fire Department

Commissioner Thompson asked if the proposed budget includes a secretary for the Fire Chief. **Mr. Holden** stated yes.

Trailer City Insurance

Commissioner Graham asked about insuring Trailer City separately instead of through Public Risk Management (PRM). **Ms. Ward** stated that PRM will not insure the mobile park. **Commissioner Graham** stated that the residents maintain their own insurance. **Mr. Bollhoefer** stated that the \$25,000 is a separate additional insurance policy for added protection as advised by PRM who assessed the park and recommended the policy be increased by \$2 million in the

event of a catastrophic event. PRM estimated that the policy will cost \$25,000 but we will not know the exact amount until we receive quotes.

Trailer City Park Manager Salary

Commissioner Graham asked why the salary on page 121 shows the Trailer City Park Manager salary increasing over \$10,000 from last year. **Mr. Bollhoefer** stated the City Manager analyzed the increase. Commissioner Graham stated that he thinks it is a steep increase as far as he is concerned because about all the Park Manager does is collect the rent. **Mr. Holden** invited Commissioner Graham to spend the day with the Park Manager. **Commissioner Graham** stated that although he hasn't spent the day at Trailer City, he has received reports that when residents try to find the Park Manager, he is not there. **Mr. Holden** stated that if Commissioner Graham has a personal problem with one of his department heads, then please discuss it with him because that is the way to deal with an issue. **Commissioner Graham** stated that he wants to discuss it in front of the Commissioners, which is the only time he can speak with them on an issue. **Mr. Holden** stated that if the Park Manager is not doing his job, which is what Commissioner Graham is alluding to, then Commissioner Graham needs to talk to the City Manager about it because he is the Chief Executive Officer over personnel.

City Manager's Salary

Commissioner Graham stated that he also wants to discuss the City Manager's recommended salary of \$115,585 because the City Manager has been raising his own salary, which has increased by 91%, but the Code under Article 3, Section 26, under City Manager specifically states the City Commission shall year-to-year establish the compensation of an officer of the City. It is not up to the City Manager to set his own salary but that is what has been happening. The only time the City Manager's salary was voted on was in 1996 for an \$11,000 increase. Since that time, if you add the approved percentages, the current proposed salary does not equal the figure he has calculated using the data provided by the Finance Director. **Mr. Holden** stated that the City Commission has approved his salary each year. The prior increases that were awarded were applied unilaterally to him as well and was shown in the budget. **Commissioner Graham** stated that he disagrees because of what the Code states, that the City Commission is responsible for setting the City Manager's salary. The salary information should be separate and not combined with regular employees. **Mr. Holden** stated that there were years when the City Commission increased his salary to make it consistent with other city managers and that is what he is asking them to do in this budget. He has been the lowest paid City Manager for a city of this size of any City Manager in Central Florida taking into consideration our growth. **Commissioner Graham** asked the Commissioners if they had looked at the pay chart and multiplied the past-awarded percentages. **Mayor Quesinberry** stated that he took into consideration the averages of what the other comparable cities our size are getting. **Mr. Holden** stated he is going to read the salaries of other City Managers. **Commissioner Graham** said to include their longevity as well because you can't say you should get what someone else is getting that has 25 years experience when you have only 10. Mr. Holden read the following salary information:

Apopka has two Administrators doing what a City Manager does for \$120,000 and \$122,000
Casselberry \$114,400 (recently hired)
Lake Mary \$114,650 (population 11,000 and no growth)

Longwood	\$103,000
Leesburg	\$111,000
Maitland	\$116,000 (no growth)
Ocoee	\$107,500 (just hired)
Winter Park	\$145,870

Commissioner Graham stated he wanted to make the Commissioners aware of the proposed City Manager salary. **Mr. Holden** stated the Commissioners know about his salary because he has discussed it with them but Commissioner Graham has not come to him. He waits to bring it up in the Commission meetings. **Commissioner Graham** stated that he discusses these issues at the meetings because the Commissioners can hear what he has to say. He doesn't like something he has said going through someone else. The only time he is able to be heard by his fellow Commissioners is right here in a Commission meeting. **Mr. Holden** stated it has nothing to do with what is heard by the Commissioners but about meeting with him to discuss an issue. He has included his salary in the budget, as he is required. **Commissioner Graham** stated that this is the first time he has even seen the salary table with the budget. **Mr. Holden** stated it was provided last year as well. **Commissioner Graham** stated that the prior table he received was at his request to the Finance Director. **Mayor Quesinberry** stated that he personally approved the recommended salary of the City Manager and asked the other Commissioners if they had. **Commissioner Harriman** stated he also personally approved the recommended salary. **Commissioner Dixon** stated that she is mad at everyone because she can't get a raise over \$300 a month for any of the Commissioners so she doesn't want to talk about money because she is not getting anything. **Commissioner Thompson** stated that his background is in education and in comparing a large high school with 4,000 people to Mr. Holden, who is running the whole City, he thinks \$115,000 may not be enough. **Mayor Quesinberry** stated that a majority of the Commissioners have spoken with the City Manager and they have approved including the salary recommendation in the budget.

Commissioner Graham stated he has some other minor questions that he will ask the Finance Director.

The budget workshop adjourned at 8:46 p.m.