



CITY OF WINTER GARDEN

OFFICE OF THE CITY CLERK

251 W. PLANT STREET
WINTER GARDEN, FL 34787
TEL: (407) 656-4111 Ext. 2254 • FAX (407) 656-4952

BUDGET WORKSHOP MINUTES CITY COMMISSION

August 9, 2007

The **BUDGET WORKSHOP** of the Winter Garden City Commission was called to order at 7:30 p.m. by Mayor Jack Quesinberry following the regular meeting.

Present: Mayor Jack Quesinberry, Commissioners Harold L. Boulter, Bob Buchanan, H. Gerald Jowers and Colin Sharman

Also Present: City Manager Mike Bollhoefer, City Attorney A. Kurt Ardaman, Assistant City Manager Marshall Robertson, Assistant City Clerk Angee Grimmage, Police Lieutenant Bill Sullivan, Communications Specialist Reid Revels, Finance Director Brian Strobeck, Human Resources Director Frank Gilbert, Building Official Willie Herbert, Fire Chief John Williamson, Information Technology Director Bob Reilly, Recreation Director Jay Conn, Planning Director Ed Williams, Assistant to the City Manager for Public Works Don Cochran, and West Orange Times reporter Michael Laval

BUDGET WORKSHOP FOR FISCAL YEAR 2007/2008

City Manager Bollhoefer gave a brief summary of the format of the upcoming presentation stating that the Finance Director would give the initial presentation and then he will give the second part of the presentation outlining specific budget cuts. In addition, he has invited different groups to this meeting who would be affected by these cuts.

Finance Director Strobeck stated that a hard copy of his presentation has been distributed to the City Commission for their review (*see attachment #1*) and announced that two public hearings are scheduled for September 13, 2007 and September 27, 2007 at 6:30 p.m.

GENERAL FUND

Ad Valorem Taxes

Mr. Strobeck displayed a comparison of the assessed property valuation side with the corresponding population; 1989 was \$203 million, our current fiscal year 2007 is just shy of \$2 billion, and for 2008 is \$2.5 billion.

Revenues by Source

Mr. Strobeck stated that half of the City's revenues come from taxes. The remainder of the chart shows the other revenue percentages.

History of Revenues by Source

Mr. Strobeck stated that a lot of the revenues will stay the same from this year to next year with taxes seeing a slight increase.

Operating Expenditures by Function

Mr. Strobeck stated that public safety consumes about 60% this coming year. In the past, it typically has been about 50%, but with the property tax reforms the City wanted to keep the levels of service for public safety where they currently are, which means other areas will get a smaller share.

Capital Expenditures by Function

Mr. Strobeck stated that these expenditures will vary from year to year depending on what the City's capital needs are for that year. This coming year the largest portion is going to culture and recreation.

History of Unreserved Fund Balance

Mr. Strobeck stated that this item tells you how long the City could continue to operate if all revenues ceased. By the end of this year the City will be just over 50% and for 2008 the City will use \$2.6 million of the fund balance, which would take the City down to approximately 40%. There is no right or wrong number in fund balance, but stated that staff believes that this number should not fall below 30%.

Police Department

Mr. Strobeck stated that five new police officers are recommended for next year. He described replacing three vehicles over seven years old with two motorcycles and one unmarked vehicle out of the general fund. Also being added are four marked units and one unmarked vehicle from impact fees.

Fire Department

Mr. Strobeck stated that there are six new fire fighters slated to start January 1; Hennis Road Fire Station design at \$250,000; Fire Department headquarters (\$500,000); and a new Daniels Road Station #22 (\$3.1 million) funded from impact fees.

Parks and Recreation

He described Southside Park improvements (\$200,000), Dillard Recreation Center renovation the recently purchased old Dillard Street Elementary School (\$2 million), and the refinishing of the Farnsworth Pool (\$145,000).

Other Items

Mr. Strobeck stated that there is a 10% increase budgeted for health insurance. This has not been finalized with the carrier but staff believes that this is a reasonable number for budgeting purposes. General insurance will increase at 24%. This increase includes worker's compensation and property and general liability insurance. A 3% across-the-board cost of living salary increase has also been budgeted. Merit increases would be considered on a case-by-case basis.

UTILITY FUND

Revenues by Source

Mr. Strobeck stated that the primary revenue source is charges for services; sewer service and water sales are the primary items.

Uses by Category

Mr. Strobeck stated that about one third of the budget is for personnel costs and the other two thirds is primarily for materials and supplies.

Revenue and Operating Expenses

Revenues are exceeding operating expenses over a seven year period. He stated that the City needs to maintain additional revenues to fund future capital needs.

He shared the impact fee projects and related costs and noted the City is putting about \$700,000 into renewal and replacement projects. This is done concurrent with street repaving projects.

STORMWATER

Operating Uses by Category

Mr. Strobeck stated personnel service costs are about 21%, materials and services are about 17%, and the largest portion this year is in capital projects for downtown drainage improvements utilizing the old Dillard Elementary School pond site (\$350,000).

SOLID WASTE

Operating Uses by Category

About a third of the budget goes towards personnel costs; about two thirds for materials and services; and a few minor capital items in next years budget.

TRAILER CITY

Mr. Strobeck showed a history of revenues versus operating expenses for Trailer City. This is for operating expenses and does not include any capital outlay. There were a couple of years where the expenses were starting to extend past the revenues. In the current fiscal 2007 a slight rent increase was implemented to address that situation. This has put the City back into having a positive net income for operating purposes. Another increase has been slated for next year for \$5 per month; from \$123 to \$128). Next year there is a major capital project scheduled in Trailer City for drainage improvements at \$100,000.

Budget Changes from FY 2007/08

A new Environmental Services Division has been created in the Utility Operating Fund. A decrease in some of the other division costs may be noted due to this. This was broken out into a separate division for the conservation and backflow functions.

Conclusion

Mr. Strobeck stated that the City continues to maintain a low debt burden, a healthy fund balance, and even with the property tax reform the City is striving to provide the same levels of service to the extent possible that define our community.

Overview of the budgeting process (See attachment #2)

Mr. Bollhoefer stated that a major factor in the City's budget started this year when the State legislature imposed a property tax cut on municipalities. When the City received that information, all department heads with general funding were asked to cut their budgets by 20% and all the enterprise funds were asked to cut by 10%, which was prior to knowing what the actual tax cuts would be. City staff also met with various groups to give presentations on what staff planned to do with the budget and hear their thoughts and concerns on what services they thought were essential or not. He also met with staff and large employee groups to discuss proposed budget cuts and get some of their opinions. He expressed that the employees, when told of these cuts, were very understanding. Some of their benefits are being affected but they are being very positive about it and understand why this is being done.

Mr. Bollhoefer stated that after reviewing the budget it was realized that a straight across-the-board 20% per department cut was not going to work, especially after listening to various homeowner's associations and groups. The number one concern in the State of Florida is crime and the number two concern is traffic. Staff decided not to cut the Police Department at all and actually added five more positions. He explained the need for these positions are due to discussions when the new mall was being approved.

He stated that the department that generally gets hit the most, when looking across the state of Florida, is Recreation and Parks. Fire Departments have also been hit pretty hard.

Major items lost

The City was in the process of working with Orange County to purchase a 175-acre Tucker Ranch to build a park. The County was going to build a primitive park on the back 150 acres with nature trails, observation booths, fishing camp, campsites for overnight camping. The City was going to put some type of an active park on the front portion of the property. When the tax cut information came down, the County pulled out of the park and put a freeze on all new parks so the City is unable to move forward with this project.

He explained that CR 535 was funded through the Legacy Program by Mayor Rich Crotty, but with the tax cuts the County eliminated the Legacy Program, and Section A of CR 535 that runs from SR 429 to Chase Road. The County has indicated it may be delayed for up to five years, which has also delayed our Southside Park that we were going to share a pond. That delays this project for at least three months for us to get a permit for a temporary pond. Other delays include environmental clean up for the old shooting range and relocate some turtles.

Mr. Bollhoefer stated that the 20-year Parks Master Plan has now also been delayed until the unknown tax cuts have been revealed. Mr. Bollhoefer stated that one solution is to

operate a Senior Center and a full service recreation center that would jointly located staff at the old Dillard Street School instead of being located at three locations; the old fire station, at the lake, and the senior center. This concept will reduce the operational costs on an ongoing basis.

Budget Cuts

Mr. Bollhoefer stated that one of the items that must be reviewed when doing budget cuts is the funds being given to other organizations. He talked about several organizations the city funds and the funds he had to eliminate from the proposed budget. He met with the merchant groups and they have been very cooperative stating that they would seek alternative funding sources and use volunteers to ensure more events occur. He named some of the affected groups and organizations and the proposed cuts from the City's budget.

Employee Benefits

Internal areas reviewed for proposed cuts and modifications include health insurance. Items eliminated are: Christmas bonuses, Christmas party, day camp discounts, bottled water, coffee, and out-of-state conferences for employees. He spoke of a 3% Cost of Living Allowance (COLA) and 1.5% merit pay, which he would like to increase to 2%, for a total of 5%.

As the City's property taxes increased, we did not add a lot of additional middle management and administrative positions so there was not that type of waste to eliminate. He displayed a chart showing the types of raises being given by other cities that shows the recommended 5% is in line with what the other cities are doing.

He displayed a chart comparing the staffing levels in other cities with comparable populations that show they maintain 13 employees to every 1,000 residents. The City of Winter Garden is at 10.6 employees for every 1,000 residents, which show that the City of Winter Garden is still on the low end in staffing.

Other Cuts

With the exception of the Police Department there will not be any purchases of new vehicles. Reductions in the sidewalk fund, frequency of mowing of ponds and right-of-ways, and a plan to reduce Christmas lighting by having merchants light their own buildings with a contest for the best lighting.

Parks and Recreation

Mr. Bollhoefer described some of the cuts as being: reduction of summer camp activities and senior activities/programs, discontinue advertising for three events, elimination of Ice Cream Social Concert, volunteer board gifts, teen pool party, Santa visits with pre-school children in East Winter Garden. He stated that all programs are being reviewed.

He also identified other cuts such as the Farnsworth Pool being open five days instead of seven, annuals in the downtown area being replaced with perennials. Blowing off the

downtown sidewalks has been reduced to once a week and other areas are being reviewed to lower the \$250,000 annual cost.

As part of the review made for of the Parks and Recreation Master Plan we received information as to what the community actually wanted. The number one choice was walking, biking, and nature trails. The first choice for programs was community special events and the second choice was youth sports programs.

Items initially considered for being cut

Mr. Bollhoefer listed other items considered for cuts were: Community Oriented Police Program, Police Athletic League, entire Summer Day Camp, closing swimming pools, Kid's Café, not increasing police services, reducing fire fighters to three per engine, reducing other downtown events, recreation programs, perhaps eliminating all funding for charitable groups, and the Fourth of July. What this shows is that if you are going to maintain those critical essential services such as roads, fire, and police, the cuts have to come from somewhere.

Revenue Enhancements

Mr. Bollhoefer described revenue enhancement possibilities such as fee increases to: day camp from \$65 to \$95 per participant per week, plan review fees, engineering fees, Tanner Auditorium rental fees, pool fees, and other special assessments and MSTU's to put a certain dollar amount on everyone's tax bill to be dedicated to fire etc.

Potential Long Term Cuts

Mr. Bollhoefer stated that not knowing where the City is going with all of the tax cuts, the City is looking at possibly having three fire stations instead of four, elimination of fire transport plan, eliminate the parks master plan. He stated that the City really does not know what will happen next with property taxes.

Fund Balance

Mr. Bollhoefer stated there are some who would like the City to use Fund Balance to fill these voids. He stated that in Finance the rule of thumb is never use fund balance to pay for operating expenses unless you know that it is only for a short period. He described that this year alone the City will take \$2.6 million out of the fund balance to fund items, which are mostly capital items.

In Closing

Mr. Bollhoefer stated that the current proposed cuts may not be sufficient as the City moves forward. There are other items scheduled to be put into place this year such as City Hall landscaping, Southside Park, new recreational center, new park at Westfield, and just general increases in the services caused by growth.

The tax commission is currently meeting and the City does not know what they are planning and this may cut into the City's revenues. If the January 29, 2008 referendum passes the City will lose another \$1.5 million in revenues. He described other anti-tax groups are trying to get their own referendums on the ballot. One that concerns him is the

group that would like to force government to roll back their taxes to the 2001 level, which would probably cost the City of Winter Garden about \$5 million, which could be devastating not only to Winter Garden but to every government in the State of Florida.

Mayor Quesinberry opened the workshop to the public wishing to address the proposed budget.

PUBLIC COMMENTS

Larry Cappleman, 37 North Boyd Street, Winter Garden, Florida, stated that he was speaking on behalf of the Winter Garden Rotary Club. The City of Winter Garden has partnered with the Rotary Club on two events for a number of years: the Golf tournament, and the Orlando Philharmonic Concert in the park. He acknowledged the City has a difficult task before them. The City does have a very successful golf tournament and stated that the funds given to this event are not necessarily critical to its operation. Some intangible support is provided such as staff and supplying of tents that he would like to see the City continue. He stated that the Philharmonic Concert is in its fifth year this year as started by Rotary Club for the City's Centennial celebration. They believe this event has become a premiere cultural event for the City. In the past the Rotary Club had used it as a fundraiser, but this year they are proud to announce that they have secured a donor interested in funding the costs of all tickets so that event could be free to all attendees. They will be changing the VIP program this year by eliminating the tent and use Tanner Hall instead. He stated that they think the concert is moving into a phase of maturity, which they believe enhances the environment of the City and builds the City's character. He pleaded for the City's continued cooperation with the Rotary Club as a co-sponsor for hosting the Orlando Philharmonic Concert in Winter Garden.

Julie Sundstrom, 366 Longshadows Court, Ocoee, Florida, Executive Director of the Roper YMCA, stated that the City and Roper YMCA are in a four year commitment, with three of those four years already being fulfilled at a cost of \$30,000 a year. She stated that the goal of the YMCA is to not turn anyone away due to his or her inability to pay. The funds contributed by the City has contributed to helping families participate in programs and services offered by the YMCA who may not have otherwise been able to afford. She stated that they have grown to nearly 9,000 members and of those 65% have a Winter Garden address. She asked that the City continue to honor this commitment so that they can continue to help this community.

Rob Wolford, 2644 Cedar Bluff Lane, Ocoee, Florida, a long time member of the YMCA and a past board member, stated that he wanted to encourage the City to continue to support the YMCA with their youth scholarship program. He described a Winter Garden resident who is a single mom who is able to take part in the program. He stated that looking through the budget there are a lot of the cuts in youth programs. He encouraged the City Commission to continue supporting the YMCA Scholarship Program that is well worth the investment for the services the YMCA provides the City.

Anderson Hill, 12717 Windermere Isles Place, Windermere, Florida, Chairman of the YMCA Board of Directors, stated that he has had the opportunity to see what the YMCA

does in this community. He discussed the addition to their facilities and the impact fee payment and repayment to the Roper Family Center that included a commitment by the City of Winter Garden for four years. He stated that the other extenuating issue is the severe need for all people to have the ability to use the YMCA facilities. The scholarship program is one of the best programs that is fairly distributed and is something that is desperately needed for people who would not otherwise have the opportunity to use the Roper Family Center.

Charles Roper, 120 S. Dillard Street, Winter Garden, Florida, stated that the four year funding was part of an impact fee arrangement that they paid \$40,000 worth of impact fees when it was originally to be waived. This is the last year of that commitment and he is asking for finalization of that commitment if at all possible within the budget process. Mr. Roper noted that they have collected over \$120,000 last year and are still working on their campaign for this year and already have risen over \$100,000 this year. He stated that they are growing every single year in the amount of money they raise for the scholarship campaign to help families in need and not to operations.

Louis Fazio, Jr., 11681 Vicolo Loop, Windermere, Florida, Communications Manager for Manheim Florida Auto Auction of Orlando stated that he is here to speak on behalf of the Evening at the Pops event, which is a great event that has been held for a number of years. The auction supports this event and is glad to do so with their sponsorship. He proposed that the Manheim Auto Auction of Orlando would give another \$2,500 if the City would match that amount so they will have at least some of the funding.

City Manager Bollhoefer stated that there is one change he would like to make to the budget and this is to change the 1.5% merit increase to 2%. This will cost about \$30,000 across the board for all the funds.

Mr. Bollhoefer stated that one of the items cut was the City's Lobbying expense which was approximately \$74,000 for two lobbyists. He stated that he would like to modify this and stay with one of the lobbyists and eliminate the larger firm, which will take the amount down from \$74,000 to \$24,000.

Mr. Bollhoefer asked for direction regarding his suggestions to incorporate them for the first budget hearing. Mayor Quesinberry emphasized the importance of incentive raises for those staff showing up for work early, dressing neatly, and advancing their education, should be awarded with an incentive raise. He would even support a higher amount. Commissioner Sharman stated that he agrees there should not be a flat raise. It was the **consensus** of the City Commission to change the merit increase from 1.5% to 2% and to change the lobbyist from having two to having one at a cost of \$24,000.

Mr. Bollhoefer suggested that the City Commission take a close look at the suggested items to be cut from the budget and discuss them tonight before it is brought back for the first public hearing.

Commissioner Buchanan stated that the City's image within the last five years has made it well known that the City of Winter Garden is not just on State Road 50. He spoke of the local businesses and the trail through the center of town that is discussed everywhere he goes. He thinks that to take a step back, at this point, would really harm the City as a whole. He would like to keep the new budget as close to what we had before until we know for sure. He feels it is in the best interest of everyone to provide as much funding as possible to those speaking tonight.

Commissioner Jowers asked if the budget is balanced with the proposed changes and with the known cuts. Mr. Bollhoefer affirmed the cuts balance the budget with fund balance to cover the cost of the capital items. Commissioner Jowers asked how it would hurt the City to go into fund balance. Mr. Bollhoefer explained that the current fund balance is very healthy and with this budget, if every thing was spent the way it was budgeted, it would go down to 40% next year. The rule of thumb with smaller cities is that the fund balance should never go below 30%. There are items that can be changed if the City Commission desired to do so with fund balance but at some time you cannot keep using fund balance on an ongoing basis or the City will end up using far too much of its savings.

Commissioner Jowers stated that he would like to review the budget longer and then at the next meeting make some decisions. Commissioner Bouler and Commissioner Buchanan agreed with Commissioner Jowers about discussing budget items at a future meeting.

The budget workshop concluded at 8:25 p.m.

APPROVED:

/S/
MAYOR JACK QUESINBERRY

ATTEST:

/S/
City Clerk Kathy Golden, CMC