



CITY OF WINTER GARDEN

OFFICE OF THE CITY CLERK

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BUDGET WORKSHOP MINUTES CITY COMMISSION

August 28, 2008

The **BUDGET WORKSHOP** of the Winter Garden City Commission was called to order at 7:51 p.m. by Mayor John Rees following the regular meeting.

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

Also Present: City Manager Mike Bollhoefer, City Attorney A. Kurt Ardaman, City Clerk Kathy Golden, Public Services Director Don Cochran, Director of Information Technology Bob Reilly, Planning Director Ed Williams, City Planner Tim Wilson, Human Resources Director Frank Gilbert, Fire Chief John Williamson, Assistant City Engineer Mike Kelley, Police Chief George Brennan, Finance Director Robin Hayes, Building Official Skip Lukert, Recreation Director Jay Conn, Economic Development Director Dolores Key, Community Relations Manager Andrea Vaughn, and West Orange Times Reporter Michael Laval

BUDGET WORKSHOP FOR FISCAL YEAR 2008/2009

City Manager Bollhoefer began by stating Finance Director Hayes will begin with showing graphs and the current status of our budget and then he will give a presentation outlining specific budget areas (*see attached Exhibits A, B and C*).

GENERAL FUND

Ad Valorem Taxes

Ms. Hayes displayed a graph comparing the City's populations and assessed valuation. She noted that for 2009 the assessed valuation is \$2,519,812,040.

Revenues by Source

Ms. Hayes stated that within the funds identified, they include the State share and the half cent tax. She noted that this funding was reduced for the coming year based on what was given to us from the State. This revenue was reduced because the first quarter of last year the State sent us revised numbers that was less than the original estimates they had given us. The revenue reduction is reflected on this graph.

History of Revenues by Source

Mr. Bollhoefer noted that the intergovernmental revenue is the half a cent sales tax revenue from the state which have been going down statewide. Also, the licenses and permits has a lot to do with the slow-down in the building industry, which is why you see those decreasing significantly.

Operating Expenditures by Function

Ms. Hayes stated that this item shows how the revenue is actually split among all the different functions within the City. Mr. Bollhoefer noted that public safety is at about 60% which is getting higher than it has been in the past but is very commonplace for municipalities and when you look at budgets. Ms. Hayes noted that as a general government, we are actually just a little below a few of the local areas and we are pretty average with some of the other local areas. Transportation and physical environmental seem to hold pretty steady with past year's when she looked at the City's history.

Capital Expenditures by Function

Ms. Hayes noted you can see this item shows that our emphasis had been on Culture and Recreation.

Operating Cost – Overall

Ms. Hayes stated that this item shows the overall picture of the general operating budget; where the costs are spent. Personnel cost is at \$16 million, which is about at 6% of our budget. Operating cost is at \$6 million, which is about 22%. Capital Cost is about 18 %.

History of Unreserved Fund Balance

Ms. Hayes stated that this graph addresses the fund balance and what we have available. She noted that this year's fund balance has dropped. We have used fund balance at interim budget when we balanced the budget and in this year's budget. Mr. Bollhoefer commented that staff has been working on this and it is actually much greater than 10%. Staff has been making some adjustments to the chart. The numbers are actually closer to about a projection of 30%, which in a municipal government of our size is considered a safe amount.

- **Police Department**

Ms. Hayes stated that the budget includes five new vehicles for the Police Department; four fully equipped and one unmarked fully equipped.

- **Fire Department**

Ms. Hayes noted that the Fire Department was reduced by three firefighter positions. Staff is looking at a fire engine at approximately \$75,000, if approved.

- **Fiscal Management/Administration**

Ms. Hayes stated that Fiscal Management/Administration is adding two business analyst.

- **Building Department**

Ms. Hayes stated that the Building Department has had a reduction of several positions and restructuring.

Position Related

Ms. Hayes displayed a list of position adjustments. Mr. Bollhoefer noted that one of the things staff concentrates on is our biggest cost in government which is personnel. When you start to

look at cost cutting, this is the area where you have to make cuts. This year staff has managed to reduce the personnel costs in the general fund by three quarters of a million dollars.

- **Parks and Recreation**

Ms. Hayes stated that Lulu Creek Trail was designed for \$60,000, Dillard Recreation Center re-budgeted at \$2,500,000 as a turn-key project, and the purchase of the Tucker Ranch is \$2,000,000 all of which are currently in the budget.

Other Items

Ms. Hayes stated that the City has had a zero increase in health insurance, which is very unusual and very unique. We were fortunate to have only had a 1.1 percent increase to our workers compensation, property and liability insurance. We have included in the budget this year pay increases of 3.5 percent for cost of living and combination merit. Merits will be done on a case by case basis.

Mr. Bollhoefer noted that this is the second year the City of Winter Garden has a zero percent health insurance increase that is really unheard of because he thinks the national average is 12 percent. He gave credit to Human Resources Director Frank Gilbert and insurance representative John Kern who have done a lot of work to change our health insurance plan. A lot of steps have been taken to control this cost which can really get out of hand.

Cost of proposed salary increases

Ms. Hayes displayed a table comparing the salary increases for last year and if 3.5% is given this year it is about \$360,000; 2.5% is \$257,000; and 1.5% would be \$154,000. These amounts are spread city-wide and are not just limited to general funds. Mayor Rees asked if these figures are including or excluding merit pay. Ms. Hayes replied that they include merit pay.

UTILITY FUND

Revenues by Source

Ms. Hayes read the totals as listed on the attached presentation slide.

Uses by Category

Ms. Hayes read the totals as listed on the attached presentation slide.

Revenues and Operating Expenses

Ms. Hayes stated that the operating expenditures are in red so they are lower than the anticipated revenues. This does not take into account fund balance.

Mr. Bollhoefer added that when looking at this graph, you will see that the revenue seems to exceed the operating expenses significantly. In the upcoming years we have several major capital expenditures such as a \$5 to 6 million dollar relocation cost for our pipes on State Road 50 and at least \$20 million dollars for the reclaimed water project. Another upcoming big cost for which we have no amount is the St. Johns River Water Management District requirement by 2013 to find alternative water sources. Commissioner Sharman asked if the alternative water sources would come out of the enterprise fund. Mr. Bollhoefer replied yes and that is what Ms. Hayes is going over now.

Ms. Hayes read the impact fee projects from the capital budget as listed on the attached presentation slide. Mr. Bollhoefer clarified that the Reclaimed Water PH2 Tanner for \$3.9 million is not Tanner Hall. He stated that this is a tank at the Tanner property located on Daniels Road on the south side of the Turnpike bridge.

STORMWATER

Operating Uses by Category

Ms. Hayes stated that Capital Outlay is \$60,000, Non-operating is \$2,429, Personal Services is \$220,393, and Material Services is \$578, 863.

Lake Cove Point under drains (\$50,000) and West Crown Point Road drainage project (\$10,000).

Ms. Hayes stated that there are additional small projects that will be added to this at a later date.

SOLID WASTE

Operating Uses by Category

Ms. Hayes stated that Capital Outlay Purchases at \$384,109, Personal Services at \$1,020,458, Material Services at \$1,913,799.

TRAILER CITY

Ms. Hayes stated that we had an increase this past year and we do not have one planned for this year. There will be about \$16,000 left in the fund balance this year to be able to do something at Trailer City and will be break even at that point.

Fire Fee Assessment Information

Ms. Hayes stated that if the fire fee assessment was \$18 a year for residential then commercial would change appropriately to about five cents a square foot. She read the remaining examples from the attached presentation slide. The fire fee is not included in revenues in the budget being presented tonight. No fees were anticipated at this time until it is decided upon.

Mr. Bollhoefer explained that the \$4.304 was used just to show what the taxes would have been a couple of years ago. We can exceed the \$3.57 because that was what was sent out in our notices. He stated that when he goes into his session he will point out that when looking at a fire fee, even if you lower the fee, it is not going to affect the residential but will really affect the commercial side.

CONCLUSION

Ms. Hayes stated that in conclusion the City maintains a low debt burden and we strive to provide the levels of service that define our community.

PRESENTATION BY CITY MANAGER

City Manager Bollhoefer gave a PowerPoint presentation (see attached Exhibit B) and stated that this has been an interesting year with the budget. For the second year in a row we have had a loss in property tax revenues, but we have also had a significant lost in building permit fees,

impact fees, and the state sales tax dollars have also shrunk significantly. Looking at this overall, compared to what we would have been under the old millage rate with the standard increase in sales tax and such, we have lost about \$5 million in revenues. He stated that we took a different approach this year because our taxpayers have said they want us to reduce taxes and try to find a way to do more with less. So staff's goal is to try and find ways to do more with less to be more efficient as we went through this budget process.

Mr. Bollhoefer stated that he will present items for the City Commission to look at as part of this budgeting process.

FIRE ASSESSMENT RATE

Mr. Bollhoefer stated that notices were mailed out and a lot of calls have been received in the Finance department. Most people have been fine with the assessment fee, but those that tend to be upset own rental or commercial property because they tend to get hit the hardest. He stated a common answer is that they want fire and police but don't care if you get rid of everything else.

FTE'S (PERSONNEL) PER THOUSAND CITIZENS

Mr. Bollhoefer stated that one of our biggest costs in government is personnel so when you are trying to reduce costs, you have to find ways to do more with less. That means finding more ways to do more with less people. This graph shows the history of total FTE's per thousand; in 1997-98 the City had 11.4 employees per thousand in population. This increased all the way up to 2004-05 until the realization of the approaching tax cuts. He stated that they have made the effort to reduce the number in the 2008-09 budget to 9.6 per thousand residents which is fairly low when compared to other cities. He displayed a list of cities and their population and FTE's.

CITY COSTS ATTRIBUTED TO SPECIAL EVENTS

Mr. Bollhoefer displayed a list of events in the City of Winter Garden that contribute to showing what a quality City we are and the quality of life we offer. They are also very important in bringing people into our downtown area. He showed the annual cost per event.

DOWNTOWN EXPENDITURES

Mr. Bollhoefer gave a breakdown of the costs to maintain the downtown area. To maintain the landscaping was \$250,000 last year and has been cut this year to \$215,000. He stated that some changes made were the elimination of planting annuals and planting perennials that has cut having to replant them three times a year. This budget includes \$20,000 for downtown grants to assist in the redevelopment of downtown.

FUTURE REVENUES

Mr. Bollhoefer listed four City owned properties that will be sold and go back into our fund balance. The figures listed are to show the magnitude of the property values.

Mr. Bollhoefer stated that in order to do more with less the City will need to operate more like a business. He stated that they have started looking at other cities and their models and what they have done. The most successful he has seen in Florida is the City of Coral Springs which recently won the Malcolm Baldrich Award. We are starting to incorporate some business

concepts in the way we are doing things and that is his next presentation (see attached Exhibit C).

PowerPoint pages included the following:

- CITIZEN BASED MANAGEMENT AND BUDGET
- FOUR CONCURRENT PROCESSES
- STRATEGIC PLAN
- PROCESS
- BUSINESS PLAN
- OPERATING BUDGET
- CAPITAL BUDGET
- IMPROVEMENT TOOLS
- CROSS FUNCTIONAL TEAMS
- TASK FORCES
- COST CUTTING TOOLS
- BOTTOM LINE

IN CLOSING

Mr. Bollhoefer stated that it is our goal to be the best small run city in Florida. He spoke of Kaizen which is the philosophy that focuses on continuous improvement throughout all aspects of life. The primary purpose of this is to show that we will do our best to be the most efficient government. We will do what we can to continue to give our citizens great services, a great product, and a great City and we will do it much more efficiently.

Mr. Bollhoefer stated that a lot of information was covered and welcomed the City Commission to come to his office or the Finance Director's to have any questions answered.

Mr. Bollhoefer addressed the fund balance that if we spend the \$7 million of fund balance it will take our balance down to about 15 percent, which is not good and would be very risky. He stated that if the City can get the grant for Tucker Ranch staff will recommend not using fund balance but using debt to purchase that property. He stated that it is important when moving forward to always keep the fund balance somewhere around 30 percent.

Mayor Rees opened the workshop to the City Commission for comment or questions.

Commissioner Sharman stated that the Commission has received a budget format with details worked out by staff. The way that it has been presented doesn't allow the Commission to look at items that might be unnecessary because they are lumped together. Other than the few items presented like the downtown events, there are no other individual items the Commission can say is unnecessary. If the Commission decided to make cuts, the only way would be a percentage cut across the board or by department. He asked Mayor Rees if he thought there was enough detail to be able to decide what's not necessary versus necessary. Mayor Rees responded that anytime a budget is presented to the governing board, they will look at the total but what we are expected to do to digest this information and sit down with the City Manager Bollhoefer or Finance Director Hayes and ask those questions. This is not their general ledger showing all the items that the department heads have brought to them. In order to get more detail you would either

have to go in and sit down with them or have a workshop so that they can give us more detail as a group.

Commissioner Sharman stated that he would like to have a detailed workshop and suggested meeting before the next City Commission meeting in order to be prepared with any changes to the budget.

Mr. Bollhoefer stated that the City Commission does have an opportunity to make budget changes at the City Commission meeting.

Mr. Bollhoefer suggested holding the budget workshop after the Planning and Zoning Board meeting or in the afternoon.

It was the **consensus** of the City Commission to meet for a budget workshop on Monday, September 8, 2008 at 2:00 p.m.

The budget workshop concluded at 8:36 p.m.

APPROVED:

/S/ _____
MAYOR JOHN REES

ATTEST:

/S/ _____
City Clerk Kathy Golden, CMC