

**SPECIAL MEETING
BUDGET HEARING
LAKE HELEN CITY COMMISSION
CITY COMMISSION CHAMBERS
SEPTEMBER 11, 2008
7:00 P.M.**

MINUTES

A SPECIAL MEETING of the City Commission of the City of Lake Helen, Florida was called to order by **Mayor Duffy** at approximately 7:00 p.m. Present were **Commissioner Robbins, Commissioner Cooke** and **Commissioner Benton**. **City Administrator Don Findell** and **City Clerk Nancy Wilson** were also in attendance. **Vice-mayor Snowden** was absent.

Mayor Duffy opened the Public Hearing.

PUBLIC HEARINGS

1. **Announce a tentative millage rate of 4.200 mills, which is a 14.63% decrease under the rolled back rate of 4.91991.**
2. **Ordinance 2008-2 on first reading, establishing the millage rate for fiscal year 2008/2009.**

Mayor Duffy read the title of Ordinance 2008-02.

There were no comments from the audience.

Commissioner Benton made a motion to approve the mil rate of 4.2000 thereby approving Ordinance 2008-02.
Commissioner Robbins seconded.

Commissioner Cooke asked **City Administrator Findell** about the rollback rate. **City Administrator Findell** said the way it works is that the rollback rate was 4.19. The city could have, by majority vote, established a millage rate that was 91% of that, which would've been around 4.693 mils. We could have gone that high by simple majority vote but the commission decided to stay at the 4.2 rate. That rate was advertised on the notice of tentative property taxes when

they were sent out to the property owners by the property appraiser's office. So, we are well below the rate that could have been set by simple majority vote. **Commissioner Robbins** wanted to clarify that Ordinance 2008-2 is setting the rate for the ad valorem taxes and not approving the budget. Findell said that is correct - the next item on the agenda concerns the budget. **Commissioner Robbins** then asked the **City Administrator** a question about his memorandum. She said "you said that we had a substantial decrease in our insurance but looking at it under general fund expenditures, I see a general fund insurance amount of \$52,500. In the Utility Fund I see \$18,900 for insurance and there is no general liability, fire or anything. Shouldn't there be something in the Creative Arts Café budget?" **Mr. Findell** said no, he doesn't think so. He thinks we need to realize that the insurance is for the building that is a multipurpose building. It is used for more than just housing a restaurant. The only part that could be fully considered a restaurant is the kitchen. If we put money in there for a portion of the building, then we would reduce it from someplace else in the General Fund budget. **Commissioner Robbins** said she knows from prior experience that the Teen Program insurance was a contribution to the Teen Program. Now that the Café is operating as its own enterprise, what would happen if we ultimately leased the café – wouldn't we expect the people who rented it to provide their own insurance? **Mr. Findell** said even if we leased it to somebody, we would need to maintain control of that portion of the building that's used as the dance floor. He said he's struggling with how that would work with the lease arrangement; "we'd have to be creative".

All zones and the Mayor voted yes.

3. Ordinance 2008-3 on first reading, appropriating funds for fiscal year 2008/2009.

Mayor Duffy read the title of Ordinance 2008-3

Commissioner Robbins asked if this budget was for all three funds. **Mr. Findell** said that it was for all *four* budgets (General, Utility, Stormwater, Creative Arts Café) but for reporting purposes, it was for the general fund.

Commissioner Robbins moved to accept Ordinance 2008-3.
Commissioner Benton seconded.

All zones and the mayor voted yes.

Even though both ordinances had been accepted, **Mr. Findell** wanted to explain his memorandum. What he said in the memo was that the changes that were made between their last budget session in their discussions and the preparation of this document were related to a very few things. The very few things that the changes were related to had to do with solid waste management income/expenses and franchise fee revenues. A reflection of a reduction in

insurance costs over what had been originally anticipated allowed a simple moving of permit fees for storm water permits from the General Fund to the Stormwater Fund. Previously, we had double revenue in that fund that included the anticipation of the \$20,000 Stormwater Management Grant from the Water Management District to construct the Phase 3 improvements to the Stormwater outflows at Lake Helen Lake (this would be in the vicinity of New York Avenue and Tangerine.) Because he didn't have the Creative Arts Café figures to work with for the previous workshop, he updated the restaurant budget to include a breakdown of employee cost to include FICA, retirement and other deductions. This budget reflects those costs. He was really encouraged. The most significant change related to this budget was that the insurance premium that the city pays the Florida League of Cities for general liability, auto, property and workers comp (especially workers comp) decreased substantially from what we had anticipated. It had been anticipated that the city would probably spend about \$135,000 this year because those insurance costs have ratcheted up over the last several years. When we got our premium after our budget workshop, that premium reflected almost a \$40,000 decrease from what he thought we were going to spend. The entire amount wasn't plugged into reducing to the budget because, as **Commissioner Robbins** knows, after the beginning of the fiscal year, the League of Cities does a payroll audit and that payroll audit determines what the final workman's comp cost is going to be and generally it is increased each year rather than decreased. I've reserved some of that "overflow" in anticipation of that increase. If an increase doesn't materialize, then we may save as much as \$5-\$10,000 more. **Commissioner Cooke** wanted to clarify that most of the savings was from a reduction in the workman's compensation part of the premium. Mr. Findell answered "yes". **Commissioner Cooke** then asked if the League of Cities worked on that reduction for all cities. Mr. Findell responded by saying each year the League tries to do this for all the communities. They try to protect themselves in order to ensure that the agency will continue to provide insurance but they also look for ways to reduce costs to their membership. What they do for us, for instance, is they actually give us incentive credit on both the general insurance side and on the workman's comp side which reduces the premium from their base premium. We, therefore, start out with a reduction. Workman's comp is based upon the city's experience over a three-year period. For the last three years our workman's comp. expenses have been nil. When they're nil, that is reflected in a very low workman's comp insurance premium. But as soon as you begin to get workman's comp claims, that rate will go up fairly dramatically and that higher rate will stay with us for a three-year period because it's a rolling average. We're in that cycle now where our experience 'mod' is less than one which is outstanding.

Mayor Duffy had spoken to **Mr. Findell** about the possible effects on the budget of increasing the hours of one employee. He answered that the change would be reflected in the September 25 budget if the commission approves it.

Mr. Findell said the other thing that this budget reflects, although not as dramatically as the insurance premium reduction, is the updated figures for solid waste collection cost and revenues. These are based on the information

provided to us by the property appraiser's office and those figures are a wash so we don't need to be concerned about them. That information is important because it reflects back on what our anticipated franchise fee revenue will be and so I've included about another \$5-\$6000 for franchise fee revenue from what was indicated in the previous budget. That has a positive impact as well.

Mr. Findell said, in summary, that the changes in the revenue figures and the changes in the expense figures included in this budget have the net effect of reducing the anticipated deficit from what we thought originally of about \$67,000 down to about \$26,000. He noted that it's simply too close to call when you are dealing with \$26,000 with a \$1.7 million budget. Over the course of a year it is as likely that that figure will go down as it will go up. It's a very positive thing and he's encouraged by it. **Commissioner Robbins** queried the **City Administrator** about the upgrades to our city buildings and how that may impact our insurance rates. **Mr. Findell** said he hasn't gotten the folder with the detailed breakdown of everything. All we've received is the premium notice. Two years ago, he supplied the League with all the information as it relates to our buildings and has provided some supplemental information this year as well. He specifically provided some information on the Creative Arts Café building because they were unsure if they'd included it on their list of buildings. They had included it.

- 4. Confirm date for final budget hearing. The City Commission previously set the date for September 25, 2008 at 7:00 p.m. in the City Commission Chambers.**

Mayor Duffy asked if anybody had a problem meeting on September 25th at 7pm for the final budget hearing. **Mr. Findell** said it is the adoption hearing for the budget and the millage rate.

Commissioner Benton moved to confirm the date for the final budget hearing for September 25.

Commissioner Robbins seconded.

All zones and the Mayor voted yes.

Commissioner Cooke added that he and Keith Chester picked up the new siren and it is huge. "It's an amazing system worth over \$50,000." They are getting a post once they get approval from Progress Energy. Once approved, they'll have the power company dig the hole then have a crane set it. It will be placed at the arena. "It's some piece of equipment."

Meeting was adjourned at 7:30pm