

**BUDGET WORKSHOP MEETING
LAKE HELEN CITY COMMISSION
CITY COMMISSION CHAMBERS**

**JULY 22, 2008
7:00 PM**

The Workshop Meeting of the City Commission of the City of Lake Helen was called to order by **Mayor Joan Duffy** at approximately 7:00 PM. Present were **Vice-Mayor Buddy Snowden, Commissioners Lou Benton, Alan Cooke, and Ann Robbins**. Also present were **City Administrator Don Findell** and **City Clerk Nancy Wilson**.

Mayor Duffy explained that the workshop meeting was called for the purpose of discussing the general budget (draft) and asked who would like to begin the discussion.

Commissioner Louis Benton asked where the sign permits and tree permits were.

City Administrator Don Findell responded that he wasn't sure if they were put under development fees in general or added in as *"other income"*. **City Administrator Findell** said, *"It's a very small amount regardless."*

Commissioner Benton said, *"I can't comprehend building permits at \$13,000."*

City Administrator Findell indicated that city hall had taken in \$11,683.00 for building permits as of June 30, 2008.

Commissioner Benton asked if the tree permits could have been added in this column.

City Administrator Findell asked **Commissioner Ann Robbins** who responded that she believed she put the tree permits under *"other miscellaneous revenue"* (when she was the finance manager).

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City Administrator Don Findell added that there had never been a separate line item for tree permits because it was such small amount.

Commissioner Cooke asked why it wasn't a separate line item since all the other permits were named.

Commissioner Robbins indicated that it was because there was a uniform chart of accounts that cities go by for the state and went into detail as to how they were coded, etc. She added that the tree permits were only about \$20.00 but if there were a large number of tree permits, they should be itemized and given a code. **Commissioner Robbins** explained that since the number of tree permits was small, it wasn't worth the labor expenditure to code them.

Commissioner Benton asked about billboard permits and if the city was still collecting revenue on them.

City Administrator Findell said, *"We should be, yes."* He said that sign permits were not itemized either.

Commissioner Ann Robbins indicated that she had a question a couple of weeks previously about the tower. She asked, *"Has anything been finalized that could fit in here as a line item for next year?"*

City Administrator Findell responded, *"Nothing has been finalized but I'm glad you asked that question. The latest conversation that I had with the tower people was during this last week."* He continued that prior to last weeks' conversation with them, he had told them that the city was not satisfied with the revenue that was being proposed for the co-located antenna. **City Administrator Findell** added, *"I indicated that I thought a 50% share of the co-located revenue would be fair."* He said he is now waiting for a response.

Mayor Duffy asked how much the base-rate was and Findell answered that it was \$24,000.

Commissioner Cooke asked if the 50% was what most other cities received.

City Administrator Findell said, *"It's across the board. It depends upon the value of the tower, value of the location of the tower, the size of the tower. It depends on the negotiating skills of the individuals involved in the process."* He explained different approaches to the matter and added that the more co-locaters the company sold, the more revenue the city would make.

Commissioner Benton asked **Don Findell** if occupational licenses actually fell \$3,000 as indicated. **Commissioner Benton** noted that it was over \$8,000 but was now showing to be about \$5,000.

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City Administrator Findell said, *“That’s going to be interesting. I honestly will not know that until the end of the summer when the new licenses are sent out. I’m anticipating that it will be somewhat lower. I think there are not as many people in business but as of six-thirty (June 30th) we had received a little over \$3,000. So what I’m saying is, based upon what we have received to date, the occupational license revenue is down from where I would have expected it to be.”* He added that *“to be safe”* he budgeted it a little lower for this year and next year.

Commissioner Benton wanted to know about the fuel tax revenue of \$1,000 and **City Administrator Findell** answered that the revenue came from the state.

Commissioner Lou Benton asked if fines and forfeitures actually dropped as much shown on the chart and **City Administrator Don Findell** answered in the affirmative.

Commissioner Ann Robbins noted that under the professional and occupational licenses from the county the reduction was only about \$500 and asked, *“Why would it be so little there but yet, the city licenses have dropped?”*

City Administrator Findell responded that there was no particular reason but that he believed that the county had a little bit more reliable revenue stream.

City Administrator Don Findell indicated that he wanted to return to the discussion of fines and forfeitures with **Commissioner Benton**. He continued, *“Fines and forfeitures for 2008 through the end of June – we’ve collected \$21,741.”* He explained that there were three (3) sets of fines and forfeitures – one was related primarily to traffic enforcement, another was for police education (which is related to traffic enforcement) and another was for code enforcement fines. Findell continued by saying that the \$21,741 was for traffic enforcement fines, \$973 from police education - *“That’s out of \$47,000 that we budgeted so two (2) line items are off fairly substantially – about ½ (half) but we had code enforcement fines of \$12,793 to help offset that so the total amount that we’ve collected through the end of June is \$35,508.”*

Commissioner Benton pointed out that the projection for code enforcement fines for next year is zero.

City Administrator Don Findell, *“That’s what I project because we have no guarantee that we will collect code enforcement fines in the manner that we had in the past. The code enforcement fines that we’ve collected the last two years have been largely related to tree violations and they’ve been large fines. They haven’t been the \$50.00 fines. They’ve been the several thousand dollar fines. I’m just trying to be conservative when I plan (the budget).”*

Commissioner Lou Benton questioned the column of *“other miscellaneous revenue”* dropping approximately \$50,000 since 2006. He said, *“It was \$75,850 but last year and this year it’s \$25,000.”*

City Administrator Findell responded, *"It would be nice if we could plan on it being \$75,000 or higher but this year miscellaneous revenues includes things like hall rental, stall rental, impact fees, cemetery lots, donations to the teen program, donations to Creative Arts Café, fireworks donations, market-in-the-park, and those sorts of things, so just by way of example, this year we have collected \$3,800 for Hopkins Hall rental, \$1,400 for stall rental along with some other collections"*

Commissioner Ann Robbins immediately asked, *"Hopkins Hall has its own facilities rental, does it not?"* **City Administrator Findell** answered in the affirmative.

Commissioner Robbins added, *"Not under other miscellaneous."*

City Administrator Findell said, *"No. In here it doesn't."*

Mayor Duffy said, *"I would like Hopkins Hall to have its own line item."*

Several people were talking at once concerning the Hopkins Hall rentals.

City Administrator Don Findell said, *"Ann (Robbins) is correct. The facilities rental, the stall and the hall are included in facilities rental. Impact fees have their own category."*

Mayor Duffy responded, *"I think they should be separate. I think we need to know what Hopkins Hall has, what the equestrian center has and so forth."*

City Administrator Findell immediately said, *"We do. On a monthly basis, we do. In other words, when we run the monthly financial reports, they are coded separately and accounted for separately so we always know what the totals are. I lump these things together sometimes in preparing the budget just to give a general category expense."*

A generalized discussion took place noting that there are separate categories for the equestrian center and Hopkins Hall.

Mayor Duffy stated that she did not want the money generated by these facilities going to other places.

Commissioner Ann Robbins said that she thought the \$6,500 should be higher because the plan had been to set the rental fees higher since the facilities had been completed. She suggested that the amount be increased to approximately \$10,000.

City Administrator Findell said, *"For Hopkins Hall, here is some history: In 2003 it was about \$2,000. In 2004 it was about \$4,000. In 2005 it was about \$9,400. In 2006 it was \$3,000. In 2007 it was \$7,215. So it's all across the board. We can put any number in here that we want but again, when I prepare the budget, I try to prepare it in a reasonably conservative fashion based upon the historical experience, so you don't project revenues that are too high, and are then not realized further adding to the deficit."*

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Commissioner Benton said that he would rather project on the low side.

City Administrator Don Findell said that the city government had the ability to adjust the budget.

Commissioner Robbins asked about the franchise fee on Waste Pro, *"Is it based just on commercial accounts or is it . . .?"* (**Commissioner Robbins** did not finish her sentence.)

City Administrator Findell indicated that it was based on residential and commercial. *"It's about 10% of what they charge for those accounts,"* he added.

Commissioner Ann Robbins noted, *"The projection for 2007/2008 is \$150,000 and we're going to get a \$20,000 franchise fee and then next year it's projected at \$231,000 to \$250,000, we're still only going to get \$20,000."*

City Administrator Don Findell explained that it was an anomaly. *"I'm going to have to work on it a little bit because one of the things I observed when I was looking at the history on the Waste Pro account were some deviations that I couldn't account for; I mean, logically couldn't account for. I told Cheryl that we were going to have to spend some time going back into these accounts to insure that the revenue we are receiving is representative of what the franchise requirements are. So, in this particular case, until I'm able to do that, I've just gone ahead and estimated (it) at a figure that is reasonable to expect that we will receive this year. We may, in fact, receive more this year after we've had the opportunity to do that and maybe those accounts will get adjusted. But as I said, that's just something I identified in this process as requiring some investigation."*

Mayor Duffy queried **City Administrator Don Findell** about *"the transfer from reserves."* *"It's zero zero and then (shows) \$67,000. I had understood there were reserves being used this year."*

City Administrator Findell responded, *"There are reserves that are most likely to be used this year but I don't know what the amount is until we close out the books. We still have three (3) months left in order to expend money. We also have three (3) months left in order to generate revenue. We have a number of revenue sources that will continue to generate revenue on a monthly basis. We have some revenue sources like property taxes that will give another amount perhaps – two amounts between now and September. We will also have some grant reimbursements sometime between now and . . ."* (**City Administrator Findell** did not finish his sentence.)

Mayor Duffy, *"No. I'm referring to some statements that were made to me about the reserves. Are they used and then put back through the year?"*

City Administrator Findell explained, *"Oh, you're talking about when the reserve is used in order to meet payroll."*

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Mayor Duffy, “Yes.”

City Administrator Findell said, “Those monies that are taken from the reserve account are to be paid back when that money is received or reimbursed.”

He then clarified that in his memo he tried to explain that, “What you see here is an operations budget. Let's not include within this budget our grant expenditures and our grant revenues because sometimes they skew the budgets and it gets confusing. So let's just look at what it costs to operate the city on a day in, day out basis, and that is what this budget, to the best of my ability, is meant to reflect. So from an operational standpoint, I don't know if there will or won't be any reserves expended from an operations standpoint. I do assume that there may be some reserves expended, probably will be some, as it relates to capital projects that we've been involved (in) this year and special purchases that we made this year. That's why when you come to a place where it says zero, zero and then you come over to the third (3^d) column and see \$67,000 plus – what that's saying is if you just take the day-to-day operational expenditures of the city and compare them with the day-to-day operations revenue, or the revenue stream that we rely upon to operate the city, then if we go with these projections, we're going to have approximately \$67,000 plus more in operation expenses than we will in reliable revenue. That's very significant.”

Commissioner Robbins asked, “So, in order to balance the budget, you'd have to take \$67,000 out of reserves.”

City Administrator Findell responded, “To balance the budget, you would have to do that or you would have to come up with other revenue sources that would be different than our typical revenues or you would have to achieve other savings some place.”

Commissioner Ann Robbins said, “So we've pretty much looked at the revenue sources (but) on the expense side, the salaries expendable are not out of the current salaries. They're not the projected, the salaries that were proposed.”

City Administrator Don Findell answered, “Right. There is within this budget nothing additional for merit increases. There's nothing additional for cost of living increases. It reflects the personnel who are currently working for the city. There is some minor amount of overtime associated with various departments where we have hourly workers, where we know that those individuals do work overtime periodically. It's not an extreme amount, again, it's relatively conservative as well.”

Commissioner Robbins, “Okay. So if the chart that we have for the hourly rates that we discussed on 6-26 (June 26th, 2008), the difference being \$41,700. If we add that to the \$67,000 – we're looking at (over) \$100,000 in order to implement that raise.”

City Administrator Findell responded, “That is correct.”

Mayor Duffy said, “Why is there a jump on the travel per diem from \$1,650 to \$3,000? Are we actually going to spend that this year?”

City Administrator Findell explained that discretionary money is available to the city commission to go to conferences such as the League of Cities conference. *"Sometimes it's used and sometimes it's not."* He added that a conference was coming up and **Commissioner Cooke** was planning on attending it.

Mayor Duffy asked **Commissioner Cooke** if he was going to attend the conference and he responded in the affirmative.

Commissioner Ann Robbins requested **City Administrator Findell** to return to the revenue matter. She asked, *"State revenue sharing has gone down \$10,000?"*

City Administrator Don Findell, *"That's the projection. State revenue sharing has gone down as a result of the decline of the economy. The state is not generating as much revenue with which to share with local governments."*

Commissioner Cooke commented, "The \$10,000 difference just reflects everything being down as far as revenue in the state." **City Administrator Findell** concurred.

City Administrator Findell explained that was what the state projected but hopefully the economy will improve.

Commissioner Robbins, *"And the impact fees, from my determination, it looks like you're only considering – there's only going to be two houses built, right?"*

City Administrator Findell concurred and added that he projected very conservatively.

Commissioner Ann Robbins noted that between March 2007 and early April 2008 there were five (5) new houses. *"Two (2) were finished and two (2) were in the works."*

City Administrator Findell asked **Commissioner Robbins** when the impact fees were paid. **City Administrator Don Findell** then said, *"What I have in the profit and loss statement is that we have received to date \$400 for public safety, \$1,200 for roads and streets, \$300 for parks and rec, and \$400 for general government."*

Commissioner Robbins said that two were paid in March.

Mayor Duffy added, *"Two of them drew in a lot of impact fees. Is that right? The two larger homes?"*

Commissioner Ann Robbins indicated that the impact fees were the same regardless of size. *"The permit is different."*

Mayor Duffy clarified that she was thinking of the permit fees.

Commissioner Robbins continued, *"Steve Costa's was in January, so those are probably the only ones. The other ones were actually 6-11 (June 11th) of 2007."* She noted that both homes were in "The Woods" (subdivision).

Commissioner Lou Benton asked, concerning the travel per diem, if it was necessary to have \$3,000 in that category.

City Administrator Don Findell noted that the city commission spent \$1,650 in 2006-2007 but only \$60 had been spent this year.

Commissioner Alan Cooke noted that the travel per diem column also included meals and hotel expenses.

Mayor Duffy said, *"I've been paying (for) my own. I don't know why, I just did."*

Commissioner Cooke asked **City Administrator Findell** about the gas tax.

Mayor Duffy asked why there had been a reduction in the Progress Energy franchise fee.

City Administrator Findell explained to **Commissioner Cooke** that the local option gas tax in 2004 was \$57,006; in 2005 it was \$60,900; in 2006 it was \$60,400; in 2007 it was \$59,688.

Commissioner Benton noted that people were not buying as much gas and are staying home more.

Mayor Duffy asked **City Administrator Findell** again about the Progress Energy franchise fee. She wanted to know why the city would be collecting a lesser amount of revenue.

City Administrator Don Findell indicated that the franchise fee is based on the sale of electricity and this year the city is slightly behind what it was last year. He explained that the city had a more moderate year this year in comparison to last year with *"less extremes"* (in weather).

Commissioner Robbins, *"I think that's one place, on the utilities, within each budget, where we could possibly conserve some. The tennis court lights. I've gone by there at 10:00 o'clock (p.m.) and it's raining and the lights are on."* She suggested that the city could buy some type of a regulator that would turn off the lights when it starts to rain.

Commissioner Cooke and **Commissioner Benton** explained that those lights are already on a timer. **Commissioner Alan Cooke** indicated that if the lights were turned off and on to accommodate the public, it would cost more money than if the lights were left on.

Commissioner Benton also explained that when the power goes off (such as during a storm) the timer needs to be reset.

Commissioner Ann Robbins asked if there was a policy on the temperature settings in the city owned buildings. She noted that she had driven by some of these buildings and noticed condensation on the windows that indicate the temperature was set fairly low. She suggested the office thermostat should be turned up a couple of degrees at night. *“Everybody should be energy conscious.”*

City Administrator Don Findell explained how energy conscious he was and said that he felt the city commission should discuss **Commissioner Robbins'** suggestion concerning the matter. *“If a policy is warranted, then a policy should be implemented,”* he added.

A generalized discussion took place concerning people who use the city hall rooms for gatherings but left doors open and the thermostat turned down. **Mayor Duffy** had said that she asked Wendie (Levings) to put reminder notes on the doors. **City Clerk Nancy Wilson** said that the doors are no longer left open because of the notes.

Mayor Duffy added, *“We were air conditioning all of Lake Helen there for awhile.”*

Commissioner Lou Benton asked **City Administrator Findell** about the travel per diem in department 519 (general government), line item forty (4.00) being set at \$1,000, which increased the overall travel per diem to \$4,000.

City Administrator Don Findell said, *“We had an actual expenditure of \$1,350 in 2006-2007. I've projected \$1,000 this year but it might come in slightly less than that. And then I've held that projection to be the same the following year.”*

Commissioner Benton asked why the travel per diem appeared in two different places.

City Administrator Findell explained that it was because it was a different department with different people. **City Administrator Findell** added, *“The one per diem is whatever it is for the total of all of the departments. The police department will have travel per diem, the people in general government will have travel per diem, roads and streets, parks and rec. Each of them has a travel per diem allocation. The city commission has the highest travel per diem allocation.”*

Commissioner Robbins said she had a question about department 514, legal services. *“Projection for this year is \$52,000. City Attorney Mr. MacIntosh made a comment the other night about all the litigation we're involved in and it's only going to be \$3,000 more?”*

City Administrator Don Findell answered, *“I was looking at that as well and based upon the figures for June – as of June 30th we had spent \$35,000 in legal expenses – we had another \$3,000 or so at the last meeting. That puts us up to \$38,000. We may not get to \$52,000 this year but I don't know that we won't because I have the same concerns, same reservations when all is said and done. And so, next year I projected in that same fashion. Hopefully, it doesn't materialize but you need to plan for it if it does.”*

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Commissioner Ann Robbins asked, *"What was involved with the 2006-2007 that it was all the way up to \$61,000?"*

City Administrator Findell answered, *"Primarily litigation."*

Commissioner Robbins commented, *"We've got to get friendlier or something."*

City Administrator Don Findell responded, *"I think you have to defend the decisions that you make. You have to be confident in the decisions that you make and if you're confident in your decisions, you have to recognize that not everybody agrees with you and sometimes because they don't agree with you, they do litigate. But if you take the position that capitulating or compromising your principals or your decisions is more cost effective than litigating or being involved in litigation, I think you soon and ultimately erode your principals and your ability to make good, informed, common sense decisions. That's my experience of thirty (30) years talking. Cities that stand for something can expect to be involved in litigation."*

Commissioner Benton queried **City Administrator Findell** concerning department 519 (general government), 52.00-fuel. *"It's only \$2,500?"*

City Administrator Findell explained that he used the figure of \$2,500 because it was \$2,800 in 2006-2007 and he indicated that it might be possible that the city will spend less than that so he split the difference between what was spent last year and the year before that.

Commissioner Lou Benton said that he was concerned because of the higher cost of fuel and **City Administrator Findell** concurred.

Commissioner Robbins said, *"I think that's another one that may be miscalculated, Don, and I think I mentioned that to you the other day because the only thing in 519 (general government), is the city car."*

City Administrator Don Findell, *"But 519 - (general government) includes expenditures that are related to all the general government properties as opposed . . . where I'm going with this is you have fuel charges for roads and streets, those will be associated with doing certain activities that are related to the roads and streets. My understanding is that a portion of the fuel expenses of the city are back-charged to the general government account because that fuel is spent to perform services within other general government properties. For instance, if you're mowing and you need fuel to maintain different grounds, a portion of that expense is charged to that particular departmental budget. It's apportioned out like you would do the auditing expenses, for instance."*

Commissioner Benton queried **City Administrator Findell** about the roads and streets department showing the amount at \$3,000. He indicated that he thought the amount should be higher.

City Administrator Findell answered, *"We spent \$2,950.00 in 2006. In 2007 as of June 30th, we have spent . . ."* As he looked for the amount, **Commissioner Benton** reminded **City Administrator Findell** of the high increase in per gallon sales of fuel. **City Administrator Findell** continued, *"Roads and streets fuel expenses so far this year are \$1,550.00."*

Commissioner Lou Benton wanted to know what that money was spent on. **City Administrator Findell**, *"Vehicles primarily"* but he acknowledged that it was also for equipment, etc.

City Administrator Findell explained, *"But again, with each month's financial report, profit and loss statement, we know a little bit more about our expenditures and revenues and are able to refine our data."*

Mayor Duffy added, *"The fuel, the diesel especially – well not just that, but other fuel costs for cars and also for propane and that type thing – is that all in there under fuel costs?"*

Commissioner Benton retracted what he had said earlier, explaining that he forgot that the city didn't pay tax.

Commissioner Robbins explained that the city does pay it up front, but then it comes back to the city under that municipal fuel tax refund. She indicated that it was approximately 12.1 cents per gallon on regular gas and 27-28 cents a gallon on diesel.

City Administrator Findell stated, *"Our total fuel charges for the general fund in the July 17th bill was \$2,461.00 so that would be apportioned across – parks and rec., general government, and roads and streets."*

Mayor Duffy asked, *"The propane and fuel – once an enterprise fund is set up for the café, those expenses will all be listed under the café expenses? That stuff will be itemized."*

City Administrator Don Findell concurred.

Commissioner Benton indicated he felt that each department needed to be very conservative in spending starting immediately. He added that he was concerned about going over budget.

City Administrator Findell responded, *"I said the same thing a month ago when I presented the projections as it related to the proposed salary adjustments. Then I see the July bills and the July bills are quite substantial so somebody here at city hall, unless I'm directed to do so, needs to convey that information to the departments. Usually, this time*

of year, I would either in a staff meeting or by memo, advise the different departments not to spend anything unless they absolutely, positively had to."

Mayor Duffy said, *"Well, I know there have been significant expenditures – the telephone system, that's been needed for years but it was never done. . ."*

Commissioner Benton said that he wasn't talking about that particular expense but about all of the departments – streets and roads, the police department, etc. *"There has to be a drastic cut on it for the next three months."* He indicated that prices for items needed to be compared before purchasing.

A generalized discussion took place as to different businesses in town that can't compare to businesses outside of town regarding pricing.

City Administrator Findell stated, *"I was going to mention something about road-base at the last meeting when the question came up about the expenditure for road-base or total expenditures for road-base. I indicated that I thought we had spent about \$8,000 so far and there was \$3,000 on this bill. In fact through the end of June we had spent \$8,400. So that was just some information for you. I was close."*

Commissioner Alan Cooke said, *"Well, I have to say something about the road-base. Look at the roads we have, that Ricky's got rebuilt now. People have been complaining about it for years and years. He's worked on all of the roads as far as trying to improve them as much as he can, you know, throughout the city as far as I understand – and from what I can see from the roads that I've driven on."*

City Administrator Don Findell concurred. *"I think perhaps that the issue is, as I listen to people talk, more one of communication than anything else. If the city practiced what we had practiced in the past, when you had expenditures that were going to go well beyond what was initially budgeted for, you would come to the commission and explain what the issue was and get the commission's approval to proceed with that particular activity. That's not expeditious but it puts everybody on the same page so questions aren't asked later."*

Mayor Duffy, *"Well, we can go back to that. I have, in staff meetings, told them they are not to be expending funds and I've also told them that they are to start doing – it should have been done months ago when I first told them – making their one (1) year, five (5) year, and ten (10) year plans of things that need to be done and then we can classify one, two, three and four, in order of importance, before the funds are expended."* She indicated her frustration.

City Administrator Findell responded, *"One of the leverages that I've used in the past is that if you spend it, and it's not approved, you pay for it."*

Mayor Duffy said, *"That sounds good to me."*

City Administrator Findell continued, *"It typically gives cause to pause."*

Commissioner Lou Benton stated he had been arguing about this matter for years prior to being a commissioner. He added that he had tried to explain that the small bags of asphalt that cost about \$14.00 a bag that the city crew uses to patch holes in the roads is a waste of money. He indicated that the crew repeatedly patches the same holes, which is wrong since you cannot *"patch over a patch"*. **Commissioner Benton** explained how it needed to be done so that it isn't redone over and over. He said, *"So you're losing the material and you're losing the labor."* **Commissioner Benton** added, *"Maybe you call it nitpicking but it the expense multiplies."*

City Administrator Don Findell said, *"No. I think it's a good observation. If, in fact, you are repairing the same hole again, again, and again, but there's a more effective alternative, you ought to be considering it. Lou has said this for quite some time."*

Commissioner Benton responded, *"But when you give the direction, it doesn't happen."* He expressed his frustration.

Commissioner Buddy Snowden suggested that **Commissioner Lou Benton** should show the crew how to do it and **City Administrator Findell** concurred.

City Administrator Don Findell added, *"I think what **Buddy (Snowden)** is simply saying is (when) working together, we accomplish a lot more than complaining about what we do or don't do. I think that's a good suggestion as well."*

Commissioner Alan Cooke asked why the city wasn't looking more at machinery and equipment. *"A perfect example; the police department – \$4,400.00. Why aren't we looking at a situation where every year we put so much in there to build ourselves up? Perfect example – we've got the Dodge broken down and we're trying to do something with that. And with the budget we've got here, you can't even replace the police car. So my question to you is, with the police department and – they're the most critical, you know what I mean – the road department, what you've got for equipment and machines \$2,700."* He explained that Ricky (Mullins) was driving a truck with an abundance of miles on it and the engine may give out. He suggested that a fund should be built up so Ricky could fix it or get another vehicle, or the city could buy a new lawn mower, or some other piece of equipment it needed.

City Administrator Findell answered, *"There are a couple of different reasons as it relates to this year's budget – what you see in this year's projected column is just what I project we'll spend by the end of the year based upon what we've spent so far. As it relates to next year, again if you go back to the memo, you'll see that the memo indicates that no capital expenses are included within this budget. And the reason they're not included is because they're not necessarily an everyday operational cost. The commission needs to weigh those individual requirements or needs on an individual basis. If they determine that the*

capital expense – I'm talking about this budget year in particular – if they determine that the capital expense is warranted, it needs to be put into the budget.”

“The other reason is perhaps a more practical reason from a management standpoint. What I have asked your employees to do for you in the past, is to do an analysis that would indicate to you where you will save money by having a rolling equipment stock, where you replace your equipment every year. That's based upon the cost of that rolling stock verses the cost of repairs to the equipment that you have, on an annual basis. At this point, neither Keith (Chester) nor Ricky (Mullen) have taken the time to do that analysis and I'm not going to sit here in support of something that is a capital expense without an analysis behind it that says how it benefits you both from a cost standpoint and from an operational standpoint. They're both big boys and they can do it, if they'll try.”

Commissioner Cooke said, *“I've worked with both of them and they started getting this whole projection up for a five (5) year basis and I know they worked on them. Keith has told me they are working on it and trying to get this thing together.”*

Mayor Duffy said, *“There is a police car now available, or it was, a police car with 13,000 miles that has all of the latest equipment that a police car needs, and they could buy it for \$18,000.”*

City Administrator Don Findell, *“And that is what we have done in the past. Basically, we have bought those cars from Al Morganelli and they represent a good value but again, from an administrative standpoint, your department heads should provide you with the analytical information that demonstrates that there is value received for taking one approach verses the approach that has been taken in the past. They know how to do it; I've shown them. Until they take the time to do it and present the information to you, I'm not going to support it from a budgetary standpoint.”*

Commissioner Lou Benton indicated that he believed the last police car was purchased through fines and forfeitures.

City Administrator Findell said, *“They were pledged to pay it and the fines and forfeitures did not materialize as to the amount that was pledged. That's another issue as well. Again, that's why I say there's an administrative way of doing this that is reasonable and responsible and there is a way of doing it that is less than either of those two.”*

Commissioner Buddy Snowden said that the city had upgraded the police fleet in the last three years. *“We've continued to update our equipment and we certainly have enough cars to go around, within that department, even if they have to be shared on a shift basis, to carry us over for the next few years.”* He explained that the city was in *“lean times.”*

Commissioner Snowden added that the police department and possibly public works department have more vehicles in their fleets than in previous years.

Mayor Duffy asked, *“Who used the Dodge that blew up?”*

Commissioner Snowden replied that it can be used to go to the bank and move around the bank parking lot so he wasn't sure if the Dodge actually "*blew up*" or not.

Commissioner Benton said that the motor did not "*blow up*."

Commissioner Buddy Snowden replied, "*I would like a determination on that because one day you hear it's blown up and the next day it's being driven to the bank. It's moved around here, and moved around there.*"

Commissioner Cooke said that he talked to Keith (Chester) who told him someone was supposed to come this week to look at it to see what actually is wrong with it.

Commissioner Robbins indicated that the repair and maintenance department had an amount of \$11,350 allotted for the entire fleet. She added, "*But if you can buy a brand new car for \$18,000 – I'm not saying we need to go run right out and buy it, because we've got four (4), five (5), six (6) other cars that we've got to maintain....*"

Commissioner Lou Benton interrupted her by saying, "*But you've got to take into consideration the maintenance aspect of it.*" He then went into detail on the costs and parts needed for maintenance of a vehicle. **Commissioner Benton** talked about his thirty (30) year old truck and the validity of keeping up on the maintenance of a vehicle so that it will last a long time.

City Administrator Findell reminded the commission that Lake Helen is a small city of two (2) miles by two (2) miles and occasionally someone will need to go to DeLand or Orange City and added, "*We should not have the same type of expenses or wear and tear on our fleet that a large city would have or a county would have. I think we have to remember that. Our needs are different in that regard. Our use is different in that regard.*"

He continued, "*The other thing is that, again, this question on repair and maintenance as Commissioner Robbins brought up - we spent \$11,000 on maintenance. Commissioner Benton indicated that includes all types of maintenance. What I've advised your department heads is if they want a new vehicle, they do analysis that breaks down the expenditures that they are incurring on their vehicles that are not ordinary maintenance – that are, in fact, extraordinary maintenance like replacing motors, like replacing transmissions, and those sorts of things – and then demonstrate to you that, in fact, you're going to save money by getting a new vehicle. If they can't do that, you don't need a new vehicle.*"

Commissioner Benton concurred.

City Administrator Findell concluded, "*And they have not done that to that point and that's why I'm not supporting them.*"

Commissioner Lou Benton reiterated his concern that all departments need to be very conservative, especially during the next three (3) months because he didn't know how far "*in the red*" the city was or how far "*in the red*" the city was going to go. "*Spending has to cease,*" he added.

Mayor Duffy said, "*As far as I know, the only thing going on that needs to be completed with public works, other than your every day stuff, is the Boys and Girls Club and I think that's near completion. I think they're doing the cabinets.*"

Commissioner Lou Benton said he questioned the amount of \$2,900 that was on the bill. He indicated that he had wondered where they could have spent \$4,000 in material since the previous month there was \$1,800.

Commissioner Robbins and **Mayor Duffy** said they remembered the amount to be \$11,000. **Commissioner Robbins** said that the \$11,000 included the flooring.

Commissioner Benton noted that the commission had approved the work to be done but wondered if anyone saw any quotes from other companies.

Mayor Duffy said that she understood that several people were called but they refused to do it.

A generalized discussion took place concerning what price was for windows and what was for flooring, etc. It was stated that all the windows were replaced.

Mayor Joan Duffy noted that they were fixing the bathrooms, fixtures, etc.

Commissioner Cooke said that he understood that All Quality was cheaper on the price than the three other companies.

Commissioner Benton indicated that Cox Lumber was usually the most reasonably price lumber yard in the area and noted that the city had an account with them.

Mayor Duffy said, "*The thing that we have to do now is make sure that the maintenance on these buildings regularly performed.*"

Commissioner Lou Benton reiterated his previous statements about maintenance.

Commissioner Alan Cooke noted that the roof on the building in Melissa Park will need repair or replacement.

Commissioner Benton said, "*If we're going to do something like that, I want to see three (3) bids.*"

City Administrator Don Findell said, *“Also, I want to let you know that I’m firmly convinced that Ricky thinks he is doing just exactly what the city commission has asked him to do. So, if you don’t believe he is, that needs to be expressed to him – if you have a change in direction on what he needs to do, that needs to be expressed to him, as well.”*

Commissioner Cooke, *“I don’t think there is a problem there. He knows that, for instance with that stuff, he has to get the bid for it – I don’t think there is a problem with that at all. But he is moving forward, like for instance, a lot of this stuff he’s had to do on these buildings is from a fire inspection point-of-view.”* He noted that the shuffleboard court was inspected and the fire inspector pointed out to Ricky what had to be done. **Commissioner Cooke** added, *“It was work that had to be done.”*

Commissioner Benton said that he didn’t feel that anyone was disputing that. He noted that public works came to city hall to fix the lights in the staircase but that there are still lights out there plus other lights are out throughout city hall because they didn’t take the time to check out the other lights.

Commissioner Benton complained that city hall was painted but the paint is peeling because no one would listen to him when he told them that they couldn’t use latex paint over oil base paint.

Commissioner Snowden noted that city hall had been painted many times and **Commissioner Benton** said that it was because they continue to use latex paint over oil base paint.

Commissioner Ann Robbins asked to return to line items – department 572, Parks and Recreation. *“I thought we always had just one (1) person in that department.”*

City Commissioner Don Findell indicated that it also included the teen program. He noted it was separated out in the profit and loss statement.

Mayor Duffy asked, *“Some of this money that’s put in miscellaneous – Christmas, Easter, Halloween, July 4th ? There’s money put in there for July 4th?”*

City Administrator Findell responded, *“When you look, under Parks and Rec, and you look at OCC&O, the \$12,500 – that’s the amount I was referring to at previous meetings as the amount that I budget each year for a variety of city activities, which would include 4th of July, Easter and so on.”*

Mayor Duffy asked, *“So that’s where the \$4,200 came from?”*

Don Findell, *“That’s where it’s supposed to come from, yes.”*

Mayor Duffy, *“So, in other words, we have a base start already?”*

Findell, *"If you have the money in real cash, you have a base start already, yes."*

Mayor Duffy, *"Because I told them to put our name down for next July 4th."*

Commissioner Robbins noted that she had a question about drug testing that may seem trivial and asked, *"When we did the ordinance for drug testing – I don't recall, and maybe you have in the last couple of years, but I thought in order to get the lower rate, there was supposed to be random testing done. I thought that was why it was put in there and not just for new hires."*

City Administrator Findell indicated that he thought the random testing was done for the new hires.

Commissioner Benton agreed with **Commissioner Robbins**. He noted that the ordinance was created when Rich Tamburro was a commissioner.

Commissioner Robbins added, "And Chris Craft was the mayor."

Commissioner Benton concurred.

A generalized discussion took place regarding different aspects of the ordinance.

City Administrator Don Findell stated, *"The purpose of tonight's meeting is really simply to introduce you to the proposed budget and tell you where the problems lie perhaps and to get further direction from the commission as to how they would like to proceed at this point."*

"The budget has been based upon a millage rate of 4.2 which is the millage rate that we currently have. Obviously, nobody likes to hear the fact that you can increase the millage rate if you find that it is warranted to do so, but that is one of the options that is available to you. Just like reducing expenditures, where you can, is an option that is available to you, seeking other sources of revenue that we don't know are available or plugging the gap – using reserves as an option to balance the budget. Plugging the gap that is created by the proposed expenditures exceeding the projected revenues through a millage increase is also an option that is available to you."

"You have to weigh those options – I need some direction. I will tell you that if you were to generate the same amount of money this year that you generated last year with 4.2 mills, the millage rate would need be about 4.9 to reduce the deficit, then it would be something less than that obviously, because the tax loss between last year and this year was closer to \$90,000 and your deficit right now is \$67,000. You're probably looking at 4.7 mills, give or take."

Mayor Duffy asked, *"And that would still be below what we had – 5 point something."*

City Administrator Findell concurred but added, *"It would be, but the important thing to note here tonight is that by July 31st, you have to consider all of these options and determine in what direction you are going because on July 31st you're going to set that millage rate and whatever you set it at, you can't exceed (but) you can go lower than. That's where we are and I'm at your disposal as far as what you would like for me to do."*

Mayor Joan Duffy said, *"I would like to ask our new finance manager who has been working with all of this stuff. Do you have any comments on any of this?"*

The finance manager, Cheryl Leonard, who was in the audience, indicated that she was absorbing all of the discussion and didn't have any comments at that time.

Commissioner Cooke, *"As I can remember, when we were working on this for the millage rate, we had 5.2 for how many years, Don – like twelve (12) years?"*

City Administrator Findell acknowledged that it was about eight (8) years until last year when it was reduced to 4.2.

Commissioner Robbins said she thought that it was a mandatory reduction but **City Administrator Findell** indicated what was mandatory was a drop to 4.7 with a majority vote. He added, *"The commission dropped it to 4.2 so they went below the rate that would have been required by a simple majority vote."*

Commissioner Cooke indicated that the night of the vote he suggested 4.7.

Commissioner Benton said that the millage stayed at 5.2 but that every year that it stayed at 5.2 there was a tax increase, *"because the tax appraisals went up. So you literally can't say that we haven't had a tax increase in eight (8) years."*

City Administrator Don Findell added, *"We have not had a millage increase, that is correct, but the taxes that an individual would pay on their property went up because the valuation of property went up every year. Correct."*

Commissioner Cooke noted that if the millage rate had been at 4.7, he would have paid \$97 more in property taxes.

Mayor Duffy asked if there was anything else and **Commissioner Benton** asked the commission to turn their attention to the water department – utilities.

Commissioner Lou Benton wanted to know if the city would generate enough revenue from sales to pay *"the new debt"* without raising the rates.

City Administrator Findell answered, *"For next year, it appears that we would but you have to qualify that by saying that is dependent upon water sales and water sales fluctuate year to year."*

Commissioner Benton expressed his uncertainty in the ability of the water department to generate enough revenue to pay for the added work the city is doing.

City Administrator Don Findell said, *"The projected budget indicates yes, but again, I don't want to over emphasize this or under emphasize it. That's dependent on the actual amount of water that you sell but if you sell the amount of water that is projected, then it'll work out."*

Commissioner Alan Cooke asked for additional clarification on SEMA who was buying the city water.

City Administrator Findell indicated that he had three (3) billing periods through the end of July and thought SEMA was billed \$124,000 and even if the next billing cycle is a little less, the total amount would be approximately \$440,000.

City Administrator Findell said, *"But one of the things you have to remember is – Commissioner Robbins knows this – the proceeds from the sale of water, or the revenue that is generated from the sale of water, doesn't just show up in the water sales. It also shows up in the late fees so if, for instance, let's just say 2006-2007 water sales were about \$448,000, and the late fees were \$14,000 on top of that, your total water sales were \$462,000 for that particular year. Then you would have to offset that by whatever adjustment you had to the water billing."*

Commissioner Cooke queried **City Administrator Findell** about why the volume had gone down.

City Administrator Don Findell answered, *"It's a hard question to answer specifically. It could be that other sales, the other usage (he named them) has gone down but specifically, as it relates to the actual amount of water that was sold this year – we've sold as of June, almost \$329,000, okay? I had projected we would sell \$445,000 by the end of the year. I think we'll probably sell just slightly less than that but it'll be somewhere in that neighborhood. But we've had \$13,000 in late fees already."* He calculated that the total was actually approximately \$342,000.

Mayor Duffy asked, *"How much of an impact will the vacant houses in Lake Helen impact water sales?"*

City Administrator Findell indicated that they will have an impact on water usage but won't have any impact on the base rate.

Commissioner Benton added that there had been a change in the structure of how the city was calculating water usage so that water usage had come down since then.

City Administrator Don Findell explained that the rates are indexed to move with the change in the C.I.P. each year as well, *“So if the C.I.P. went down, your rates should go down accordingly. If the change is a positive change, the rates go up accordingly. So that kind of ties in with what Lou (Benton) was saying – what's the C.I.P. change, what's the cost of living increase given for the federal government, the state government, and whatever. It's the same principal.”*

Commissioner Benton noted that the answer was “2.3” but Findell didn't believe that was correct for this year.

Commissioner Lou Benton asked if Wendie (Levings) and Ricky's (Mullen) pay was coming out of the projected amount.

City Administrator Findell indicated that fifty percent (50%) of Wendie's (Levings) pay would come out of it, and one hundred percent (100%) of Ricky's (Mullen) pay would come out of it plus fifty percent (50%) of Sharon Hull's pay would come out of it.

Mayor Duffy asked why 50% of Wendie's pay was coming out of it.

City Administrator Findell stated, *“Historically, that's the way it has been done. I think I actually reduced it in one budget year. Maybe Commissioner Robbins knows, I think the justification for it is that's the water department's contribution, in kind, to the general fund. A better, and perhaps different way of explaining this is that in many other communities, the water department revenues that are generated are used to support the general fund, just as any other utility revenue is used to support the general fund. In other words, the electric utility supports the general fund, whether they are private or public. The gas utility supports the general fund, whether they are private or public and it is not atypical to see that occur in Lake Helen either. Rather than supporting the general fund in a specific amount like \$50,000, \$100,000, or \$2,000, the city has historically assigned a portion of an individual's salary or wage to that budget.”*

Commissioner Benton asked what Wendie (Levings) had to do with the water department.

City Administrator Don Findell indicated it had little to do with what the actual individual had to do with it. He added, *“It has more to do with simply a supporting dollar amount that goes from the water utility fund to the general fund. The finance department is supported 50% by the water utility – half of Cheryl's salary is paid from the water budget, as well.”*

Mayor Duffy asked, *“Who is Sharon Hull paid by?”*

City Administrator Findell answered, *“Half and half,”* and agreed with **Mayor Duffy** that half of Sharon's salary was paid by the water utility.

He then asked **Commissioner Robbins** if she remembered that Wendie Levings had, at one point, been paid 100% of her salary through the water department.

Commissioner Robbins said that she believed that was true when Wendie (Levings) was working at the front desk.

City Administrator Don Findell recalled that he reduced the amount to fifty percent (50%) at that time.

Commissioner Ann Robbins added, *“But typically, years gone by, it was split because the general fund couldn't fund it all. That's why the split occurred.”*

City Administrator Findell added, *“Here's the problem that you have – if you decide that you don't want an individual to be paid out of the water utility fund, then you're going to shift the burden to the general fund. If you have a projected deficit for instance, in the general fund, then it's going to increase the deficit by the amount you shift out of the water fund to the general fund. So, you have to think about where you want to go with that and what the ramification is but I can tell you categorically that many, if not most cities, use their utilities to support the general fund.”*

Commissioner Robbins concurred with **City Administrator Don Findell** citing her personal knowledge of the practice through acquaintances.

City Administrator Findell said, *“That's one of the reasons why cities manage utilities – just like private enterprises manage utilities. It makes money.”* He concluded, *“Sewer, historically, does not make money – water does, electricity does, and gas does.”*

Commissioner Benton indicated that people living in cities with sewers, their bills show an amount for sewers are three (3) times higher than the water portion of the bill.

City Administrator Don Findell commented, *“In the old days, sewage made money just like water did so it was a profitable utility but the cost of managing and treating sewage has increased exponentially over the last twenty (20) years and a lot of times the water department will subsidize the sewage department.”*

Mayor Duffy asked, *“The fees and revenues we take in for licensing, permits, review fees – would that cover a portion of Wendie's (salary)?”*

City Administrator Findell responded, *“It would cover a portion of the other half of her salary, yes.”*

Mayor Duffy clarified, *“No. I'm talking about instead of the utility fund.”*

City Administrator Don Findell answered, *"It would but again, what I'm saying is, if you say, okay we no longer want to support that position, half of that position, out of the water utility budget, then we're going to support all of that position out of the general fund budget. Right now half of the position is supported, so if you support all of it and let's say it costs you \$20,000 more with salary and benefits, or \$25,000 or whatever it is, then that's going to increase, in this particular year, your projected deficit. It's not going to help you. It's going to hurt you to do that."*

Commissioner Benton concurred and stressed that building permits were not going to cover Wendie's (Levings) pay.

Commissioner Robbins added, *"Nor the occupational licenses, either."*

Mayor Duffy asked if anyone had any other questions to ask or comments to make.

City Administrator Findell asked, *"Is there any direction that the commission would like to give me as it relates to budget or would the commission like to schedule another meeting before the thirty-first (31st), before they make whatever final decision that they are going to make?"*

Commissioner Benton, once again, stressed that spending needed to be cut back. *"Any way we can save money is what we've got to do."* He reiterated his stance on getting bids before purchasing merchandise. He stressed that it needed to be done by all departments.

Mayor Duffy indicated that she felt that it could be done.

Commissioner Robbins said, *"I think Don remembers every year, around the first part of August, I used to say, 'would you please ask everybody, that unless it's a dire emergency, not to buy anything until the end of the year,' because you wanted to make sure, for accounting purposes, that you had everything booked, and only service-type items, like your electric bill, and things like gas, and stuff like that you had to have, but for actual, physical things that you could put your hand on – that if you knew you were going to need some copy paper, don't buy the one hundred (100) reams that you would normally buy, just buy what was needed to get by through the end of the fiscal year. That way your accounts payable at the end of the year – because you're going to have to do this whole great big entry to book it all and then you have to reverse it because you have to put it in the actual physical year that it belongs in. I'm sure Cheryl's going to say at the end of the year, thank you for telling me that because it's a real nightmare to have to book it all and you have to reverse it and put it in the actual year that it goes in."*

Mayor Duffy said that she would inform all of the departments at a staff meeting within the week.

A short discussion took place about which grants were being closed out and which ones were still open.

Commissioner Ann Robbins made the comment that having Jeannie come back to close out the grants was an added expense to the city that hadn't been budgeted.

Mayor Duffy concurred and noted that Keith was holding up the process because he had not done his reports. She added, *"He promised her he would have it together tomorrow, so we'll see. They are reports that she cannot do herself. It's something that Keith has got to do."*

Commissioner Alan Cooke suggested, instead of having another meeting before the 31st, that on the 31st, they could have a short meeting to get answers before finalizing the matter. **City Administrator Don Findell** concurred and said that he would also be happy to receive phone calls with the questions.

Commissioner Cooke added that he really felt the commission didn't need another meeting before making their decision on the 31st.

Mayor Duffy stated, *"We have a 4.2 millage rate that was approved. You brought up the 4.7 millage rate. Is anyone wishing to bring that up for a vote?"*

She was reminded that they all were in a workshop where voting was not allowed. She concurred.

Mr. Ralph Kelley called out from the audience that he wanted to speak concerning comments the commission had made earlier.

He said that if there is an employee that is costing the taxpayer money (ultimately) by not coming in front of the commission, something should be done about it. *"It's not fair to all of us taxpayers. Thank you."*

Commissioner Ann Robbins noted that during the previous week, **Commissioner Benton** had made a comment about an article he had seen in the paper or something he had seen on TV and she wanted him to know that she had the article which came from the Orlando Sentinel. *"It was Leesburg. City lays off nine (9), reassigns four (4), and eliminates jobs."* She then read part of the the article aloud stressing the part about how they replaced their retirement plan with a 401K.

Mayor Duffy commented, *"To go off the Florida Health Care Plan or whatever plan you're on at the moment and go into a 401K is death."* She explained that her daughter-in-law lost a tremendous amount of money because of her 401K and added, *"There's no way of getting it back."*

Mayor Duffy concluded, *“For a community this size, and the few employees we have, even the documents that **Commissioner Robbins** gave us on different cities, and the smaller cities that were listed, if you check the number of employees they had, we don't even come close.”*

Commissioner Robbins disagreed and said, *“Quite a few of them were close.”*

Mayor Duffy disagreed with **Commissioner Robbins**.

Commissioner Buddy Snowden said, *“We've been here for two (2) hours and fifteen (15) minutes and we've asked about a total of sixty (60) questions. The only one that has had an answer in this whole session is our city administrator. I'd like all of you to make note of that.”*

Mayor Duffy said, *“We're adjourned.”*

The Workshop Meeting of the City Commission of the City of Lake Helen, Florida was adjourned by **Mayor Duffy** at approximately 9:15 p.m.