

COMMISSION WORKSHOP

□ □ □ □ □ □ □ □ □ □ □ □ □ □

Mayor Nugent called the Budget Workshop to order. Present were Commissioner Carolyn Spooner, Commissioner Travis Woods, Commissioner Tommy Chastain, Police Chief Jeff Johnson, City Manager Tom Ernharth, Fire Chief Tom Rowe, Deputy Clerk Brenda Wiggins. Commissioner Wilbur Waters and City Clerk Ricky Thompson were absent.

Mayor Nugent turned the workshop over to City Manager Ernharth.

Mr. Ernharth provided the initial draft of the combined fiscal year 2017 budget. As a result of the meeting held on June 20, 2016 the following changes were made to the general fund budget.

Updated the actual revenues and expenses to June 2016.

Provided numbers to the side showing a 3% increase that would add \$51,628 additional expenses; a 2% increase that would add \$34,418; and 1% would increase \$17,209. Whichever way the commission decides to go he will incorporate the numbers into the budget.

He informed the board that the Clerk has offered the Finance Director/Senior Accountant position to a candidate at \$68,000.

Deputy Clerk informed the board that the Clerk placed on the Commission Meeting Agenda to request to increase the top end of the salary. This will allow for pay increases in the future.

Mayor Nugent asked which position this was?

Deputy Clerk responded the position which Mr. Thiemann held.

Mayor Nugent stated that was a part-time position.

Deputy Clerk responded this person will be replacing Ms. McMillian upon her retirement. She will train him until she leaved next September year.

Mr. Ernharth explained to pay for the new position the clerk is taking the \$44,000 salary for the part time position and the \$17,000 salary of Mrs. Dampier who is retiring at the end of August. Combining them making around \$61,000 and we will need to add a little to the budget to cover the salary of \$68,000.

Mayor Nugent ask who came up with the salary for the position?

Mr. Ernharth suggested discussing it in the regular meeting when the topic is brought up for discussion.

Commissioner Chastain mentioned Commissioner Waters had ask for information on a \$1.00 across the board for the employees. The calculations showed \$240,000 based on that it shows around an 8 – 8 1/2 percent increase.

Commissioner Chastain stated he knows the city cannot do the \$1.00 but could we do .50 cents? The cost would be \$112,000, which is a fair way to give a raise instead of a percentage. The percentage give higher paid employees a bigger pay increase compared to the employees at the low end and that is who we are trying to bring up.

Commissioner Woods added he is in agree to give what we can give but if we start giving more than we take in we will need to increase our taxes and utility rates.

Mr. Ernharth pointed out next year we will be losing several of the higher paid employees and in 2019 the bond will be paid.

The local option 1% reflects the state estimate of \$589,279.

Increased Zoning Fees from \$5,000 to \$10,000

Local Government Half Cent Sales Tax \$294,062

Municipal Revenue Sharing state estimate \$136,753

Included the \$70,000 Fire Grant for the fire truck.

\$200,000 grant to demolish the Badcock building, which will be applied for in March.

\$455,264 contribution to USFR.

The transfer from the enterprise to the general fund is budgeted for \$455,000 but depending what happens with the salaries this number could increase.

The recyclable revenue was set at \$500 for the year.

For expenses he placed \$200,000 for the Badcock building demolition which will be covered by the grant discussed earlier.

He placed the expense of \$1,500 to cover the 311 service to the Code Enforcement budget for a total of \$15,500.

Mayor Nugent ask if this is really necessary with the new phone system. When you call in you can push the number for code enforcement. It is a waste of money.

Commissioner Chastain responded it is not a waste if someone doesn't want to waste time dealing with them and call code enforcement direct.

Mayor Nugent stated it is direct when you call and push the code enforcement extension.

Commissioner Chastain referenced Contract Labor on page 14, why did it increase?

Mr. Ernharth responded it includes Stewart in the maintenance yard, which last year it didn't.

Page 15; Under Police, Legal and Professional fees there was \$10,000 placed in the budget. As of June in the 2016 year we are at \$24,260. He ask if the \$10,000 is still a good number?

Chief Johnson elaborated there are a couple of cases which is the driving force this year.

Deputy Clerk added the deductible \$25,000 has to be paid.

Mr. Ernharth provided information on the \$45,000 the Police budget will be paying back to the General Fund referencing the USDA Grant.

The Police Department is transferring a 2008 Chevrolet to the Meter Department \$5,373; a GMC to the Garage \$5,690; 2008 Ford Explorer if Public Works \$5,689 for a total of \$16,752; along with a reduction in the gas, oil and vehicle maintenance of \$25,000 leaves \$41,752; and a remaining balance of \$3,248.

Chief Johnson also added there will be vehicles that will be auctioned off and are not included in these figures.

Mr. Ernharth added the funds from the vehicle transferred will be transferred to the general fund from the enterprise fund.

Commissioner Spooner ask how do you get the cash back into the General Fund.

Mr. Ernharth responded with in the enterprise fund there will be a transfer to put the money back. The selling of the vehicles at auction those funds will go back into the general fund.

Mr. Ernharth proceeded with the Fire Department. He included \$2,500 for the recurring cost for the radio maintenance.

Increased from \$2,500 to \$6,000 for uniforms and increased from \$12,000 to \$60,000 to cover the purchase of air packs that the warranty is fixing to expire. There is also the capital outlay for \$70,000 for the fire truck.

Under parks and recreation added \$44,000 for the land acquisition for parking and security cameras at Edwards Road Facility.

The way it stand now the total revenue \$3,911,091 expenses \$3,900,259; we are still in the red, but the salary increase will change those figures.

Transportation Trust revenues are set at \$224,291 and the salary increase of 3% would add \$3,930; 2% would be \$2,620 and 1% would be \$1,310.

This is everything from the General Fund side of the budget.

For the Enterprise Fund the current revenues and expenses have been updated to June.

Under Electric FMPA anticipates the city will not have an increase in their electric consumption in 2017. Mr. Ernharth did increase consumption in commercial due to Beef O'Bradys first full year, the new Burger King coming, Dunkin Donut and Dollar Tree.

For the public street and highway lights is \$47,000 to stay consistent with previous years.

This makes the total revenue \$8,855,300.

Mr. Ernharth proceeded to the Water Budget and provided some options for rate increases in 2017. In 2013 Resolution 2013 - 10 allowed increases for the base and variable rates over three years; 2016 was the last year. He provided in a memo he provided a breakdown if this resolution continues for another year. It would bring a .50 cent increase in the base rate and a 5% increase in variable rate. With the majority of residential customers having the 1" pipe and are under 10,000 gallons water consumption; a family of four the monthly increase would go from \$18.75 to \$19.51.

The commercial customers a majority; 327 out of 685 have the 1" meter and are in the 10,000 gallons rate they would see an increase, based on 5,000 from \$19.75 to \$20.86.

The question being does the commission want to stay with this rate increase or hold off? Rural Water did come through; they didn't say we had to do a rate increase in water rates; it's up to the commission.

Commissioner Spooner added if they had an increase last year leave them alone this year.

Mayor Nugent stated he agreed.

Commissioner Chastain added he is for the 5% increase and place it on the variable rate. If the customer is conservative the customer will not realize anything. If you are consuming a lot more water you would have to pay.

Commissioner Woods referenced back in 2013 we needed to bring our rates up to par. So if we don't do an increase what affects will that have?

Mr. Ernharth suggesting holding off on the water discussion and to talk about the sewer since that is where we are in need of funding. Rural Water did come in and tell us we needed to increase our sewer rates at least by 25% in order to cover your future cost.

We looked at a 5% increase as in every year but to get to that 25% mark we would need to do an 8 1/2% increase over the next three years. He thought with the

impact on the sewer rates he thought to rethink what was done to the water rate this year.

Commissioner Woods wanted to make sure there would be no issues with water.

Mr. Ernharth responded Florida Rural Water made no recommendation to increase water.

Commissioner Chastain referenced the summary of the enterprise budget there is a \$58,000 profit for water; does that number reflect a rate increase?

Mr. Ernharth responded yes the 5%.

Commissioner Chastain added when you remove the 5% that \$58,000 will be gone and end up with a negative number.

Mr. Ernharth added it will depend what is done with the projects in the water department. There is one project that is \$195,000.

Commissioner Chastain added that has not been voted on yet.

Mr. Ernharth proceeded with the sewer budget. The majorities of the residential customers utilize a 1" meter and are within the 0 to 10,000 gallon rate. Typical residential customer using 5,000 gallons of water would see their monthly bill increase from \$36.60 to either \$38.45 to \$38.68.

Commercial users within the city utilize a 1" meter and are within the 0 to 10,000 gallon rate using 5,000 gallons of water their bill would increase from \$38.70 to either \$41.65 or \$41.98.

He elaborated with the consent order and the infrastructure needs Rural Water took all those factors when coming up with the recommended rate increase.

Commissioner Chastain ask if a public hearing is needed for the rate increase.

Mr. Ernharth turned to Deputy Clerk for that answer. She responded when the discussion was brought up before; the 5% annual increase is included in the budget and the Clerk makes the statement within the budget hearing that the budget includes an increase in the rates and figures in the budget. There was that resolution for the three years but since I've been here there has not been a public hearing on rate increases for water and sewer but will need to look into it, but a major increase would require a public hearing.

Commissioner Chastain suggested using the 8 1/2% for a one year increase and we will see what next year brings.

Mr. Ernharth asked if it was for both the base and variable rates?

The current gas rates could be increased as we have \$516,000 in proposed revenues and \$484,918 in expenses; especially to comply with the PSC recommendation to add a third employee to the department.

Not this year but next year he is going to look at increasing gas rates.

Mr. Ernharth referenced the discussion of three additional employees; one in gas, one in public works, and one in the sewer department for a cost to the enterprise fund of \$118,000.

None of this is figured into the budget as of yet.

Commissioner Chastain asked if there was any plan to give the performance bonus that is given out at the holidays?

Mr. Ernharth responded he was not sure. In the past they used recycled or scrap funds. He did not plan it in the budget.

Commissioner Chastain stated it should be reflected in the budget even if you end up not doing it. Also the evaluations will need to be done at the same time.

Mr. Ernharth will get with Ms. McMillian.

Mr. Ernharth added an error was found in the first figure that was provided and has lowered the working capital to \$500,000.

He has not changed any numbers for engineering; we have discussed looking into a part-time engineer.

He has increased the overtime line for the meter readers to \$15,000.

Electric capital outlay he reduced due to the funds because the tractor that was budgeted this year was purchased this year.

Water infrastructure improvements; this is to increase the existing water mains in the Southgate area to 6" would be \$195,000.

There is \$165,000 in the infrastructure account. We looked at an option to take 4 years to pay it back to build the account back up.

Commissioner Chastain asked if this infrastructure is for new customers?

Mr. Ernharth responded they are existing customers.

Commissioner Chastain stated without having new customers there is no additional revenues to cover the expense of \$200,000; does not sound like a good investment.

Mayor Nugent added it is like the Bessent Road there are no hydrants and we need something in place.

Commissioner Chastain Bessent Road was designed to go out to the County Club and it wasn't to the tune of \$200,000.

Commissioner Spooner asked if the people out there would be new water customers?

Mr. Ernharth responded they are current city water customers currently. The 2" line makes the pressure low and there are no hydrants for fire protection.

This is not the only place in the city that doesn't have hydrants.

Commissioner Spooner asked if the project out in Commissioner Woods area was to provide water or just hydrants?

Mr. Ernharth responded to supply water to new customers and hydrants. The customers had to pay.

Commissioner Woods added the customer had to pay for the water lines and the city paid for the fire hydrants and there were three.

Commissioner Spooner stated be careful...if one has to pay everyone should have to....be careful.

Mr. Ernharth proceeded with Water Capital Outlay includes a larger dump truck, back hoe and a GIS System and software making \$100,000 added to the budget. The sewer sludge disposal is budgeted at \$80,000 based on what was spent but will depend on what direction is taken with the BCR System.

Mr. Ernharth reported he increased sewer utilities to \$215,000 to account for the additional electrical demand for the digester. He didn't touch the BCR accounts.

He placed \$100,000 in Capital Outlay for pump station upgrades. Also had mentioned a truck to haul sludge to the spray field but the leasee ask if there would be any way to transfer the sludge in liquid form and spray it. He doesn't want the truck coming out and pack down the ground. There are options being talked about.

He removed the \$15,000 from the Gas Capital Outlay due to the purchase of the truck took place this year, which was in the 2016 budget.

He included \$4,000 for cameras in the purchasing yard and Edwards Road.

Total revenues \$12,665,286 and expenses are \$12,276,410 for a difference of \$388,876.

Mr. Ernharth also provided a financial packet from the meeting with the employees on August 9th and the discussion held about the holiday pay; if we wanted to recalculate the 40 hour work week so if they get called out on Christmas day they get overtime instead of straight time and the on call status going to two people instead of one. These financial impacts are not included and will need direction from the commission if you want that incorporated into the budget.

Commissioner Chastain suggested discussing these items with the new finance director who is a CPA. He also suggested having the part time engineer come and talk to us.

City Commission Meeting
August 16, 2016
8 of 8

The first budget hearing is scheduled for September 6, 2016 at 7 PM

If there is nothing more to discuss Mayor Nugent closed the workshop .

Daniel Nugent, Mayor
Commissioner Tommy Chastain
Commissioner Carolyn B. Spooner
Commissioner Wilbur L. Waters
Commissioner Travis V. Woods

Attest: _____
Ricky Thompson, City Clerk