

Minutes of City Council Workshop
Monday, August 4, 2008 – 4:00 p.m.
City Council Conference Room – Budget Workshop

The Budget workshop was called to order at 4:00 p.m. by Mayor Sharp. The following Council members were in attendance:

Lee Buck
Penny Christian
Steve Hartkemeyer
Pete Mittleman
Tom Taylor (*arrived 5 pm*)
Mayor Sharp

Also present were City Manager George Forbes, Assistant City Manager Roy Paxson, City Clerk Heidi Reagan, Finance Officer Harry Royal, Budget Officer Patricia Roberts, Planning and Development Director Steve Lindorff and Human Resources Director Sue Taylor.

Council member Rick Knight was absent.

Introduction

Mr. Forbes stated that the millage rate that Jacksonville Beach residents will pay is 3.6940 which is less than the rolled-back rate of 3.8019.

The City's proposed budget of \$174,637,091 is 2.3% less than the current year's budget. Mr. Forbes pointed out that 52% of the proposed budget is for energy costs. The General Fund budget is \$18,649,116 which is 4.4% less than last year's. Mr. Forbes explained that only 21% the resident's property taxes are for the City of Jacksonville Beach. Mr. Forbes also explained that with the uncertainty of future legislation, this budget proposes the elimination of 11 full-time positions and the addition of 2 part-time positions.

Financial Condition

Mr. Forbes reviewed the list of major circumstances that could have a significant impact on the City's financial condition. He pointed out that the federal and state Total Maximum Daily Load (TMDL) requirements remain a high dollar concern. In order to comply with these regulations our Waste Treatment Plant must be upgraded at an estimated cost of \$20 million.

Mr. Forbes stated that the City is in good financial condition now, but warned that we must be diligent to watch the financial indicators and warnings for the future to maintain financial health. He explained that factors like increasing health insurance costs, increasing construction and materials costs, natural gas and fuel prices, Bert Harris lawsuits and the upgrades for the waste treatment plant are all continually placing pressure on an already tight budget.

Executive and Legislative

Mr. Forbes reviewed the mission and organization of the executive and legislative department. This department is comprised of five areas - City Council and City Attorney, City Manager, City Clerk, and Non-departmental which includes expenses that are not attributable to any specific department. He noted that there will be two positions eliminated through attrition in the first half of FY09 – the position of Assistant City Manager and a Senior Secretary in the City Clerk's department.

Ms. Reagan reviewed the goals for the City Clerk department. She then reviewed the chart on the employee pension funds and noted that the funding level has begun to recover after a 3 year decline. She explained that the stock market hit a 75 year low in 2001 and that the stock market had poor investment performance in 2001 and 2002. Currently the funds have maintained their value as the trustees have ensured that the plans investments are well diversified in domestic and foreign stocks and bonds.

Mr. Forbes reviewed the goals and performance measures for the City Manager's office. He also reviewed the Executive & Legislative uses of funds chart, pointing out there is an overall reduction of \$156,333 in the budget. Under Special Events Mr. Forbes stated that the Beaches Fine Arts Series paid for the symphony performance. They will pay \$18,000 to the symphony this fiscal year.

Under capital projects Mr. Forbes stated that we have budgeted \$65,000 for the school sidewalks project and \$50,000 for the alignment of Jacksonville Drive. There will also be a transfer of \$1,045,393 to the debt service fund for a \$10 million bond issue for capital projects such as the waste treatment plant.

The overall Executive and Legislative budget is down 8.3% due to the elimination of 2 positions and a reduction in CDBG funding.

Under budget issues, Mr. Forbes stated that the challenges facing the City this year are the reduction in property taxes as a result of the passage of Amendment One, economic and wage pressures, legal costs to defend Bert Harris lawsuits, sewer plant upgrades to meet TMDL requirements, power costs and ongoing facility maintenance.

Planning & Development

The Planning and Development budget is down 79.2%. Although the budget shows a dramatic change now, it will change during the year once redevelopment construction costs are known for projects such as the downtown A1A project. Planning & Development Director Steve Lindorff pointed out that they have a Senior Secretary position that has been vacant for a year now. He indicated they will not fill that position. In reviewing the department's accomplishments over the year Mr. Lindorff stated that the City's portion of the Penman Road re-alignment project has been completed. Other accomplishments include the visioning process for the North Penman Road enhancements, the traffic safety study for the relocation of the light from 36th Ave., S. to 37th Ave., S, the South 9th Street reconstruction project design is near completion and funding sources will be researched soon.

Mr. Lindorff stated that one of the department's goals is to maintain the current standard of distributing development plans to reviewing departments within 2 days and continue to complete the initial review of all site plan applications within 10 working days of receipt. Under budget issues, Mr. Lindorff discussed the two transportation improvement projects that are currently in the final design phases, they are – the downtown A1A project, (Avalon) infrastructure installation and the South 9th Street project. Mr. Forbes stated that the plans for the South 9th Street project are due to be completed by the end of 2008 and funding sources could be obtained 2009.

Under 'Authorized Positions' Mr. Forbes pointed out that a Code Inspector position will be eliminated in FY2009 through attrition.

Under the Community Redevelopment Program, Mr. Forbes reviewed the recent accomplishments in both the Downtown and South Beach Redevelopment areas. Highlights of the accomplishments are: the preparation of the Vision Plan for the downtown area and the completion of the Community Center and Exhibition Hall in South Beach Park.

Mr. Lindorff reviewed the goals for the Redevelopment Program. Goals for FY 2009 include maintenance, repairs and modifications to existing signs in the downtown area, completion of the final phases of South Beach Park, including the possibility of a skate park; completion of the South Beach sidewalk system and begin detailed engineering on the projects identified in the South Beach Infrastructure Study. Mr. Lindorff reminded the Council that the redevelopment district expires in 2016.

Human Resources

Mr. Forbes reviewed the department's objectives and accomplishments. Human Resource Director, Sue Taylor reviewed the department's goals. She stated that primary goals are to stabilize premium increases in both the business policies and employee personal insurances. Ms. Taylor stated that our medical claims experience continues to get worse. In an effort to reverse this trend, another goal for FY 2009 is to research and implement more wellness initiatives to improve overall health. She reviewed the insurance & risk management budget and stated that our Workers' Comp experience has improved over last year. Under Labor Relations Ms. Taylor stated that all three labor contracts will be open for wages, the LIUNA (laborers) contract will be open in its entirety. The Risk Management budget is down slightly over 2% this year. Health insurance rates were set to increase by 29% this year, but through plan benefit changes the premium increase was reduced to 9.5%. Ms. Taylor stated that the limit for health care reimbursement accounts was increased to \$2,500 to help offset the higher deductibles.

Finance

Mr. Forbes began by explaining that the Finance Department is comprised of four divisions – Accounting, Utility Billing, Information Systems and Purchasing and Procurement. He explained that although the number of authorized positions in the department is down by two, one position (a buyer) is a transfer to Beaches Energy Services. The Finance Officer, Harry Royal reviewed the objectives and accomplishments for the Finance Department. He pointed out that Finance continues to receive the Government Finance Officers Association Awards for both the Comprehensive Annual

Financial Report and the Annual Budget. Only 3,300 cities nationwide out of 36,000 cities receive this award.

Under Utility Billing, Mr. Royal stated that the City will hire an energy conservation expert in Utility Billing. Glenda Wagner, Utility Billing Supervisor stated that they currently mail out 50 customer service surveys monthly and have a 20% response. She stated that the staff responds by phone call or letter to any questions or concerns that are raised on the returned surveys.

Mr. Royal reviewed the performance measures for Information Systems and Purchasing and Procurement.

Adjustments to the Budget

Mr. Forbes passed out a handout covering adjustments to the proposed budget. The adjustments are:

1. Add \$166,188 in intergovernmental revenue to the Community Development Block Grant (CDBG). This revenue is the expected amount of grant proceeds that will cover the costs of CDBG-funded programs: CAPE, Carver Center and Utility Assistance.
2. Add \$40,000 in intergovernmental revenue to the Justice Assistance Grant Fund (JAG). This revenue is the expected amount of grant proceeds that will partially cover the costs of the Community Response Team.
3. Eliminate from the Electric Fund \$166,345 in estimated revenue from the Department of Transportation for streetlight maintenance. Add \$99,792 in revenue to the General Fund for contracted DOT streetlight Maintenance. Add \$92,792 in expenditures to the General Fund's unanticipated expenditure account. This revision moves the revenue to the correct fund and adjusts the budgeted amount to agree to the amount in the signed contract dated July 18, 2008.

Mr. Forbes stated that these changes will be included in the proposed budget that will be considered in public hearings.

The meeting adjourned at 5:22 p.m.

Submitted by: Heidi Reagan, City Clerk

Approved:

/s/ Fland O. Sharp
Fland Sharp, Mayor

Date: August 18, 2008