

A budget workshop meeting of the City Commission was held on July 17, 2012 at 5:00 p.m. in the Commission Chamber at the Municipal Administration Building. The meeting was called to order by Mayor Michael S. Carter.

COMMISSIONERS PRESENT: Christopher Lutton; Betty Wojcik; Mayor Michael S. Carter;

COMMISSIONERS ABSENT: Jonathan Thornhill; Terrye Y. Howell arrived at 4:35

CITY REPRESENTATIVES PRESENT: Terry Leary, City Manager; Clara VanBlargan, City Clerk, Jacquie Hawkins, Deputy City Clerk

[Meetings are recorded but not transcribed verbatim]

Agenda Item 2. Part 1 – General Fund Budget Topic Discussions:

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

We will begin our review of the proposed General Fund Budget for FY 2012-2013. Tonight we will discuss the following budgets that are contained in your budget workshop book provided to you on July 3, 2012.

Finance Director Dorothy Pendergrass reviewed Agenda Item 2.

GENERAL COMMENTS

Mayor Carter:

- Mayor Carter said he understood that the departments were supposed to submit budgets that were equal to or less than their last year's budget and yet half of the 32 departments turned in budgets that were greater, totaling about \$195,100 more than last year's budget. He said the directors need to go back to the drawing board and submit a budget equal to or less than that of last year.

Ms. Pendergrass explained that the directors received the figures from the last four years of expenditures and were asked to take the average of the last four years, minus 10%, but only for the operating expenses they have control over. Such things as IT and Fleet Maintenance contracts were taken out because they have no control over them and she explained further.

- Mayor Carter said there was no consistency in the amount budgeted in the General Employee Pension Fund which increased in some departments 1% and in others as much as 60%, an increase of \$243,437.

Ms. Pendergrass explained that the increase was for the actuarial report that was prepared. She said the city's contribution went from 5.7% to 10.6% and they are required to pay it. Commissioner Lutton asked if there was a year that the city did not meet that requirement and Ms. Pendergrass said there wasn't.

Ms. Pendergrass explained that the following could be reasons for the varying differences between departments:

- A change in the number of employees in a department
- The number of employees in the DROP program because they no longer contribute to the pension plan (and neither does the city) yet their salaries are in the budget.

- Mayor Carter said he realized that the \$100,000 increase in the budget for health insurance was just a 10% estimate to be on the safe side, but he thought estimate was on the high side.
- Mayor Carter said he would not vote for employee furloughs because he thought there were many areas in the budget yet to be finished.

Commissioner Wojcik asked if the downward changes on the police and fire pension plans were reflected in the budget and Ms. Pendergrass said they were and she pointed out where that was recorded in the budget.

City Manager Terry Leary pointed out that there were no salary increases in the budget this year and there will be no raises in the coming year. Referring to the pension budget she said she and Ms. Pendergrass were trying to contact the consultant but they felt the best thing to do was get through this budget and then concentrate on meeting with the consultant. Hopefully they will have a different picture after that meeting.

Commissioner Wojcik said that in some cases maintenance and repair expenses may go up due to a mandated project, which they have no control over. Ms. Pendergrass said that could be one reason for operating expenses going up. She gave another example where there is an increase of \$52,500 due to a partnership with Polk County for a project that will be completed next year. Commissioner Wojcik said they need to determine which departments are over budgeted and ask those directors why the cost is more this year than last year.

Ms. Pendergrass distributed a summary sheet of the current and prior years' operating expenses.

POLICE DEPARTMENT BUDGET

Police Chief Chris Velasquez summarized his budget with the following comments:

- The department has improved its effectiveness, efficiency, public support and morale, and reduced costs where possible, while reducing crime by 11.8% last year. Compared to the first six months of last year's statistics, the police department already reduced crime 36-46% the first six months this year. They accomplished this by working hard, working smart and having what they needed to do the job.
- Police Chief Chris Velasquez reduced part-time salaries by over \$17,000; froze two positions and reduced personnel costs by \$116,000; reduced fuel usage by around \$6,000; auctioned off vehicles and unused equipment; and his total budget was reduced \$7,711 over last year's.
- Expenditures are moving targets and he has to stay on top of it constantly. He reduced overtime where he could and explained why overtime could not be reduced for certain jobs such as detective work that contributes to reduction in crime and comes in constantly.
- The Chief explained that certain parts of the budget were what he calls discretionary because those can be changed, but he has no control over many parts of the budget. He explained why.
- Two contracts that increased that he does not have control over are: the communications contract; and the juvenile assessment center contract which is based on the number of juvenile offenders we send there, is a critical part of the city's safety, and has been very effective for a number of years.
- Chief Velasquez said that police cars are essentially the officer's offices. They have everything they need to operate efficiently and quickly, and are on-call the moment they enter them. They therefore need to have reliable vehicles.

Mayor Carter said it would be helpful if the Commission was given more information so they know what items are within the director's control and what items are not because the numbers given to the Commission are misleading.

Six Leased Vehicles

Mayor Carter said it gives a mixed message to city employees when they are told that they may have to take 80 hours of unpaid furloughs, the equivalent of two weeks out of their paycheck, and yet the police department is leasing six new cars. He said every day there seems to be more bad news in the media and he is concerned with a lease obligation. We have no control over the economy, which may get even worse, and the City may not have the funds next year to meet its debt obligation. He believes in a pay-as-you-go system and if we don't have the money to buy the cars, we should do without them.

Chief Velasquez said he is doing everything he can to stay within the budget and be part of the solution and not the problem but he also is committed to keeping Lake Wales safe. He said the new unmarked Chevy Impalas will be used by detectives, will save on gas as they are more fuel efficient and on maintenance costs, plus they will be more dependable. He said he does not think the benefit of waiting another year outweighs the cost and he will not gamble with safety. The ones now being used were old patrol cars that were stripped and repainted. They need to be replaced for the safety of those driving them.

Purchase Vs Lease:

There was a discussion about saving the money ahead of time to purchase the cars instead of adding more debt by leasing them.

Chief Velasquez said the bottom line is money to do so. The right thing to do would be to put money into an account every year so they don't have to lease, but the economy has not permitted them to do that, even though they did not purchase any cars last year. He said he saved \$128,000 from personnel fuel and maintenance that could be used to purchase the vehicles instead of leasing them but then, if a significant event should occur, the City would have less of a cushion to fall back on. He would rather keep that cushion and lease the cars at this time. He said the \$6,000 reduction in his operating budget this year would not be enough for servicing the old vehicles.

Chief Velasquez explained the rotation of vehicle purchases, replacing several each year, and salvaging any equipment such as radios that can be used in the new cars. But the fact is they have not had the money to do that. Commissioner Wojcik said that while we are saving the money to purchase the cars, the police would not have dependable vehicles to drive.

Commissioner Lutton said that "paying-as-you-go" only works if you have gobs of money to use. Whether we lease or buy, we are spending tax payer's money. Leasing is a way to make our cash-flow better now because we don't have the \$120,000 to pay in cash.

Commissioner Wojcik pointed out that when you pay cash for a car, you are basically paying five to seven years in advance. Right now we can't afford a 'pre-payment'. Leasing allows us to pay one year's worth of the operating cost each year. At the end of the term we then can determine if the car is in good enough shape to purchase, or if we should rotate it out. She said she didn't think it was smart to pay next year's car expense this year. Mayor Carter asked what if we don't have the money next year, or the year after that. Commissioner Lutton said that in 2016 some of our capital debt will be released that can be used toward operating expenses. Commissioner Wojcik said there is always the emergency sinking fund.

Commissioner Wojcik asked what the difference would be between purchasing and leasing the six cars. She was told it would cost an estimated \$120,000 to purchase and \$135,000 over five years to lease, a difference of \$15,000. (The specific least terms and costs were not available during the meeting.)

Pool Car Vs Take Home Car

Mayor Carter said one solution would be using pool cars rather than take-home cars which would save \$120,000, enough to buy six new patrol cars every year and never having to lease or go into debt again.

Commissioner Howell made the following comments:

- Commissioner Howell said the police officers who live outside of Lake Wales should not take patrol cars home. Right now it is 15 miles or more outside the city.

Chief Velasquez said that in an emergency, if the police car is at their home, on-call officers can go immediately to the scene without having to drive first to the police station to get their car and are on the job as soon as they climb into that vehicle.

Mayor Carter said he saw no benefit to the citizens of Lake Wales in having a police car parked outside the city limits, and especially outside the county. He said according to a report he obtained, an additional 57,000 miles is added to the budget along with the extra maintenance from wear and tear.

- Commissioner Howell said patrol officers need to have good, fuel efficient, reliable cars but others such as detectives do not, though they shouldn't be driving really old 1990's cars.
- Commissioner Howell said she is not sure if it would help the city more to lease or to buy but a car dealer should be able to tell us. Staff should research to find out.
- Commissioner Howell asked for staff to find out how much it would cost for a service plan at one of the dealerships.
- Commissioner Howell said Chief Velasquez has cut a tremendous amount from his budget but it's those big line-items that are killing us.
- Commissioner Howell suggested that there may be a better way to cut expenses and staff should see what other city police departments are doing.

Mayor Carter said we have 22 patrol cars [The correct number is 31] and six officers on duty during a shift. [This is an incorrect number but the correct number is protected information] If the 22 cars are reduced to eight, allowing for two stand-by vehicles, we would save the cost of 14 cars. The savings would be enough to purchase a car every year. Commissioner Lutton said those cars would be driven 24 hours a day and Commissioner Wojcik said they would need to purchase six or eight every year, not just one.

There was a discussion about every Commissioner having a chance to voice his or her opinion and consider everyone's prospective.

CITY COMMISSION BUDGET

City Clerk Clara VanBlargan reviewed the Commission budget.

Commissioner Wojcik said that looking at the way the budget is set up is confusing. She gave the example of the operating expense for the Ridge League of Cities dinner that the city will host, which is \$8,300. But unless you go back to the revenue portion of the budget, you would not realize that ticket sales and sponsorships reimburse the city making it a zero net expense.

Ms. Pendergrass gave another example of the Fire Chief's thermal imaging that will only be purchased if he can get a grant. She said she would start putting an asterisk beside those items and put a note at the bottom of the page so Commissioners can see that there is revenue to cover it. Commissioner Wojcik said they also need to know if an item is mandated. Ms. Pendergrass said she could mark those with a symbol to show they are mandated and also those under contract that the director has no control over. She said she will put the page number of where it is found in the revenue section of the budget so they can cross-check.

There was a discussion about the need to be a member of the three regional and state organizations. Ms. Leary listed the following benefits of being members:

- It brings elected and staff together with those in other cities and counties.
- It provides warnings about state proposed legislation
- It provides the sharing of information
- It provides lobbying for our interests
- It provides a conference every year for elected officials
- It keeps us involved in the state we are in

Commissioner Wojcik asked why the postage line item went up and Ms. VanBlargan said it was because postage fees went up this year. She listed the things that have to be sent such as tax bills, and the ballots and change of polling location cards for city elections. She said that line item was an estimate from what was used last year and if over budgeted it is carried over to the next year.

There was a discussion about the Training and Education line item for things like lodging, and meals when attending conferences, and fuel costs to get to long-distance meetings etc. Commissioner Lutton suggested cutting out training this year. He said he would rather use the \$1,500 toward furlough hours or toward a police car rather than sending someone to a conference or a dinner. He also suggested a 10% cut in Commission salary.

Ms. VanBlargan said the City Commission appoints a Commissioner to represent the city on county boards and this line item pays for gas etc, but the Commission could decide not to appoint anyone this year if they wish. She said Training and Education was not budgeted for many years but last year the Commission asked for that to be put back in. It will be up to what the Commission wants to do this year, take it out or leave it.

Mayor Carter said this year there is a line item for operating equipment and he asked what that was for. Ms. VanBlargan explained that every four or five years they purchase a new Commission Chamber recorder that is used to record the minutes of city commission meetings and other city boards. Recorders usually last about four years but if it does not break down this year, that amount will be carried over to the next year's budget.

Mayor Carter said there was about a 50% increase in the Commission budget. Commissioner Wojcik reminded him that \$8,300 of that was for the Ridge League dinner that is zeroed out in revenues from ticket sales and sponsorship.

City staff was directed to remove Training and Education from the City Commission budget.

General Fund Part 2 (August 1, 2012; 5:00 p.m.)

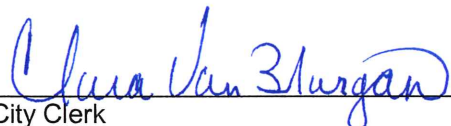
- City Manager
- City Attorney
- City Clerk
- Finance
- Human Resources
- Planning and Zoning
- Fleet Maintenance
- Fire Department
- Code Enforcement/ Permits and Inspections
- Waste Disposal
- Information Technology
- Public Works: Administration, Streets, Parks, Recreation Facilities,
- Special Events
- Economic Development

There being no further business, the meeting was adjourned at 6:52 p.m.



Mayor/Commissioner

ATTEST:



City Clerk