MINUTES
COMMISSION WORKSHOP
CITY OF HOLLY HILL, FLORIDA

JULY 12, 2005

1. CALL TO ORDER

Vice-Mayor Roland Via called the workshop to order in Room 227 at City Hall, 1065 Ridgewood Avenue at approximately 9:25 p.m. Attending with Vice-Mayor Via were Commissioners Arthur Byrnes, Gilles Blais, and Lou Schmitt. Also attending were the following staff members: City Manager Joe Forte, Public Safety Director Don Shinnamon, Finance Director Brenda Gubernator, Assistant Finance Director Susan Worde, PAL Executive Director Chuck Beach, Public Works Director Milton Hallman, Community Redevelopment Coordinator Marsha Radulovich, and City Clerk Valerie Manning. Also attending were citizens Mark Reed and John Penny.

Absent: Mayor William D. Arthur

2. CITIZEN OF THE YEAR

Mr. Forte stated he only received one nomination and that was for Brian Meyer's who is from Chuck McKeown's church. Mr. Meyer's wife nominated him. The main thing that Mr. Meyer does right now is he goes around to places like Entenmann's Bakery Outlet and Sunshine Bakery Outlet and different cake companies and any outdated cakes he picks up, he delivers to these organizations that can truly use the bread and food. He has a route and he goes around and delivers them to different churches and different people individually. Some time ago the Mayor had recommended Russ Lathrope who serves on their Police Pension Board and he has donated some items to the City like the light post, and the flag pole out front and the flag pole over at the Fire Department. Recently, somebody had submitted a letter about Mr. Lathrope putting up a fence because of the old lady that lived next door to him was fearful of the dog that lived on the property next door to her so he erected a fence. Those are the only two names that he has so far.

Commissioner Schmitt stated he nominates Ron Fussell.

Vice-Mayor Via stated last year he brought up the Curry family. He realizes that the City has recognized them and gave them a special recognition but again, for the amount of years that the Curry's, Kenny being the citizen, Forrest being the employee, the amount of time that they have given to the Police Explorers certainly would qualify them or one of them as a Citizen of the Year.

Commissioner Blais stated he has a candidate who is 80 years old, WWII Veteran, ex-POW, and he volunteers all his hours, all his time at the VA Clinic. He has over 3500 hours at the VA Clinic and a Holly Hill resident and his name is Roy Burmeister.

Mr. Forte stated there's one thing that the City doesn't have and that's criteria for the Commissioners to go by. The City sort of has a modified one for the employees, and for the Chamber, they now have some form of criteria for the business of the year. For the citizen of the year, it's just kind of a discussion item where they don't say they have to rescue somebody or provide certain services. Generally, it's some kind of a do-gooder citizen.

Commissioner Byrnes stated he recommends Mr. Meyer. When you think of somebody who would be a citizen of the year, it would be somebody that would do that kind of stuff for other people with no remuneration.

*There was **CONSENSUS** from the City Commission to nominate Brian Meyer as Citizen of the Year.*

3. BUDGET

Mr. Forte stated in front of them is a revised budget and it is a balanced budget. The reason that it's balanced is because they made several modifications to it and they identified some other revenue sources. He appreciates all the hard work that Mrs. Gubernator and Ms. Worde have been putting into this. They realized they should have accounted for some of the FEMA reimbursement monies that they are expecting to come in, although they don't have that number set in stone, they do have an idea of what that number should be. They probably are not accounting for all of it because there will be some dispute over how much they are going to get back. That will be a receivable that should be in there. Mrs. Gubernator really pushed the numbers on what she anticipates to collect as far as taxes, revenue shared money and all of the revenue items as they go down the list, they'll see are pushed as far as staff thinks they can get them. On the expense side, he knows they are going to ask him where did staff cut and he gives a lot of credit to the Department Heads who always come to the table for him when he asked them to and those that could give $10,000 up did the $10,000 and those that could give up $480,000 did so as well. There was a lot of giving up that they went through. If they look at the sheet, they will see what was taken out of each department. This is just for the General Fund. Some of these are trim up numbers. The retirement contributions in the Police Department, although he has not taken any formal action on this yet, he has a PBA meeting coming up in two weeks, he did talk with the PBA representative downstairs about postponing the cost of living increase from the 2005-2006 year to the 2006-2007 year. They are not anticipating anybody retiring in this next year, the representative seemed to think that's okay so that's a substantial savings out of that department. He will write it into the contract this year to take effect next year. They will still have the benefit but they are going to postpone the initial benefit for one year. When he meets with their actual Union representative there may still be an argument to come about but that's a different discussion.

Commissioner Schmitt asked is there an advantage or disadvantage for not starting this early?

Mr. Forte stated the advantage is he saves about $100,000 this year.

Commissioner Schmitt asked what would be their advantage?

Mr. Forte stated there is no advantage. The only disadvantage is if someone would retire this year.

Commissioner Schmitt asked what would be their complaint then?

Mr. Forte stated that they want it now but that's why he said he would write it in now to take effect next year as opposed to coming back next year and talking about it.

Commissioner Schmitt asked what if someone does decide to retire before then?

Mr. Forte stated it's not available to them. They asked if he could go retroactive on it and he really can't. They would have to wait another year. He then stated in the Community Development department there was some small trimming there; the Street Department is a $60,000 trimming. These are some things that they decided to give up this year. A couple of those items, primarily the pole-barn for storage, they'll see that has been moved from the Street Department/General Government to the drainage department which is the Enterprise Fund because it will be housing equipment from that department. This isn't vehicles this is equipment like hand tools, small machines.

Commissioner Schmitt stated back to the Fire Department, can he tell him what the vehicle lease is for $7,200?

Mr. Forte stated they had a Police Officer that was part of the drug force team that would lease a car that the Commission approves. Although they still have an officer that's part of that team, he is not going to be away from us like Carmine used to be. He is going to work out of the department so they have vehicles here for that officer to use so he doesn't think they need to have the leased car.

Commissioner Blais asked what is that Workers Comp for $3,900 under the Fire Department?

Mr. Forte stated that is Workers Comp Insurance that Mrs. Gubernator took a look at the numbers to see what actually would be a more accurate count of what the City would have to pay out to Workers Comp Insurance this year.

Mrs. Gubernator stated they found that they had actually calculated way too much on overtime.

Vice-Mayor Via stated under Community Development, there was no line item for the Halifax Humane Society, now there is $9,000 added.

Mr. Forte stated actually, that's being added. There is line for the Humane Society but what they are not seeing is the total, they are just seeing the additional, because as they know, the Humane Society went up on their cost. The City only budgeted only $24,000 and now they are going to go close to $35,000. He then stated some more modifications that Mr. Hallman was gracious enough to either postpone or cut out of his budget or they moved a couple of the items to the Drainage and the Enterprise Fund. They trimmed operating supplies for the North and South park buildings, the Holly Hill hedge out front they are going to try to pull another year out it. He is hoping if they develop something across the street, they will extend that beautification onto this side and maybe they can put something better out there. The overall cut is $421,900 from the previous budget that was presented to them. On the next handout, is what staff had proposed, what the change was, and then the difference. Again, it is just showing them the $421,900. It's just separate by departments a little differently.

Vice-Mayor Via stated this, of course, is keeping the proposed ad valorem rate at 4.08.

Mr. Forte and Mrs. Gubernator stated, yes.

Mr. Forte stated they have to keep in mind that this budget process that they are in right now is for them to determine what their millage rate is going to be and they need to know that for the next meeting. He is going into this with the direction of what they talked about the last time, and that is sticking with the current rate, which is 4.08 and that's what staff will bring back to the Commission at the next meeting for their proposed millage rate. Now this budget won't become set in stone until September 2005. That's when they will approve the budget. They will probably see some more tweaking in this budget before it becomes final.

Vice-Mayor Via stated going back to the general fund revenue where it says total taxes, it shows $3,875,500 last year and for this year it shows $4,149,000, is that correct?

Mr. Forte stated, yes. He then stated they are not increasing the millage rate as has been done many years ago in the past. They are sticking with the current rate which is 4.08. In several years, as they have been told by the auditor, they have gone to the roll back rate; in two of the years that he has been here, they have gone beyond the roll back rate which is virtually unheard of. Over the last ten years, they have gone down 25% in their ad valorem taxes. They are looking at a total General Fund budget in the amount of $7,570,700.

Vice-Mayor Via stated going back to the front page again, they are going to be collecting $207,000 more and yet, all of their projects will be met, except for the items that have been trimmed, and the goals and projects will be met.

Mr. Forte stated $421,900 is what has been cut from the budget and then they had some additional revenues that were showing by way of some of it was the hurricane monies that the City will get back, where Mrs. Gubernator pushed the numbers on the insurance monies and the Workers Comp, liability insurance, things of that nature. So they pushed the collection rate where they normally figure about 95%, they are going to push to 97% on the collection side of it.

Mrs. Gubernator stated today when she received some ad valorem tax for this year, they are at 98% collection.

Mr. Forte stated that is very good.

Mrs. Gubernator stated for many years it has been 96% or 97% but 98% is rather good. The law requires them to budget at least 95% and that's what most cities normally do.

Mr. Forte stated he believes their assessment increased 13% or 14%.

Mrs. Gubernator stated the tax increase will be considered a 14.12% difference.

Mr. Forte stated a 14.12% difference in taxes between last year and this year of ***just*** the ad valorem taxes.

Vice-Mayor Via stated people get stuck on the ad valorem tax and how that sounds in print. They are talking about 14% but it's only $200,000 is what they are getting at. He means the price of gas, insurance, workman's comp, the whole nine yards, everything has gone up dramatically.

Mr. Forte stated instead of focusing on that number he would rather them focus on the fact that the cost that they pay in taxes per capita is the third lowest in the County next to Pierson and DeBary. Ad valorem taxes plays a very small role in the revenues that the City collects. Although, like they say, everybody focuses on that number as being the big trigger number; you're taxes are going to go up. Well, in Holly Hill, that number generated is a very low number. It's about $150 per person, per year.

Commissioner Schmitt asked Mr. Forte and Mrs. Gubernator if they are comfortable with all this cutting and anticipated revenue coming in?

Mr. Forte stated staff tries to do as much as they can to give them as many services and the level of service that this Commission wants to provide to the citizenry for the money that the City has. They came before the Commission two weeks ago and the budget that was presented was the Christmas list. It was the big "*wish*". It was what every kid wants for his birthday and from that they decide what they can afford and that's what they can get. They still live a comfortable life. Everything is good but they are not living high on the hog; they are living in the comfortable range and that's probably the best way to describe where they are at today.

Commissioner Schmitt stated he knows nobody likes to use that word "tax" but does staff see in the future that they are going to have to go up eventually?

Mr. Forte stated one of two things will happen and this is a standard answer, as long as the City's assessments increase they can hold the line on taxes. As long as they get new development they can hold the line on taxes but when their economy becomes flat and assessed values don't increase and they don't have new development coming into this community, that's when they have to impose additional tax money.

Vice-Mayor Via stated but it was their goal for several years to live within their means and bring it to an appropriate level of affordability. There's one consideration, even though residents pay a fixed rate and their assessed values are protected under the Homestead Act under Save Our Homes, they can only go up the CPI or the 3%, businesses are not protected under that. The cost of a business in our area is still very affordable compared to some surrounding areas *and* when they are looking at the base rate of 4% versus 7% in Daytona Beach, it's much more favorable to have a business here in Holly Hill.

Commissioner Blais stated he doesn't feel comfortable with this 4.08 millage rate and all the cut backs on some of these items. It seems like that's the same old rut the City has been in all these years.

Mr. Forte stated they don't ever want to get caught up in a situation similar to what happened to Daytona Beach where they lowered taxes or they left taxes at the same rate and then all of a sudden they got into trouble and the Governor had to step in and they ended up raising rates 30% or 40%. He then stated regarding the impact fee discussion from their last workshop, he met with the Department Heads and they presented some good options for increasing service fees and he hasn't had a chance to put that in a format similar to this so that the Commission could actually do a side-by-side comparison. On a best case scenario, they probably are looking at $100,000 service fee increases. He then stated more importantly, he wants to talk about the water and sewer side and that's also where they had some problems with balancing the budget. There was some discussion about going to the bond issue and yesterday they met with Craig Dunlap and Associates, Inc., who is the City's financial advisor, Mr. Hallman, Rick Fernandez, Mrs. Gubernator, and Ms. Worde and they sort of put on the table what the City's problems are, what's causing the problems, where they need to go and how they need to get there. Through the State Revolving Fund loan, which is something that Rick Fernandez and Quentin Hampton and Associates, Inc., would get them through, it's easier for them to get sewer repairs. Staff is going to look to do a State Revolving Fund for both of the sewer repairs. On the other side, the State Revolving Fund is not easy to get water improvements from so they are going to turn to Craig Dunlap and do the bond issue to do the water repairs. They are looking at about $6.5 million debt service there. The thing about it that they will present to the Commission, should the Commission give him the direction to move forward, is they can do for the first maybe three, four, five or six years of the bond issue, is they do an *interest only*. If they do the interest only, it pushes it out a couple more years because their current debt service is due in 2022. They are only twelve years out from paying off their debt. Mr. Dunlap's question is, how long is what the City is going to be doing, will it last beyond the time of the debt? If they push the debt out to 2027, that system is still going to be there enviable so Mr. Dunlap is very comfortable in doing that. By doing an *interest only* upfront, the City doesn't pay nearly as much as what the debt service would be and they can hold the line on imposing that cost onto the utility customers. The consumer would not see much of an increase, nominal at best, if it's anything.

Commissioner Blais asked if these would be added to the water bill?

Vice-Mayor Via asked no prepayment penalty type loans?

Mr. Forte stated if it's a bank loan, they would look at that same thing. It will end up being a bond issue. Mr. Dunlap will look at the bank loan because the City can do up to $10 million a year. They did the $6.3 million through the redevelopment agency. Mr. Dunlap is going to look at how staff did that and what the terms were to see if the City could go out for a full $10 million, the $6.3 million still being in the CRA, the balance of that being in the Enterprise Fund and then whatever else the City needs for the sewer side, would come out of the State Revolving Fund loan. There are a lot of options there. With Mr. Dunlap and the bank note, staff could probably do that in 60 days to get that secured and done. With the State Revolving Fund loan, it's probably going to take staff until January to get that secured but Mr. Fernandez, because of the partial work that has been done on the master facilities plan, a lot of that work is done so he would work in conjunction with Mr. Dunlap, get that information done and sent off to the State and the City would get a promissory note of what the City would need and then it would be there for the City, come January. If the City needed the funds for the water side in advance, they can get that out of the bank loan then when the State Revolving Fund loan becomes available they spend that portion back down on the bond loan to pay that off.

Vice-Mayor Via asked Mr. Hallman if that fits into their time table that they are being forced into in January?

Mr. Hallman stated, yes.

Mr. Forte stated he just wants to make sure that everybody understands what he is talking about. On the water and sewer budget they are going to extract all of that capital improvement that they saw earlier, that put them in the hole and then they are going to push that over to a line item that's going to be funded either by the bank loan bond issue or the State Revolving Fund loan and then the debt service will cover that. That will bring their water and sewer fund back into balance. In the meantime, they will attack all of these issues that they have coming in front of them.

Commissioner Schmitt stated at the last meeting Mr. Forte stated that fees went up from waste management but they didn't pass that on to the consumers, correct?

Mr. Forte stated in some years they passed it on and in other years they did not pass it on. This year they will pass it on. He then stated he still is going to present to the Commission the service fee increases or a comparison table and he doesn't know if they want him to bring that to them as a workshop item or bring it back just as an item at the Commission meeting.

Vice-Mayor Via stated he would rather see it at a workshop first.

*There was **CONSENSUS** from the City Commission to workshop the service fee increases before it goes on a regular agenda for approval.*

Mr. Forte stated okay, that will be after their next meeting which will be July 26. He then stated he also is going to proceed with doing the impact fee study where he is going to break that out and look to make a recommendation for imposing certain impact fees on new development. They will be looking at re-evaluating their water and sewer impact fees, police and fire impact fees, recreation and park impact fees. When Randy Foltz from Boca Developers was in my office the other day and he was asked that if the City did have these impact fees for police, fire, recreation, would he have still come to Holly Hill knowing that those fees would have been higher and his answer was, "Absolutely." Though it may be too late for that development, it's not too late for everything else that's coming in down the line. Though nothing is on the table, they know it's going to change and they might as well capture it while they can. He then stated the problems that they are having in the sewer plant are not a result of any development. They are a result of an aging infrastructure and rising ground water as a result of the storms, and traffic running over pipes that are old. That's where their sewer problem is coming from. The Marina Grande development will cause them to expand the system and that would happen even if they didn't have any of these problems but there are impact fees that would cover that. He wants to make it clear that this development which has not touched the water or sewer yet, has nothing to do with the fact that they are having sewer infiltration and inflow problems.

Commissioner Byrnes stated and it hasn't touched the TIF funds.

Mr. Forte stated it's not going to. There is *no* City money going towards the development of the Marina Grande project.

Vice-Mayor Via stated he likes this process that they have been having regarding the budget sessions. He likes the idea of knowing what their departments want, looking at it and then finding out what can be trimmed.

Commissioner Byrnes stated he prefers it where staff says here's the budget, if you do this it will go up this much, if you do that it will go up this much, so they get a cafeteria style plan rather than the, "Oh, my God the sky is falling and Holly Hill is crumbling because they are going to have to do all this!"

Vice-Mayor Via stated this is a balanced budget but there's always something ticking in the back of their minds, something saying the "*what-ifs*". Is there any "*what-ifs*" that they need to have contingency for? What will their reserve be this year, anticipated?

Mr. Forte stated he figures the reserve will be about 16% to 18% so that will be about $1.3 million and change. That's a comfortable range. The "*what-ifs*" are always there. You know, what if they get four more hurricanes? For example, last week or the week before they had a street collapse up on 15th Street and Nova Road. They deal with those as they come in. They can't "*what-if*" the business to death. He then stated they have to remember that in the next couple of months, they are going to go through an amended budget process for the current year and that's when they figure out where they have gains and where they have losses and they move from one budget area to the next. They amend the budget to balance it out until the end of the year. That's what happens with all of the budgets that they have done and will continue to do.

Commissioner Byrnes asked if there is anything else that he needs from the Commission tonight?

Mr. Forte stated he just needs the understanding that they are going to stick with the current millage rate which is 4.08, they have about a 16% reserve fund, the budget at this moment is balanced and it will probably still be tweaked, changed, modified, and shifted between now and when it's finally approved in September but at least they can go home knowing that they do have a balanced budget and the City is providing the services that they want the City to provide.

Vice-Mayor Via asked if they said that they wanted to go to roll back, that would be $207,000 that they would have to lose somewhere else?

Mr. Forte asked how much?

Vice-Mayor Via stated the difference between the current ad valorem taxes.

Mr. Forte stated if they want to go to roll back, he will find them a dozen reasons why they have to increase taxes. He then stated before they move on, there are two things that he still needs to try and work out with Mrs. Gubernator in the budget and that's the funding that they do for the Business Development Partnership (BDP) and the Holly Hill Chamber of Commerce. They get $12,500 right now and they have asked for him to look to see if they can't get something in the neighborhood of $35,000 and that's a full blown business plan. That's what their request was. He told them that he would bring it to the Commission tonight and try to get some direction as to where they want him to explore. The $12,500 is in the budget now. The reason they want to do this is that they want to go to a full-time staff and keep the doors open over at the Chamber from 8:00 a.m. to 5:00 p.m.

Vice-Mayor Via asked if they could have a workshop on that to look at that? He would like to see their business plan before they approve $35,000.

*There was **CONSENSUS** from the City Commission to have a workshop to look at the Chambers business plan before approving the $35,000.*

Mr. Forte stated he has a copy of the business plan and they can come here and talk to the Commission about it.

Commissioner Schmitt asked when will he be bringing the ordinance up regarding the refunds for the water deposits?

Mrs. Gubernator stated it should be on the next agenda meeting, July 26.

4. ADJOURNMENT

The workshop officially adjourned at approximately 10:40 p.m.

Attest:	City of Holly Hill, Florida
__________________________	_______________________________
Valerie Manning City Clerk	Roland Via Vice-Mayor