



**BUDGET WORKSHOP MEETING
JUNE 23, 2003, AT 6:00 P.M.
CITY HALL, 116 FIRST STREET,
NEPTUNE BEACH, FLORIDA**

Pursuant to proper notice a Preliminary Budget Workshop Meeting of the City Council of the City of Neptune Beach was held June 23, 2003 at 6:00 p.m., in the Council Chambers, City Hall, 116 First Street, Neptune Beach, Florida.

Attendance:

IN ATTENDANCE:

Mayor Richard A. Brown
Vice Mayor James Gilbert
Councilor Harriet M. Pruette
Councilor Larry Shealy
Councilor John Weldon
City Manager Richard A. Linn

City Clerk Lisa Volpe, CMC
Director of Finance Steve Ramsey
Director of Public Services Leon Smith

Absent:
City Attorney Christopher White

Call to Order/Roll Call

The Mayor called the meeting to order at 6:00 p.m.

Water and Sewer
Funds

City Manager Linn turned the meeting over to Finance Director Steve Ramsey. Mr. Ramsey stated the budget was for the Enterprise Funds. There were a couple of errors, which he needed to let the council know about. On the Professional Services line item 441-1441541.30-31, it should only be \$5,000 instead of \$40,000 and on Other Contractual Services it should be \$80,000, which reduces the transfer amount. The revenue for water and sewer was calculated with the rate increase of \$4.66, which was discussed at an earlier City Council Meeting. Special pay for employees was under budgeted last year that is why it went up this year.

Councilor Weldon asked for an explanation of salaries. Mr. Ramsey stated that certain personnel salaries were given percentages in different funds since their work were distributed in different departments. This saved having to transfer money to the General Fund for the Enterprise Funds. All salaries were given 5% increase as per union contract. Discussion of salaries ensued.

Mr. Ramsey stated in the Water and Sewer fund, Professional Services should be lowered from \$10,000 to \$7,000. The line item paid for consumptive use permits. Other Current Charges would also be lowered by \$700, which paid for chlorine gas fees to the Florida Department of Community Affairs. The Revenue transfer went up by 115% because of debt service payments.

Councilor Pruette inquired if overtime would go down due to less breaks in the water and sewer lines. Mr. Ramsey said he hoped that would be true. She also asked if former Public Services Director John Galen would be continuing to be on the payroll. City Manager Linn stated Public Service Director Leon Smith would speak with him to see if it were still necessary.

Councilor Shealy asked if health insurance was going up 25%. Mr. Ramsey stated final numbers had not been received yet. Councilor Weldon questioned the accounting costs. Mr. Ramsey stated the new required GASBY format would add additional costs. Mr. Linn stated audit services would be bid out next year.

Councilor Weldon questioned the budget overrun. Mr. Ramsey stated he conservatively projected it would be a \$100,000 overrun. Weldon questioned Other Contractual Service in the sewer fund. Mr. Ramsey stated it was due to a copper problem. Mr. Smith stated the Department of Environmental Protection mandated a certain level in copper in the outfall line which empties into the Intracoastal Waterway. The three beach cities were working together to fix this problem.

Finance Director Steve Ramsey stated there is an increase in property insurance because of the new yard facility.

Councilor Pruette asked what the Other Contractual Service was for. Mr. Ramsey stated it was the Consumer Confidence Report and all lab fees, which were all state required.

Councilor Weldon questioned why there was an increase in utility services. Mr. Ramsey stated it was for electrical payment to Jacksonville Beach. Discussion ensued over electric cost and conservation.

Councilor Weldon asked how the budget is determined and if it was all financial or if department heads were asked how to cut cost. Mr. Ramsey stated it was based on what was spent in the preceding year. Mr. Linn stated department heads did look at their budget, fixed costs of union contracts were added in but most numbers were based on the last few years worth of expenditures. Mr. Linn stated discretionary spending was very little. Discussion ensued over conservation policies.

Councilor Weldon asked for the over all increase in the Enterprise Fund expenditures. Mr. Ramsey calculated it was about a 14% or 15% increase. Discussion ensued over what caused the increase percentage.

Capital Expenditures

Vice Mayor Gilbert asked about Hypochlorite System. City Manager Linn stated it would change the gas chlorine method to liquid chlorine.

Finance Director Ramsey explained debt service payments at Councilor Weldon's request. Banking services were discussed.

Discussion of Capital Items began. Vice Mayor Gilbert stated the fork lift was necessary for safety but he did not feel a chipper was necessary. He also questioned the security system. Leon Smith stated it was necessary due to 9/11 security issues. Discussion ensued about security and buying a chipper.

Consensus: **TO DELETE THE CHIPPER FROM THE LIST OF CAPITAL ITEMS.**

Council Pruette questioned touch read meters. Mr. Linn stated it was a five year project to change all the meters in the city to touch read, which were easier to read and more accurate. Councilor Weldon questioned if the forklift could be bought used. Mr. Linn stated they were already looking at surplus equipment. Discussion ensued over vehicle buying and selling.

Director of Public Services Leon Smith explained the VFD's for Effluent Pumps w/ Bypass were for the copper problem. Tank Cleaning for Package Plan cleans the sand out of the tanks at the sewer plant.

Stormwater Funds Vice Mayor Gilbert had a problem with \$1,000 worth of uniforms for two people. Mr. Ramsey said it was a brand new fund with the new Stormwater fee, so it was difficult to budget for this year. Discussion ensued over ditch cleaning and street sweeping. Mr. Ramsey stated there were a few corrections: Other Contractual Services needed to be raised to \$80,000 and Professional Services needed to be reduced to \$5,000.

Sanitation Fund Finance Director Ramsey explained what was paid out of this fund. Councilor Weldon wondered why expenses were going up and revenues down. Mr. Ramsey stated that BFI was increasing rates according to the CPI each year while the city did not pass this along to the customers.

Mayor Brown stated if anyone had more questions they could bring them back up at the next budget meeting. Finance Director Ramsey stated the next budget meeting would be for the General Fund on July 14, 2003 at 6:00 pm. There would be more meetings for the budget after that. Vice Mayor Gilbert asked if last year the council had agreed to allow the city manager set the Not to Exceed Milage Rate. City Manager Linn stated that was true.

Adjournment There being no further business, the meeting adjourned at 7:30 p.m.

Richard A. Brown, Mayor

ATTEST:

Lisa Volpe, CMC, City Clerk

Approved: _____