



**BUDGET WORKSHOP MEETING**  
**JULY 14, 2003, AT 6:00 P.M.**  
**CITY HALL, 116 FIRST STREET,**  
**NEPTUNE BEACH, FLORIDA**

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Pursuant to proper notice a Preliminary Budget Workshop Meeting of the City Council of the City of Neptune Beach was held July 14, 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	City Clerk Lisa Volpe, CMC
Vice Mayor James Gilbert	Director of Finance Steve Ramsey
Councilor Harriet M. Pruette	Director of Public Safety William Brandt
Councilor Larry Shealy	Director of Public Services Leon Smith
Councilor John Weldon	
City Manager Richard A. Linn	Absent:
	City Attorney Christopher White

Call to Order/Roll Call

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

City Manager Linn stated as required by the Code a balanced budget for FY 2004 was being presented to the City Council.

Director of Finance Steve Ramsey explained the presentation would focus on the General Fund and Special Revenue Fund.

Capital Requests

Proposed Capital Requests:

City Managers Office	Computer & Printer	\$2,750
Community Development	Computer & Printer	3,000
City Clerks Office	Miscellaneous	500
Non-Departmental	Building Improvements	3,500
Police Department	Building Improvements	5,000
	Vehicles	83,000
	Radar Units	10,000
	In-Car Videos	13,000
	Total	111,000
Street Department	Computer & Software	4,300
	WHT DF2000 Antifreeze Recycler	2,000

	10 Ton Oil Filter Crusher	1,400
	Total	7,700
Parks Department	Exmark 72" Cut Mower, 27HP Diesel Engine	13,000
	<b>TOTAL GENERAL FUND CAPITAL</b>	<b>\$138,700</b>

Mr. Ramsey stated the Police Department would need an additional Capital Request of \$25,000 for the purchase of a Smart Trailer.

Chief Brandt explained a smart trailer was a device that could be placed on different streets throughout the city to record the speed of vehicles. This would make drivers aware of the speed limit and the speed they were traveling. The smart trailer would be used to help slow down the traffic in areas where there were speeding complaints.

#### General Fund

City Manager Linn stated the major portion of the budget was for personnel. He added there was a reduction of a \$50,000, high level position when Leon Smith took over the position of Public Works Director his old position was eliminated.

Councilor Weldon questioned how the 2003 deficit of \$250,000 would be funded. Mr. Ramsey responded the funding would come from reserves. The projected final deficit would be \$250,000 or less, which was less than the original budgeted amount.

Councilor Weldon questioned how reserve funds accumulated in the General Fund. Mr. Ramsey replied over the past ten years the roll back provided little income in reserves. City Manager Linn stated the reserves hit a peak in 1998 and 1999. Reserves were used to balance the budget for fiscal year 2000 and 2001 but were not spent because revenues were either higher or expenses lower than anticipated. Reserves were not used until 2002. Currently there were 1.7 million in reserves. Mr. Ramsey explained reserves were in place to provide city operation for three to six months in the event of a natural disaster.

Councilor Weldon asked if the 1.7 million in reserves would be adequate for a six-month emergency period. Mr. Ramsey replied "yes" it would.

Mr. Ramsey stated the practice of rolling back the milage rate did not affect the city until two years ago because revenues were higher. He added since 9/11 state tourism had dropped decreasing sales tax revenue. He predicted a 9% increase in sales tax this year, which was less than prior years. Last year the city received \$640,000 in state sales tax. This year he projected \$680,000.

Councilor Weldon asked if all the improvements in the city were being paid from the Water & Sewer Fund. Mr. Ramsey replied "yes".

Mayor Brown asked what the increase in revenue from the tax base would be this year. Mr. Ramsey stated he had not calculated the difference between last year's taxes and this year. He added the budget was figured on last year's not exceed milage rate of 3.5.

Councilor Weldon asked Mr. Ramsey to compare the General Fund Reserves to those of Jacksonville Beach and Atlantic Beach. Mr. Ramsey stated he would do a comparison and see if the Florida League of Cities could provide information on the amount of reserves in similar cities.

City Manager Linn stated Mr. Ramsey compared the total milage rate between Duval County, Jacksonville Beach, Atlantic Beach, and Neptune Beach. The comparison showed the combined milage rate for Atlantic Beach was 19.48, Jacksonville Beach 21.0, Duval County was 19.60, and Neptune Beach had the lowest milage rate of 19.21.

Councilor Weldon asked Mr. Ramsey to describe the sources of revenues in the General Fund.

Mr. Ramsey highlighted the following major revenues in the General Fund:

Property Taxes	\$1,587,120
Jacksonville Beach Electric Franchise	276,000
Telecommunications Tax	284,000
Occupational License	52,000
Cigarette Tax	99,000
Half Cent Sales Tax	670,000
911 User Fees	81,000
Florida Boulevard Maintenance	24,000
Lifeguard / Beach Clean Up	155,000
Court Fines	80,000
Cell Tower Rent	28,000
Transfer from Sanitation Reserves	120,000

Councilor Weldon stated there was \$400,000 in Sanitation Reserves. He questioned what the other \$280,000 would be used for. Mr. Ramsey replied the \$280,000 would be used on an as needed basis with Council approval.

City Manager Linn explained the Sanitation Reserves was originated to replace garbage trucks and equipment needed by the Sanitation Department. The reserves were no longer needed because trash services were contracted with BFI. Councilor Weldon suggested placing the entire \$400,000 from Sanitation Reserves in the General Fund and use it to defray tax increases. Mr. Ramsey replied it was up to the Council to make the transfer. Councilor Shealy asked if there were any other similar reserve funds.

Councilor Pruette suggested raising the fines on parking tickets and animal control citations to increase revenue. Mr. Ramsey stated parking tickets and animal control citations were already significantly higher than other cities.

Special Revenue Fund Mr. Ramsey explained Special Revenue Funds were special funds from the state allocated for specific purposes.

Proposed Capital Requests from the Special Revenue Fund:

Better Jax ½ Cent Tax	Improvements	\$428,838
Street Improvement Fund	2004 Ford 250SD Truck	23,000
	All Terrain Forklift	25,000
	Total	\$48,000

Councilor Weldon stated he was still trying to get a sense of how much money the city had in reserves.

Mr. Ramsey responded there was also \$596,350 in reserves in the Street Improvement Fund that was restricted for street improvements. Discussion ensued over the use of this money to repave streets after the water and sewer project were complete. Public Services Director Smith stated he would give a list to council as to which streets were set for repaving.

Councilor Weldon asked Mr. Ramsey to describe the sources of Special Revenue Funds:

Special Revenue Funds:

Police Education Fund	\$11,411
Jarboe Park Grant	No Activity
Community Development Block Grant	102,503
Conventional Development Tax Fund	50,856
Fines & Forfeitures	20,200
Local Option Gas Tax Fund	625,006
Radio Communications Trust Fund	37,000
Better Jax ½ Cent Tax	678,838
Christmas Decorations	10,136
Revenue Bond Sinking Fund	111,669
Street Improvement Fund	574,051
King Neptune Trust Fund	12,725
Cable TV Trust Fund	7,050

Mr. Ramsey explained the following Special Revenue Funds:

The Local Option Gas Tax Fund was restricted for street maintenance.

The Radio Communications Trust Fund was a percentage of the traffic citations and was restricted for police radio equipment.

The Better Jax ½ Cent Tax would be used to replace the Kings Road Bridge and for the construction of the new public works facility.

The Christmas Decoration Fund was a new fund. After discussion, this fund was to be renamed Holiday Decoration.

The Revenue Bond Sinking Fund was transferred from the General Fund to make principal and interest payments.

The Street Improvement Fund was restricted for street improvements and maintenance.

The King Neptune Fund was used for the annual festival. Councilor Weldon asked if this fund was still needed. Mr. Ramsey replied the fund was also used for contributions to the community.

The Cable TV Trust Fund was also used for contributions. Vice Mayor Gilbert asked if the King Neptune Fund and the Cable TV Trust Fund could be combined. Mr. Ramsey stated they would have to wait until the next budget year to combine the funds.

#### General Fund

Mr. Ramsey asked if there were any questions regarding the General Fund or Capital requests.

Mayor Brown asked if there were any major expenditures.

Mr. Ramsey responded the largest increase in expenditures was the salary of \$50,000 for the added position of Community Development Director in the Building Department.

Councilor Shealy stated there was a large increase in salaries in the Police Department. Mr. Ramsey explained police officers salaries were difficult to estimate due to the Career Track. The Career Track allowed officers to be promoted once they achieved a certain education level. It was difficult to determine what levels would be achieved.

Councilor Weldon questioned the \$205,000 increase in police officers retirement contributions. Mr. Ramsey explained the city was required by state law to make up the deficit in the retirement fund when market goes down.

Councilor Gilbert suggested it would be simpler for employees to use comp time in lieu of being paid overtime.

Councilor Shealy asked if every police officer had a police car. Chief Brandt stated each police officer was assigned their own vehicle and they were personally responsible for the care and maintenance. It was in the best interest of the city for the vehicles to be properly maintained.

Mr. Ramsey pointed out the 494% increase in Rentals & Leases under Non-Departmental and explained it was for leasing a new copy machine.

Councilor Pruette questioned the 270% increase in Repair & Maintenance under Animal Control. Mr. Ramsey stated that might be a typographical error. Chief Brandt asked Mr. Ramsey to reduce the line item to \$500.

Councilor Weldon stated that most departments' budgets increased 10% and asked if that was consistent with previous years. Mr. Ramsey stated the largest increase involving all departments was 25% for health insurance. Three companies were providing estimates and he would have the exact figures in August.

Mr. Ramsey added the budget for the City Clerk's Office included an update to the code book. City Clerk Volpe explained the supplement to update the code would cost \$5,900 or the entire code including the Land Development Regulations could be republished for a cost of \$7,500.

In summary there was a 9.1% increase in the overall city budget.

Vice Mayor Gilbert asked what milage rate would balance the proposed budget. Mr. Ramsey replied a milage rate of 3.5 would balance the budget without the use of reserves. Using last years rate of 2.9 and transferring \$386,000 out of the sanitation fund would also balance the proposed budget.

Adjournment

There being no further business, the meeting adjourned at 8:00 p.m.

Richard A. Brown, Mayor

ATTEST:

Lisa Volpe, CMC, City Clerk

Approved: \_\_\_\_\_