



**BUDGET WORKSHOP MEETING
AUGUST 11, 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 August 11, 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
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 Safety William Brandt
Director of Public Services Leon Smith

Absent:
Vice Mayor James Gilbert
City Attorney Christopher White

Call to Order/Roll Call

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

City Manager Linn informed the council that the finance director had updated the figures based on 2.9 milage rate which is the current rate with a transfer from the sanitation fund of \$316,700.

Finance Director Steve Ramsey introduced Dave Polovina who is the city's insurance advocate and helps the city take proposals from insurance companies. Mr. Ramsey stated the current carrier requested a 61.34% raise from this year.

Dave Polovina, stated it was the second renewal he worked with for the city. Last year the request for proposals did not solicit any proposals due to some health concerns under the bid. Aetna, the carrier at the time, was not aware of that and came with a 22.2% increase and with some minor benefit changes the percentage of increase dropped to 8%.

The market place has changed this year. The insurance industry is under pressure to make a profit and there is few competitors along with malpractice issues. Aetna was paid by the city in premiums \$319,00 and the pay on gross claims was \$537,000. This is the reason for the large increases this year. HIPPA legislation has limited disclosure of medical information, therefore, the companies are not privy to as much information in order to give the city a bid and the city was given good rates. Mr. Polovina was not sure how this would affect next year's rates.

Mr. Polovina's recommendation was for the city to speak with Humana first who had the lowest rate. They also have insured Jacksonville Beach for the last year, therefore, have a comprehensive provider list for the beaches' area. There is a meeting set for Tuesday to

speak with Humana about the bid and next year's renewal.

Councilor Pruette asked how many employees are insured. Mr. Polovina stated 64 with about 100 including dependents. Councilor Shealy asked if Humana would make any guarantees about next year. Mr. Polovina stated no.

Discussion ensued about the overall health care system and providing insurance benefits to employees. The entire beaches insurance issues were discussed.

Councilor Shealy asked if council members were covered in the beaches' cities. Mr. Polovina stated they had the right to participate. Councilor Weldon asked whom the city paid for. Mr. Ramsey answered that the city pays full coverage for the employee and the union contract went up to 50% for dependant/family coverage.

Councilor Weldon stated all options needed to be looked into for the future in order for the city to be able to continue paying for this benefit. Different plan options were discussed.

Mr. Ramsey stated with the Humana plan the rate for city would only increase 5% for the dependant coverage as stated in the union contract.

He stated the budget is based on 2.9% milage, transfer from sanitation fund, 100,000 contingency fund as required by prior councils. Councilor Weldon questioned the contingency fund. Mr. Linn stated there used to be a separate contingency in each department but three years ago council made it one fund with their approval to spend.

Mr. Ramsey continued that the budget included a \$19,000 increase in capital spending from last year. Excluding debt service the total increase in the budget was 7.8% based largely on the added position of Community Development Director along with union raise of 5% and capital expenditures.

Mr. Ramsey stated the percent increase in the budget for the past few years: 2002 9.02%; 2003 -4.99%; 2004-7.8%. He also commented that the new property accrued a \$9,255 increase in tax revenue. Tax revenue for the city was discussed along with anticipated increases.

The 7.8% increase was discussed among the council. Mr. Ramsey clarified for Councilor Weldon that any increase in cost to the water and sewer enterprise fund were financed by an increase in water rates as dictated by our bond company.

The council discussed setting the milage rate at the current rate of 2.9 or raising it. They also considered the already set water rate hikes.

Council Weldon asked about the statistics for reserves. Mr. Ramsey answered that there is no set level and each city does it differently so a clear answer is not given. Discussion ensued over reserves and at what level they should be at.

Councilor Pruette questioned security levels and their cost. Mr. Linn stated it was just a matter of how much you want to spend. Councilor asked Public Works Director Leon Smith if the tractor could be bought used. Mr. Smith stated they would be shopping for used equipment. Mr. Ramsey explained the debt serve transfer to Councilor Shealy. Capital items were discussed.

Councilor Shealy stated that if the departments needed computers they should work them in the budget instead of having to ask council to by something so small out of contingency.

Councilor Pruette asked about buying furniture for the new City Yard. Mr. Ramsey said there was nothing budgeted and would have to be purchased a little at a time.

Councilor Weldon stated he did not want any major contingencies coming up in the year. He wanted to know while working on the budget what was needed. Mr. Smith stated the only concern was there might be additional cost for a Vulnerability Study. Councilor Weldon commented that staff and council needed to work together in order to run an efficient city and be able to afford to run all services into the future.

Councilor Pruette asked where the money was placed when surplus items were sold. Mr. Ramsey stated it was put back into the fund the item was originally purchased from.

Future budget meetings were discussed. Council debated the milage rate and the use of the sanitation fund reserves. Councilor Shealy suggested raising the milage rate to 3.0. Mr. Ramsey stated to raise it .1 the city would gain an additional \$46,750 in revenue. The amount of necessary reserves was discussed. Mr. Linn stated that contingency reserves have only been used for approximately \$200 and departments are good with holding to their budgets.

Consensus: **TO LEAVE THE BUDGET AS IS AND HAVE THE NEXT MEETING AT THE FIRST READ ON SEPTEMBER 8TH.**

Adjournment

There being no further business, the meeting adjourned at 7:40 p.m.

Richard A. Brown, Mayor

ATTEST:

Lisa Volpe, CMC, City Clerk

Approved: _____