



BUDGET WORKSHOP MEETING

August 3, 2009, AT 5:45 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 3, 2009 at 5:45 p.m., in the Council Chambers, City Hall, 116 First Street, Neptune Beach, Florida.

Attendance:

IN ATTENDANCE:

Mayor Harriet M. Pruette
Vice Mayor John Weldon
Councilor Fred Lee
Councilor Eric Pardee
Councilor Kara Tucker
City Manager James Jarboe
City Clerk Lisa Volpe, CMC

STAFF:
Community Development Director Amanda Askew
Director of Finance Steve Ramsey
Director of Public Services Leon Smith
Lt. Adam Militello

Call to Order/Roll Call

The Mayor called the meeting to order at 5:45 p.m.

Mayor Pruette announced the meeting was to look at the City Manager's General Fund Budget. There would be two or three more budget workshops after this one.

Mayor Pruette made the statement that the City has lost a large amount of revenue to the amount of \$315,000 and the budget deficient is \$83,363 which indicates that the staff is cutting fat. Due to the loss of revenue and the cuts already made the City Manager has said that any more cuts would result in loss of services and a small millage raise is the only way not to cut services. The audit stated the City's financials have deteriorated due to loss of revenue particularly in the proprietary funds. Mayor Pruette stated the City Council and staff must work to find ways to cut more and save more to bring revenues and other funds up. She thanked Mr. Jarboe and the staff for their multitasking and good work in saving the City money. She turned the meeting over to the City Manager and Finance Director.

City Manager Jarboe explained the General Fund is the operating budget for the City minus the Utilities and the Special Revenue funds. It includes the City Manager's Office, City Clerk's Office, the Building Department and the Police Department. The other funds will be reviewed at the August City Council Workshop. The proposed millage rate that will be sent to taxpayers from the Tax Assessor's office will be higher than staff is actually proposing. Staff is proposing a 3.1612 millage rate. This rate is smaller than our neighbor cities who have revenue from utilities outside the City. Fernandina Beach is 4.484, Orange Park is 6.0156, and St. Augustine is 7.5.

The City lost \$315,000 in the revenue which included an unfunded mandate from the State, in reference to the fecal leak in the creek. If the leak is found to be coming from Neptune Beach, we will be required to fix it. We are working on grants to replace septic tanks in the City. The City should get a \$700,000 grant for nitrogen removal. The Stormwater and

Sanitation funds also have a short fall. The Electric Franchise fee is down and the Police Pension fund has a 12% shortfall. All State taxes and property taxes are down.

Mr. Jarboe continued to explain that staff has been able to cut out \$70,000 from the budget. Over the last four years the City has reduced staff by 15%. The City has received grants for the police and hired a part time engineer to save money. There is a list in the agenda packet of at least thirty ways the City has saved money.

Director of Finance Steve Ramsey said he would answer any questions the council had concerning the budget. He mentioned the extra \$25,000 homestead cost the City \$135,000.

Councilor Pardee thanked staff for their hard work and for their sacrifices. Councilor Pardee suggested cutting the Legal Professional Services budget by \$15,000. Director of Finance Ramsey stated this line item was mainly used for insurance deductibles. Although this year the fund had not been used too much, he did not believe it was over funded. Mr. Jarboe reminded Council that the City Attorney was on retainer and only if he had to go to court for litigation did the City pay him out of this fund. Mr. Jarboe explained if the budget item was decreased and there was a short fall, then it would have to come from reserves. Vice Mayor Weldon stated the legal budget has already been reduced by 15% in the last two years. Vice Mayor Weldon and the Mayor suggested putting the money into contingency instead of taking it out completely.

Councilor Pardee also suggested cutting the overtime for the City Clerk's office by not making the Deputy City Clerk attend workshop meetings. City Clerk Volpe stated this could cut some of the overtime but the Deputy City Clerk still attends Board of Appeals meetings.

Councilor Lee felt the City Council needed to understand that some citizens were in financial difficulty and a small raise in taxes could hurt them. The Council should be fiscally responsible and show the public where cuts were made and why taxes need to be raised. He felt the public should be invited to make input on the budget before the final passing in September. He also felt it was Council's responsibility to get people to come to the meetings and understand the budget process. He went over the information Mr. Ramsey had given about the millage rate and budget for the last five years. Councilor Lee wanted citizen input as to what to cut out of the budget.

Mayor Pruette asked what were essential services. City Manager Jarboe stated they were police and water and sewer services. If essential services were cut, an example would be not being able to fix pot holes.

Vice Mayor Weldon stated he was satisfied with the budget as it was. He wanted to thank staff for cutting all the fat out of the budget. He stated the biggest cost is personnel. He did not want to direct layoffs, if not absolutely necessary. The unions indicated they are willing to accept no increases which shows they understand the City's financial problems. He felt the Council owed the employees another year of support. Next year, layoffs may be necessary. The City has reduced the amount of positions by 15% by retirement and voluntary leaving. The City could cut small things such as Cast a Line. These will not dig us out of the hole that we are facing. He felt that raising taxes to cover stormwater and sanitation fees is better because they could be deducted from taxes instead of raising enterprise fund fees. Staff has made every effort to tighten the budget, the Council owes it to staff to maintain employment for one more year. We can accomplish this by raising the millage to 3.1612. This would raise taxes for a \$200,000 house about fifty dollars per year. This is a small impact on individual homeowners and is lower than most area cities. Financial prudence says the City needs to maintain reserves and nurture a cooperative workforce. The State Legislature has threatened to put a property tax cap on cities next year. This will hurt us unless we have a stable rate to support us.

Councilor Tucker commented it was a difficult time to start her term on Council. Staff has done a great job. There are a couple places that she thought could be cut. Mayor Pruette asked where. Councilor Tucker commented on using technology instead of making as many paper copies. She also wanted the City to work on getting more grants. She agreed with Councilor Lee that the Council should look for public input.

Mayor Pruette said we will have to raise taxes due to the loss of revenues. There are citizens who are hurting financially. The transfer of funds to the Senior Center can be put in the contingency fund. Ms. Lyne has done a great job finding funds and she said she is confident she can find the necessary funds, however, it would be in the contingency fund if she needed it. Animal Control could be cut to twenty hours a week, since reports show only seven tickets a month are written. Jacksonville could be used for Fire Marshall services as Atlantic Beach does and our employee could be used in animal control. Council could make a small cut. Everyone needs to help with the small cuts.

Mayor Pruette suggested using the police call out system to invite people to the budget meetings for input. Vice Mayor Weldon disagreed with using the call out system. He stated that no one wants their taxes raised and all the Council will hear is negative feedback. He cautioned using negative feedback to base decisions on. Elected officials need to use their prudent judgment for the financial stability of the community. Discussion ensued over education of the public about the financial situation the City was in.

Mayor Pruette reiterated what the audit said that the City should be more active in collecting money owed us. City Manager Jarboe said with the help of Jacksonville Beach, the city is already doing this without hiring our own consultant.

Councilor Pardee elaborated on the three items he felt were important to citizens during his term on Council. The first being Animal Control, the second being Code Enforcement and third being the Senior Center. These items should not be cut. He felt citizens need to do things in their own lives to cut costs. He also felt the City could sell City Hall and transfer the employees out to the Public Services Facility in order to help with the budget. Mayor Pruette did not agree with selling City Hall and felt Animal Control did not generate enough tickets for an almost \$70,000 budget. She commended Leslie Lyne on the Senior Center and had confidence that she would raise the money she needed or it would be in the contingency fund for her use.

Mayor Pruette asked any members of the public for their input.

Scott Wiley, 723 Davis Street, felt the City Council had the financial responsibility to raise the millage rate to keep the reserves up and encouraged them to do so. Next year will not be much better therefore the City needed to do what it could do now.

Lynda Padrta, 1113 First Street, felt the City should realize that a tax increase would hurt citizens. She felt the City could stop cutting grass on First Street and to look for more money out of the interlocal agreement. She also attended the meeting where it was said that no money out of the General Fund would be used for the Senior Center.

Michael Aston, 1532 Summer Sands Drive, stated he is always impressed by the job the Neptune Beach City Council does.

Alan Martin, 1113 First Street, felt the City has to be proactive. He commented on stopping take home vehicles.

Adjournment

There being no further business, the meeting adjourned at 7:10 p.m.

Harriet Pruette, Mayor

ATTEST:

Lisa Volpe, CMC, City Clerk

Approved: _____