

**Minutes of the
Crystal River City Council
Budget Workshop
Monday, May 29, 2012 6:00 p.m.
Council Chamber, City Hall**

1. CALL TO ORDER

Mr. Farley called the meeting to order at 6:00 p.m.

2. CITY MANAGER'S PRESENTATION

Mr. Houston noted that this is the second Budget Workshop. We have already looked at revenues and will look at expenditures this evening. This is close to the recommended budget that will be presented in July unless Council chooses to make significant changes.

We are in balance for 2013 and slightly to the good. The budget being presented to you is based on a projected 5% reduction in the ad valorem which is the guidance that Geoff Greene, County Appraiser, provided a couple of months ago. As of today we are at 5.8%. If we end up at 6% we will be balanced.

The budget as presented assumes the current millage rate of 3.8%. The roll back rate would be 4.022.

The summary sheet explains where reductions have been made to offset revenue losses. In some areas money was added in anticipation of work to be done that wasn't needed and was taken out. There were savings from the financial software conversion. There are no staffing changes and no salary increases in the budget. There is a presumed 10% increase in health insurance and we have used the increased contribution rates provided by the State for the retirement plan.

Fire Department salary expense has been increased based on the first three to four months of the year due to a much higher response rate. They are paid per call. The Sheriff's Office has changed protocol for call outs which resulted in a reduction of the number of back-up calls the Sheriff's deputies respond to which may reduce the cost.

We expect to have the Law Enforcement cost on the June 11th agenda. For budgeting purposes we have assumed no increase in cost.

CIP

- Cutler Spur will be started the end of this calendar year
- Apply for CDBG funding to take care of some infrastructure projects
- Continue to upgrade the Council Chamber such as putting in TV monitors for presentations and install small monitors at the dais
- Restrooms to be renovated next year.

Will plan to phase Hunter Springs Park improvement costs into the CIP after the presentation of the proposed Management Plan on July 9th as Council chooses.

A rate increase of 3% for the Water and Sewer fund is being proposed for this year. There has not been an increase for the last couple of years. We have reached a point where it needs to be done. A rate study is being proposed in FY2013 in anticipation of the 20% increase in our customer base.

Water/Sewer CIP is out-of-balance for the current year. The City Manager and the Public Works Director will have to reprioritize some things. The Crystal Street plant will need some significant rehab based on a study that was completed. The study will provide an implementation plan to complete the rehab over a period of several years.

Sanitation Fund – FDS has not provided the annual rate increase to date because the index that was used in the past is no longer being maintained by the industry. Mr. Houston explained that the index used tracks increases in fuel costs.

CRA projected projects have been included in the packet distributed tonight along with a projection that was done at the public meeting of the funds left for the remaining term.

That is the overview of the budget.

The General Fund is in balance for the current year; next year and the following year are a concern. In 2016 it will begin to improve as growth and revenues begin to catch up. At this point Mr. Houston does not have a solution for 2014.

Mr. Kitchen stated that the budget information is based on the assumption of no new building or new hotels coming on the tax rolls and the continued decline in property values. Mr. Houston agreed adding that if the economy were to pick up and state revenues got better than our numbers would get better.

At this point we have assumed a 3% tax on utilities and franchises; later in the summer will request those numbers from Progress Energy due to the uncertainty of those numbers currently.

Ms. Wheeler asked when the refinancing of the bond for the sewer treatment plant is done, where the savings will be applied. Mr. Houston responded that it would go into the water/sewer fund and those numbers will be available shortly.

Ms. McNiff asked if the 10% projected increase in healthcare costs came from FY 2012 approved budget or from the actual budget. Mr. Houston responded that the 10% came from the carrier. Deanna Rowe explained that when the retirement numbers came in they were much lower than anticipated when that is figured in it nets out. These numbers are included together. The increase in health was offset by the decrease in retirement.

Mr. Farley confirmed that Council did not want to review the budget line by line.

3. COUNCIL DISCUSSION AND QUESTIONS

Mr. Kitchen stated that the numbers are based on the assumptions that have been made. There has been talk of new buildings in the near future which could impact the tax base. There are many unknowns. Mr. Houston agreed and used the Mall as an example. The Mall has not been factored in as yet which will have a significant reduction on the tax rolls.

Mr. Kitchen referred to page 5 showing a 35% reduction on the benefits line item. On Page 9 the break-out shows four councilmembers with the same number and one councilmember with a lower number;

why is that? Ms. Rowe responded that one of the councilmembers is a member of the retirement system in another place. Ms. Rowe added that the retirement rate for elected officials decreased significantly this year.

Mr. Kitchen referred to page 7 regarding the Fireworks. It was his understanding that \$15,000 was allotted in the past not \$10,000; has that changed? Mr. Houston confirmed that \$15,000 is correct and thanked Mr. Kitchen for catching it.

Mr. Kitchen stated good job on spending only what needs to be spent.

Mr. Kitchen asked about the Seminole club expenses of \$100,000. Mr. Houston responded that it is carried in this year's budget; a decision will be made this year what will happen with those funds. On page 54 it shows that it is still budgeted for FY 2012.

Mr. Gudis stated that staff has done a great job. Council has items prioritized and defers those items until the economy improves. Council has been careful not to raise taxes.

Ms. Wheeler questioned the \$30,000 for the tennis courts. Mr. Houston explained that it is for a water fountain and a shade shelter.

Mr. Kitchen referred to the water/sewer fund and asked why recommend 3% increase prior to the rate study which might show that more or less is needed. Mr. Houston responded that he recommended the 3% because the contribution to the capital improvement program needs to be maintained. The rate study needs to be done because the customer base will increase and it may provide a little relief in what the rates need to be.

Ms. Wheeler asked that based on history and the rate study that was already done, why not do the 3% and not pay for the rate study. Mr. Houston responded that it could be done; the rate study that was done three years ago didn't anticipate the increase in the customer base. Now is a good time to do the rate study because the sewer line is in the ground and the sewer project is close to completion. Additionally, the capital plans have changed. The Methodist Church well has been moved back; will be looking at whether or not we should keep the 5th Street well. This would be a good time to do a rate study.

Mr. Kitchen asked if the MSB fund (\$100,000) was still available. Mr. Houston stated that it was in the Fund Balance of Water/Sewer. Mr. Houston noted that we may need to consider, in the future, options other than building an additional water plant.

Ms. Wheeler asked if there was any indication from the County that their private water customers will need city services in the future. Mr. Houston responded that there have been numerous requests for service from the residential area to the north off of 495. The city's policy has been that the city does not extend service without annexation.

Discussion continued about the Indian Water System. Our policy is not to extend service to customers outside the City and the decision was made not to be a provider of regional service; but to take care of our residents.

Mr. Houston mentioned that he was considering removing inflow and infiltration from the monthly report because sewer capacity has been running less than 50%. Mr. Houston sees the problem now as 30% of what is pumped is not billed. There has been testing for leaks throughout the major lines and meters and nothing has been identified. Discussion continued about other sources that could contribute to the unidentified water pumped/ not billed issue.

Ms. Wheeler is pleased with the budget process. The five-year projection system has been a great tool for us. This is clear and to the point. There are many cities that are envious of us.

Mr. Kitchen commented on the CRA list, he is amazed the number of items that have been completed or in process. The Riverwalk project has been funded into the CRA budget for next year. Mr. Houston clarified that money was not allocated to a specific project it is money available for projects until such time as Council is ready to go forward with a particular project.

The next section of the Riverwalk project from Charlie's to Crackers will be approximately a \$1.1 million. This will be a multi-year project. Mr. Houston is ready to proceed with easement forms and begin meeting with property owners. Council encouraged Mr. Houston to obtain signatures as soon as possible.

Mr. Houston stated that his goal is to have signatures by the end of summer and develop a five-year plan. We are close enough to the end of the CRA term that we can make plans for the remainder of the term.

Mr. Houston stated the plan is to have the budget ready by July 1st and Council can set the TRIM rate on July 9th.

Public Input

Joe Chrietzberg – 304 NW Crystal St.

Commended Council on maintaining a 3.8 millage rate. He added that he is disappointed more of the public was not present for such an important thing as the budget.


4. ADJOURNMENT

Mayor Farley adjourned the meeting at 6:48 p.m.



JIM FARLEY, MAYOR

ATTEST:



CAROL HARRINGTON, CMC
CITY CLERK