

**TOWN OF DAVIE
BUDGET WORKSHOP
JUNE 14, 2011**

1. CALL TO ORDER

The meeting was called to order at 3:10 p.m.

2. ROLL CALL

Present at the meeting were Mayor Paul, Vice-Mayor Hattan and Councilmembers Caletka and Luis. Councilmember Starkey arrived late. Also present were Town Attorney Rayson, Town Administrator Lemack and Assistant Town Clerk Roig recording the meeting.

3. BUDGET

Mr. Lemack said they had begun the budget process by analyzing operational efficiency and had asked three questions: Was the Town spending money prudently; Could the budget process provide the opportunity to be resourceful and creative without risk and was the Town meeting its service expectations.

Mr. Lemack stated they had established three priorities, the first of which was fiscal and operational accountability and transparency. Mr. Lemack said this included a spending freeze, a hiring freeze of non-essential personnel, and elimination of dispensable travel and training. They were also preparing for the introduction of a five-year financial forecast for various operating funds, proposing changes to purchasing code, and extending their CIP projections. Mr. Lemack said he would enhance communication with Council, to include bringing quarterly financial reports to Council meetings for public presentation.

Mr. Lemack stated that the second initiative was economic development, growing the tax base in identified areas while promoting the Town's unique rural characteristics, the educational complex, open space, culture and their history. He said Council had already acted by reducing building fees, considering suspension of the inclusionary zoning and the creation of local vendor preference.

Mr. Lemack said the third initiative was infrastructure demands, which would include the new utility plant, public safety and general maintenance.

Mr. Lemack stated they would present a balanced budget with the following initiatives: no millage increase, no fire assessment increase, no use of general fund undesignated reserves, no layoffs, and no reduction of services. Mr. Lemack thanked Council for their input and staff for their support. He thanked the Budget and Finance Office staff for their long hours, dedication and guidance.

Mr. Lemack referred to an organizational chart, and described the structure and changes. He stated there was a potential consolidation, which was still being analyzed, of public works and public utilities to create the public services department. Mr. Lemack said the police department would eliminate the vacant Major's position, which would allow the use of funds for the promotion of three lieutenants to the rank of captain and the hiring of one police officer, who would be dedicated to the Police Athletic League.

Budget and Finance Director Bill Ackerman reported on the Town's total budget. He remarked there would be a significant drop in the Town's budget, but they were anticipating bond proceeds to use for the Water and Sewer Capital Projects Fund. They would also take the funds the CRA had left over and re-appropriate them for next year. Mr. Ackerman stated there was a reduction in the water and sewer fund total budget for next year and described the changes that had led to this.

Mr. Ackerman reported as of May 9th, there had been a \$5.5 million deficit in the general fund, which had been worked on until the budget was now balanced. He said they had overestimated the drop in ad valorem revenue and underestimated the State revenue. They had also developed budget initiatives.

Mr. Ackerman noted the following actions they had taken regarding general fund revenue: used forfeiture funds to reimburse the School Resource Officers; implemented a cost allocation plan; changed vehicle maintenance and utilized self-insurance reserves.

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Mr. Ackerman described the budgeted revenues, including property taxes, fire assessment, State Revenue, administrative fee from utilities, solid waste franchise fee and the Wheelabrator bonus, and how they had changed since last year. Mr. Ackerman described the millage rate options, and said they were considering keeping the current rate: 4.8124%, which would bring in \$30,009,537. Increasing the rate to 4.86907%, the rollback rate, would bring in an additional \$357,316 and increasing to 5.286% would bring in an additional \$2,953,311.

Mr. Ackerman explained the property tax changes that property owners would see in 2012. He pointed out that Davie's millage rate and fire assessment compared very favorably to other Broward County cities.

Mr. Ackerman referred to the indirect cost allocation chart, and explained that some Town functions were self-sufficient and said they wanted to institute a charge back for the support services supplied to various groups. He explained the methodology used to charge the general fund for administrative services. Councilmember Caletka felt residents on Davie water paid disproportionately more to subsidize a lower millage rate for the entire Town. Mr. Ackerman agreed to provide more details to Councilmembers regarding the methodology.

Mr. Ackerman described the revenues and general fund expenditures in detail and noted that the 1.8% increase was mostly due to personnel expenses.

By department, Mr. Ackerman said discounting debt service, the Town spent approximately 70% of their budget on public safety. He summarized personnel costs for 2012, including salaries and police and fire cash-outs, which Mr. Lemack had decided must be included in the budget.

Mr. Ackerman explained changes would be made to the ad valorem and intergovernmental revenue. He described the slight reduction in residents' property tax bill and fees for 2012 for a home with a \$200,000 taxable value.

Mayor Paul and Councilmember Caletka had brought up the possibility of retiring a general obligation public safety bond, and Mr. Ackerman had analyzed the impact this would have. He determined that this would not be fiscally recommended because the savings of some interest would be more than offset by a prepayment penalty, a decrease in reserves and an attendant loss of future investment income. Mr. Ackerman offered an alternative: use half of the \$1.2 million in debt service reserves to reduce the general obligation debt millage. This would be done for two years and would provide a slight savings for homeowners.

Mayor Paul congratulated Mr. Lemack and staff for taking direction from Council to bring them a very positive presentation. Mr. Ackerman confirmed that the waste management savings would go directly back to residents. Mayor Paul congratulated Fire Chief John Montopoli for the report that showed what they had been able to accomplish for the fire department. Regarding the alternative for the general obligation debt, Mayor Paul appreciated that Mr. Ackerman had been able to develop this for the residents' benefit.

Councilmember Caletka requested a comprehensive line-item budget. He had learned at the Municipal Planning Organization that the County subsidy for the Town's Blue and Green route buses might be ending and he wanted to be sure the Town anticipated additional funds to maintain these services. Mayor Paul said they must determine what the difference would be and staff should determine where this could be made up. Councilmember Caletka asked that the increase in Council salaries be removed. Regarding the alternative for the general obligation debt, Councilmember Caletka said he did not feel they should have reserves for debt service because this was reset every year based on property values and this represented overtaxing the residents. He favored using all of the reserves in one year. Mr. Ackerman explained that the reserves for debt service resulted from changes in the variable rate, and from the fact that when they budgeted for it, they had to guess. The majority of this reserve was from the change in the rate.

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Mayor Paul gave staff direction to consider Mr. Ackerman's suggestion for how to use the debt service reserves to reduce the general obligation Debt millage in two phases, and to retain a cushion in the Reserve in case the rate changed next year. Mr. Ackerman said using the reserve in one year would provide approximately \$35 in savings to residents. He agreed to prepare options for Council to consider.

Councilmember Starkey asked about the 39% increase in the building department, when growth was down. She favored eliminating the vacant positions; if they needed to fund positions in the future, they could use the cost recovery program until they could adjust the budget. Mr. Lemack said they had discussed this and would revisit it. Mayor Paul noted there were some possible projects that may come to fruition in the next year, and she wanted to know how many of the vacant positions would be needed to facilitate those projects. She also wanted to know how many positions could be contracted out and what the savings would be. Councilmember Starkey said they could also investigate cost recovery for the projects Mayor Paul had mentioned. Mr. Lemack said he would consider Council's comments and bring something back to them.

Councilmember Starkey asked if the building department was being charged back for administrative costs, TIMS services and attorney's fees. Mr. Ackerman said right now, the building division was self sufficient for everything, including attorney's fees.

Councilmember Starkey requested staff provide Council narratives for the budget as well.

Councilmember Luis thanked staff members who had worked on the budget and said they had exceeded his expectations.

4. MEETING DATES

Council discussed future meeting dates and decided on the following: The next Budget Workshop was scheduled for July 27th at 4:00 p.m. The Community Endowment Workshop would be on August 17th at 4:00 p.m. The Special Assessment Hearing would be on September 14 at noon. The Budget Hearings would be on September 7th and 21 at 5:01 p.m.

5. ADJOURNMENT

There being no further business to discuss and no objections, the meeting was adjourned at 4:27 p.m.

Approved _____

Mayor/Councilmember

Town Clerk