

**TOWN OF DAVIE**  
**VISION AND GOAL SETTING WORKSHOP MEETING**  
**APRIL 5, 2013**

**1. PLEDGE OF ALLEGIANCE**

The meeting was called to order at 9:24 a.m. and was followed by the Pledge of Allegiance.

**2. ROLL CALL**

Present at the meeting were Mayor Paul, Vice-Mayor Caletka and Councilmembers Luis, Hattan and Starkey. Also present were Assistant Town Administrator Macciano Lewis, Town Administrator Richard Lemack and Town Clerk Russell Muniz.

**3. VISION AND GOAL SETTING**

Mr. Lemack gave a presentation and reported the first half had already been shared with the senior management team and employees at budget workshops. He stated it would be shown at district meetings for feedback from residents.

Mr. Lemack reported he was constantly monitoring the budget and balancing the level of service desired by residents with saving the Town money. He said questions they should bear in mind were: How is the Town positioned to grow; Is the Town making the appropriate investments to secure its infrastructure; What have they done to entice prudent growth; What have they actually accomplished; What type of services do they want to grow, maintain or/and reduce and Are residents getting a good value for their tax dollars?

Mr. Lemack remarked that even though the Town was a full-service municipality, they were still at the lower end of the scale for millage rates and fire assessments.

Mr. Lemack said structures that would compound the Town's budget in the future were: Value Adjustment Board; negative growth in the CRA area; legislative issues; cost of doing business; reduction of undesignated fund balance; aging infrastructure and increase in demand for services.

Mr. Lemack related the challenges they were facing: FY14 budget gap of \$7.4 million due to \$4.5 million of one-time revenue sources for FY 2013; union contracts, pension expenses, health insurance and operational expenditures. He explained how they had reached this point: nominal appreciation in property values; stagnant growth in other revenue sources and collective bargaining agreements – personnel expenses. Their operational plan would include: community expectations; fiscal expectations; employee expectations; shared services/interlocal agreements/regionalization; evolve participatory budgeting; managed competition; evaluate and adjust accordingly for fiscal management.

Mr. Lemack stated they were reaffirming their priorities. The first was fiscal/operations accountability, including the 5-year financial forecasts; capital improvement; long term financial planning; collective bargaining agreements; quarterly financial statements; assessing each of the Town's operational and administrative policies and aligning the Town's legislative initiatives with the assistance of Town's local and federal lobbyists. The second priority was economic development, including growing the Town's tax base; increasing the capacity of communities; enhancing quality of life; sustainable growth; partnering with the Community Redevelopment Agency to expand development opportunities; expanding the use of housing grant dollars to enhance communities and marketing the Davie brand. The third priority was infrastructure demands and Town projects, including investment in public infrastructure as they prepare for economic recovery; attraction of quality developments and investments to pre-identified areas and investment in infrastructure would serve as business incentive for additional tax revenue.

Mr. Lemack then described the budget initiatives, which were classified as evaluating, completed – implemented or completed – not pursuing. Those they were evaluating were: the 911 consolidation;

Examining P&R Fees, assessing the Rodeo Grounds and advertising on buses; bulk water sales; assessing applicable franchise fees; wetland mitigation banking; adoption of a right-of-way program; pension reform; funding alternatives of CIP and vehicle purchases and cell towers. Initiatives that were categorized as completed – implemented were: provide services to neighboring municipalities; assess volunteer program to supplement services; utility audit; lobbyist registration fees; program re-organization. Initiatives categorized as completed – not pursuing were: creating a Municipal Services Taxing Unit (MSTU); recycling minerals for energy and fertilizer; water/sewer rate study update; operations of new water plant and offer scrap metal residential pick up on demand.

Mr. Lemack mentioned that Town Hall was reaching its functional obsolescence. He said they would discuss the Town Hall and the clubhouse at a future workshop where they would explore alternative opportunities to address these that would not strain the General Fund. They were continuing to think about Broadview Park and would discuss the stormwater assessment.

Budget and Finance Director Bill Ackerman discussed the preliminary five-year forecast. He said for 2013, they had balanced the budget using creative means, and using some one-time revenue sources. He described the 2014 forecast: revenues of \$92.2 million and expenditures of \$99.6 million, resulting in a \$7.4 million deficit. The gap over five years would continue to widen, reaching \$16.7 million in 2018.

Mr. Ackerman stated the largest revenue sources were ad valorem taxes and permits, fees and special assessments. He explained that Council had control over approximately 62% of revenues. Mr. Ackerman stated there were regulations limiting their control over property taxes and the Town had experienced negative growth, which had brought them backward several years.

Mr. Ackerman said they had experienced growth recently, and related that the Wal-Mart property had provided \$78,263 in taxes before construction and would provide \$153,059 after construction was complete. He reminded Council that growth also meant an increased demand for services.

Mr. Ackerman stated they anticipated modest growth in property tax revenue over the next five years. He reported that new construction had almost doubled over the past year. He stated other revenues included use of fund balances and transfers of \$4.3 million for fiscal year 2013. He said they were at a point where they could no longer rely on one-time revenue sources to solve the budget deficit problem.

Mr. Ackerman listed the Town's expenditures: personnel services, operating; capital outlay; debt service and other uses. In personnel services, he explained that pension costs had been consistent this year because the stock market had done very well. He anticipated health costs would increase at least 5% in 2014-2015. For operating expenditures, Mr. Ackerman said they used a variety of price indexes. He reported the Town had approximately \$56.8 million in debt service, \$47 million of which was in general obligation bonds. Mr. Ackerman stated the Town was "nowhere near" their 10% debt capacity.

Mr. Ackerman explained that rating agencies had a lot of control over the Town and they currently had a very good rating, but the agencies had expressed concern over the Town's use of one-time revenue sources to balance their budget.

Mr. Ackerman stated the Town had a policy that 25% of general fund revenues must be set aside for a rainy day. The amount in excess of 25% had decreased over the past few years.

Councilmember Starkey asked about refinancing some of the bonds and Mr. Ackerman said they would investigate this.

Director of Human Resources Stacey Hipsman discussed healthcare and the Town's insurance premiums. She said the Town had managed to stabilize their health insurance premiums for three years through plan design changes. They were considering additional changes to keep premiums down. She reported they would need to increase premiums in the coming year.

Regarding workers compensation costs, Ms. Hipsman said they had been effective at case management, resulting in decreased claims costs. She pointed out that there had been a "staggering" decline in injuries since the Town had taken over their own workers compensation program. Ms.

Hipsman said to continue this; they had redesigned and reconstituted their safety committee and safety program.

Joe Picolo, IAFF President, asked if the Town was better off being self-insured for health insurance. Ms. Hipsman replied that being self-insured and their fiscally responsible practices had provided tremendous savings. Councilmember Starkey recalled putting health insurance out to bid several years ago and not finding any plans they liked.

Intergovernmental Affairs Manager Phil Holste provided an update on the Capital Improvement Plan. In the past year, they had completed or nearly completed the wastewater plant; asphalt overlay; Old Davie School Park improvements and Sunny Lake Bird Sanctuary. Future projects included more asphalt overlay; a new Shenandoah Fire Station; rehabilitation of aging lift stations and the drainage projects on the east and west sides. Mr. Holste explained the current status of the Town's general obligation fire and open space bonds. He identified six projects for which they needed to identify funding. Mayor Paul suggested grants be sought for some of the projects and Mr. Holste described possible grant funds and their efforts to obtain them. He stated there were \$73 million worth of projects over the next ten years for which they must identify funding.

Mr. Muniz said the Town had 19 advisory boards and some used the services of an outside transcriptionist for their minutes. He said in order to save money, the advisory boards could be reduced, their meeting frequency reduced and/or they could operate without a staff liaison. Staff recommended: merging the Agricultural Advisory Board with the Green Environmental and Energy Committee and reducing their meetings to quarterly; changing the Budget Advisory Committee meetings to quarterly; removing staff administrative support from the EEC; combining the parks and recreation and the open space board; having the building department provide administrative support for the unsafe structures Board; reducing the Youth Education and Safety Board meetings to quarterly. Mr. Muniz said these changes could result in a cost savings of \$5,000 for the offsite transcription. Utilizing the offsite transcriptionist instead of staff would provide additional savings.

Councilmember Starkey agreed with Mr. Muniz's suggestion to combine some of the boards, but did not agree that they should all have their meetings reduced. She felt the department directors or their designees should be the staff liaison for related boards. She suggested staff write summary minutes for advisory board meetings instead of a transcriptionist.

Council had consensus to combine the Agricultural Advisory Board and the Green Environmental and Energy Committee and to reduce their meetings to quarterly. Mayor Paul suggested the Budget Advisory Committee could meet quarterly, but they could call additional meetings at their own discretion. Council supported removing staff support for the EEC; combining the Open Space Advisory Board with Parks and Recreation and scheduling their meetings quarterly; eliminating the Unsafe Structures Board and scheduling the Youth Education and Safety Board to meet quarterly. Mayor Paul wished all boards and committees to be called committees and to reduce the number of appointees on committees that would be combined. Mayor Paul stated if quarterly committees wished to meet more often, this should be approved in advance by the committee chair, the staff liaison and a Councilmember.

Mr. Lemack listed issues the Town faced and choices they needed to make to address them. Parks and Recreation Director David Flaherty said one option for saving was to utilize "manpower" agencies to fill part time positions. He described the in-house hiring process and said he was experiencing difficulty replacing part time employees in his department. Using an employment agency would improve the entire hiring process. Ms. Hipsman said this would also save the Town health insurance and workers compensation costs. She stated they already had contracts with agencies that could provide certain types of employees; for other positions, they would issue an RPF. Council agreed to move forward with this suggestion.

Mr. Flaherty asked Council about outsourcing some parks and recreation facilities, which he said would save costs and decrease the Town's liability exposure. Councilmember Starkey suggested that

Town personnel could be migrated into positions with the outsourced agencies. Ms. Hipsman stated the Town would no longer be responsible for those employees' benefits. Council agreed to investigate Mr. Flaherty's suggestion.

Mr. Lewis discussed outsourcing the building department. He remarked that this would have an impact on customer service and they did not know how this would affect fees. Councilmember Luis wanted to know if other cities had realized significant savings and Mr. Lewis stated they did not know this yet. Vice-Mayor Caletka was concerned about a loss of control over customer service. Mayor Paul asked Mr. Ackerman to include information on future reserves in the research. Councilmember Starkey wanted information on a hybrid option for some services to be outsourced or for services to be gradually outsourced. Council agreed to consider further information from staff. They also requested information on raising permit fees.

Mr. Lewis discussed allowing the County or some other agency to administer the Town's housing program grants but noted that this could result in the loss of 20% of their funding. Council did not favor this idea.

Police Chief Patrick Lynn asked Council about outsourcing code compliance services, which had already been merged with the police department. Council agreed they needed to consider this.

Mr. Lemack reminded Council that they were still working on the regional 911 service issue. He agreed to provide Council with the costs for three different options: to run their own; to use the County's MSTU or to join with another municipality.

Director of Public Works Mark Collins described the Town's current costs for stormwater maintenance and possible stormwater fees. He reported cost for a stormwater rate study and plan would be \$20,000 - \$25,000. Mr. Collins said the benefit of implementing an assessment would be that they could perform maintenance beyond the minimum standards, which could benefit residents by reducing flooding and lowering their insurance rates. They could also increase their developable land area and bring more businesses into Town. Mr. Collins stated the stormwater fee would not exceed approximately \$36 per year, per residence. Vice-Mayor Caletka stated this was a "terrible idea" that represented an economic injustice, since people on large lots near canals would receive breaks. He therefore did not like the flat rate. He added that once a fee was initiated, it could not be revoked; if they needed funds for an emergency, they could enact a temporary millage rate for one year. Mayor Paul remarked that there were many residents who did not pay any property taxes, so increasing the millage rate would put a difficult burden on other homeowners. Mayor Paul wanted to see the study information so they could compare the impact.

Mr. Holste said they were about to reduce the solid waste assessment fee by \$38.06 due to the Sun Bergeron contract. In exchange for lowering the assessment, he suggested using the savings for revenue enhancement. This could be done through a millage rate increase of .1903, which would bring in \$1.2 million in revenue, or a fire assessment increase of \$38.06. They could also choose to maintain the solid waste assessment, which would bring in an additional \$840,000. Mr. Holste advised Councilmember Starkey that they could also use a combination of the options. Council had consensus to consider these options.

Mr. Holste discussed funding options for Capital Improvement Projects. They had \$73 million in unfunded projects over the next 10 years. Options to consider for funding were: a millage rate increase of 0.3 mills; short to medium-term loans; general obligation bonds; a special taxing district. Mr. Holste remarked that they had no defined revenue source to repay the loans and they did not have the capacity for more bonds because of their bond rating. Special taxing districts were limited to neighborhoods with a large number of improvements.

Mr. Holste stated the Budget Advisory Committee had discussed the millage increase and the Committee supported an increase, and recommended instituting special taxing districts for areas with specific capital needs. Mr. Holste felt it would be difficult to implement a special taxing district beyond those already discussed. Councilmember Starkey wished to see a list of projects that were equally

distributed throughout the districts so the millage increase would be fair. Mayor Paul said this plan could include the caveat that funds could be prioritized differently if an emergency arose.

Mr. Ackerman informed Council that the school resource officer program would cost \$2.5 million and require a millage equivalent of .3898. He then discussed fire assessments for not-for-profit organizations. He pointed out that services were being provided to these entities and the cost of these services was currently being subsidized by residents and other property owners. Mr. Ackerman asked if Council wanted a fire assessment rate study that included not-for-profits. Council agreed to this.

Mr. Ackerman asked if Council would support implementing a utility service tax for water. He explained that it would take up to nine months to implement the tax, which would be a percentage of water use. Council had consensus to explore a tax of no more than 5%.

Mr. Ackerman stated they were looking into implementing an early retirement incentive program. He stated this would entail up-front costs and a potential reduction in personnel and services, but it could provide long-term savings. Council had consensus to investigate this.

Mr. Lemack explained options for the town attorney. He remarked on how difficult it was to compare costs because contracts were so specific from town to town. They could choose to retain Mr. Rayson's services, the cost of which was in this year's budget for \$250,000. They could convert Mr. Rayson to an in-house attorney, or create an RFP for specific legal services. Mr. Lemack stated they could also combine the Town Attorney position with the CRA attorney position. Council had consensus to consider an in-house attorney who would also be the CRA attorney. Mr. Lemack said the contract would be negotiated with the prospective town attorney.

Mr. Ackerman described the impact the changes Council had discussed would have on the Town's budget.

Mayor Paul was pleased that Mr. Lemack and staff had worked to accomplish all the goals she had presented when Mr. Lemack was first hired. The number one item she wished to consider this budget year was pension reform. She also wanted to continue with implementing the existing sustainability plan. Mayor Paul was also happy with progress Council had made since taking over as the CRA Board. She wanted to aggressively pursue selling the property the Town owned at Palma Nova and Oak Hill. Mr. Lemack confirmed that staff was working on this.

Vice-Mayor Caletka asked about the preliminary ad valorem figures from the property appraiser and Mr. Lemack thought they would receive them prior to June 1.

Vice-Mayor Caletka asked if the federal lobbyist was "bringing home" any funds this year. Mr. Lemack was unaware of any so far.

Mr. Lemack agreed to provide Council with a spreadsheet describing the options they had discussed prior to the first budget workshop.

#### 4. ADJOURNMENT

There being no further business to discuss and no objections, the meeting was adjourned at 2:45 p.m.

Approved \_\_\_\_\_

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Mayor/Councilmember

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Town Clerk