

**TOWN OF DAVIE
WORKSHOP MEETING
JULY 27, 2004**

The meeting was called to order at 6:34 p.m. Present at the meeting were Mayor Truex, Vice-Mayor Paul, and Councilmembers Crowley, Hubert, and Starkey. Also present were Town Administrator Willi, Town Attorney Kiar, and Town Clerk Muniz recording the meeting.

Tentative Ad Valorem Rate for 2004-2005

Mr. Willi explained that the purpose of the workshop was to set the Town's millage rate for fiscal year 2004-2005. He advised that the budget did not incorporate a tax increase, was balanced, and remained at 5.1086 mills per operation. Mr. Willi detailed the effects of debt services which would impact the budget in the future and spoke of rising personnel costs. He indicated that currently, about 80% or \$58 million of the Town's budget went to personnel costs. Mr. Willi offered staff's recommendation for a one-time transfer of non-operating dollars from the Town's self-insurance fund to the general fund to help offset these increased costs. Mr. Willi stressed that this transfer would be a one-time occurrence and there was no future revenue stream to provide this offset in the future. He explained that this budget prohibited the Town from hiring additional police officers and advised that the Police Department had requested ten new officers for fiscal year 2004-2005. Mr. Willi advised of staff's recommendations for fee increases for some recreational, camp and day care programs. He provided handouts that outlined the percentage of change in operational budgets and the number of sworn police officers per capita respectively.

Councilmember Starkey asked if any litigation fees were factored into any reimbursements coming back to the Town. Mr. Willi responded in the negative and advised that only expenses were shown. Councilmember Starkey voiced her hope that those funds would come back to the Town.

Councilmember Crowley asked if employees paid into the self-insurance fund. Budget and Finance Director William Underwood responded in the affirmative and explained how the one-time transfer that staff recommended would affect the budget next year.

Vice-Mayor Paul stated that she was not in favor of taking the money from the Community Endowment Fund and the self-insurance fund. She requested that Council be presented with an in-depth report with a breakdown of the self-insurance fund before the upcoming budget workshop. Human Resources Director Mark Alan explained how employee contributions factored in the self-insurance fund. He spoke of the previous claims history of the Town and how it affected the recent rates estimated. Vice-Mayor Paul stated that she was interested in whether the Town was putting in more than it should.

Councilmember Starkey asked about the \$6 million reserve and how it was formed. Mr. Alan advised that initial contributions were never comprised of a large percentage of employee contributions, but rather that more contributions were made by the Town for workers compensation liability and other such programs. Councilmember Starkey asked if there was a rational nexus for how the fund was to be spent. Mr. Willi stated that the funds would be put into an insurance reserve and could only be taken out and put in the budget for insurance purposes.

Councilmember Hubert asked why the 100% employee coverage was not reduced. Mr. Alan indicated that it could be done, but that negotiations would have to occur with the unions, as this was a right written into their collective bargaining union contracts. He pointed out that the Town was competing with other municipalities for good employees and needed a competitive compensation package.

Councilmember Crowley asked Mr. Willi if the general insurance was within the self-insurance fund. Mr. Willi responded in the affirmative. Councilmember Crowley stated that he was more comfortable knowing that general insurance was included.

Mayor Truex asked if any specific action had to be taken tonight. Mr. Willi stated that he needed to know by August 4th what the maximum rate would be for the TRIM notice.

Vice-Mayor Paul indicated that she wanted certain questions addressed by the date of the workshop. Mr. Willi advised that staff had earmarked \$850,000 to augment the Community Endowment

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fund and the employee pension fund. He stated that this had to be budgeted for the future so the non-representative employees who had been in the plan for a long period of time could be compensated for some of their earlier losses.

Vice-Mayor Paul asked about specific line items such as the \$750,000 reflected under Administrative Miscellaneous fees. Mr. Willi explained that the \$750,000 represented transfers related to the Town's water system that assessed the administrative costs for running that program. Mr. Underwood spoke about the miscellaneous items that made up the total amount. Vice-Mayor Paul stated that her biggest issue was the stormwater drainage maintenance needs, as the \$12 fee needed to be addressed and it was not healthy to deal with drainage on an emergency basis. She felt that the Fire Rescue assessment fee also needed to be addressed. Mr. Willi felt the biggest concern with transferring the fire assessment to the ad-valorem taxes was the cost burden shift from commercial entities to single-family homes. He advised that today's methodology placed the cost burden on the user. Vice-Mayor Paul stated that if the stormwater drainage amount of 1.356 was added to the ad-valorem, the Town's millage rate would be 5.2442. Councilmember Starkey advised that more alternatives needed to be presented. Councilmember Starkey referred to legislative funding the Town had received from Tallahassee and asked if those funds were not to be used toward maintenance and renovation of existing stormwater systems. Mr. Willi advised that those funds were provided to offset existing drainage programs. Public Works/Capital Projects Director Bruce Bernard explained that the funds were provided not for maintenance but for installation and cleaning of new systems.

Mayor Truex stated that he was happy with not increasing taxes on the ad valorem rate. He felt that an option involving a choice between raising taxes and not doing some activities could be worked in somehow. Councilmember Hubert pointed out that if the Town did not buy so much open space, it would have more money. Mayor Truex felt this was a hard truth and a good point. He agreed that not maintaining the stormwater system was not a good option. Mayor Truex felt there was a lot of money in the budget and that other options could be explored to avoid raising taxes.

Mr. Willi spoke of the grants mentioned by Councilmember Starkey and indicated that a requirement was to see the approved budget. He advised that an approved budget was also needed for ISO ratings. Mayor Truex stated that he was not in favor of raising taxes but wanted the stormwater maintenance worked into the proposal. He felt having Council raise taxes for stormwater maintenance was not enough. Mayor Truex wanted Mr. Willi to provide other options of programs that could be cut.

Councilmember Crowley felt that stormwater maintenance was important but that water quality was even more important, as sediment being removed from the catch basins had pollutants. He spoke of the importance of improving the water quality in the C-11 canal and suggested that this issue be addressed at a separate workshop. Mr. Bernard stated that if the water quality was not improved in the C-11 canal, the practices that would eventually need to be done, if mandated by the federal government, would have to be paid for by all cities using the basin.

Councilmember Crowley stated that for workshop purposes, a higher cap could be set, Council could have two workshops, giving staff time to come back with alternatives for cutting \$700,000. Mayor Truex indicated that he would not be in favor of raising taxes and felt that staff needed to find areas where the \$700,000 could be found. Councilmember Crowley advised that the doors were being opened for the State to approach the municipalities to let people know these problems needed to be fixed.

Mr. Bernard spoke of the Town's efforts to maintain the catch basins. He advised that the company which cleaned the basins for the Town charged \$140 per hour for a minimum of four hours of work. Mr. Bernard indicated that at this time, the bare minimum was being done on a contractual basis as

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the Town had 2,600 catch basins. Mayor Truex asked if the Town maintained basins in private residences. Mr. Bernard responded in the negative.

Councilmember Starkey reiterated that more options should be presented to Council. She felt the amount being spent on maintenance was very high. Councilmember Starkey asked Mr. Bernard if he could offer another type of maintenance program that would not impact the budget with an increase to the ad valorem. Mr. Bernard replied that if Council wanted a price to check the basins twice a year, it would take about three years to check all basins. Councilmember Starkey asked if an RFP was ever done to determine pricing in the event that the Town decided to incorporate a maintenance program via contracting. Mr. Bernard advised that the Town could not bid for such a program without having funds to pay for the work. Councilmember Starkey still wanted to see a bottom dollar estimate using a contractor on an annual maintenance program. Mr. Bernard again advised that he could not put out a bid on this type of issue.

Mr. Willi advised that the number that staff came up with was a function of the revenue collection based on the \$12 per year special assessment for residential properties base fee. He indicated that the program was designed to match the funding level. Mr. Will added that this was only a partial program and not He a full Town-wide stormwater maintenance program. Vice-Mayor Paul indicated that the money could only be used for the stormwater program and staff would not have to “dip” into the budget. Mr. Willi stated that over the past ten years, there had not been any tax increase to the residents, beyond the difference between the roll back rate and the new assessed rate, which was unheard of in communities like Davie by accident. He stated that the Town’s revenue had been depressed which was evidenced by the \$25 million being collected in ad valorem revenue against a \$77 million operating budget. Mr. Willi stated that the revenue collection had not kept up with the Town’s spending levels. He indicated that the Town was growing and every day, there were more roads and acres of parks to maintain and adding employees to the payroll to keep the level of service consistent. Mr. Willi added that the Town had consistently avoided costs and had done well but warned Council that someday this would backfire and the Town would not be able to pay the bills. Mr. Willi stated that the Town would have another year where there was a 20% to 25% increase and there was only a \$2 million increase collections but there would be a \$10-\$12 million increase in employee and operating costs. He advised that the Town could not continue approaching the budget in the same way by always trying to avoid costs. Mr. Will advised that last year, staff was directed to find 1.75% to trim from the budget across the board which sounded good in theory but staff trimmed \$565,000 worth of expenses in programs, supplies, and equipment. He spoke of financial constraints in various departments that could not afford needed supplies. Mr. Willi stated that insurance and stormwater assessment were restricted reserves and the unrestricted reserves of \$6 million were dangerously low. Mr. Willi advised that staff depended on a certain amount of “fat” within the budget which provided a little offset each year for the reserves to grow. He stated that as far as the ad valorem collection, the Town normally indicated that it would collect 95% of that revenue knowing that a few more percent would be collected and go into “fall out” to build the Town’s reserves. Mr. Willi explained that in order to balance the budget this year, staff moved the ad valorem expenditure to 97% which was lean and with the removal of \$565,000 from the department’s operating budget, there was no where to go this year. If Council was going to maintain the ad valorem as it was and incorporating the cost of the drainage system, Town positions would need to be cut from each department and no department could afford to lose any staffing. Mr. Willi advised that he was upset and bothered by the use of insurance reserves. He stated that the Town’s staffing levels were very lean when you compared the Town with other municipalities in the area. Mr. Willi recommended that the tentative tax rate not be left at 5.1086 and felt that it was in the best interest and financial future of the Town to make small incremental tax increases to keep up with the growth occurring over and above the growth in the revenue

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stream. He stated that the other options would involve raising fees in Parks and Recreation programs or privatizing some adult sports programs or Town departments, subcontract or eliminate Economic Development. Mr. Willi advised that there were a number of things the Town could do but it would mean removing personnel from the payroll in order to make up that kind of money.

Mayor Truex stated that he was not in favor of Mr. Willi's philosophy on small incremental tax increases. Mr. Willi recommended setting a 5.292 millage rate until better adjustments could be made in the future, with the worst-case scenario involving going back to the 5.1086 rate with other adjustments made.

Councilmember Crowley asked Mr. Willi for his recommendation. Mr. Willi advised that the Town adopt a 5.292 millage rate which would take into account stormwater needs and the Fire rescue assessment. He felt this would give Council more flexibility. Mr. Willi spoke of future projects that would alleviate the tax burden in the future. Mayor Truex pointed out that this was a reason to not raise taxes yet but consider making cutbacks in other areas.

Vice-Mayor Paul felt the overtime figures for police officers was very high and needed to be addressed. Police Chief John George spoke of overtime projects for the Department and added that without meeting population growth needs, the level of Police Department services would drop. Mayor Truex spoke of the increase in Fire Department funding and felt it would not remain increased in future years.

Council discussed which priority should take precedence. Vice-Mayor Paul asked if the commercial properties would be assessed if added to the ad-valorem rate. Councilmember Hubert stated that she was in favor of raising the rate slightly, which would help the Town pay for more needed police officers. Mayor Truex felt the increase in police officers might not be likely to happen this year.

Councilmember Starkey made a motion, seconded by Mayor Truex, to maintain the same millage rate. In a roll call vote, the vote was as follows: Mayor Truex - yes; Vice-Mayor Paul - no; Councilmember Crowley - no; Councilmember Hubert - no; Councilmember Starkey - yes. (Motion denied 3-2)

Councilmember Crowley made a motion, seconded by Councilmember Hubert, to set the proposed millage rate at 5.2442. In a roll call vote, the vote was as follows: Mayor Truex - no; Vice-Mayor Paul - yes; Councilmember Crowley - yes; Councilmember Hubert - yes; Councilmember Starkey - yes. (Motion carried 4-1)

Vice-Mayor Paul made a motion, seconded by Councilmember Starkey, to set the first public budget hearing date for September 7, 2004 at 6:00 p.m. In a voice vote, all voted in favor. (Motion carried 5-0)

Councilmember Starkey requested that a cost-benefit analysis be done to show the justification for the stormwater maintenance figures that had been proposed.

Vice-Mayor Paul asked about the Town's anticipated revenues versus expenditures. Mr. Willi advised that staff expected the Town to continue reflecting more revenues than expenditures and that the Town had been very lean in its operations over the year.

Mr. Willi advised that he would be willing to discuss options for making further budget cuts with any Councilmember and preferred to do so individually. Mayor Truex requested a meeting with Mr. Underwood and Mr. Willi.

Mayor Truex asked about the Budget Advisory Committee's activities on this issue. Vice-Mayor Paul advised that the Committee would hold a special meeting to prepare for Council's budget workshop.

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Mayor Truex stated that he would be unwilling to go through the budget process without the Committee's input. Councilmember Crowley asked if the auditors were up to date on the Town's audit. Mr. Underwood explained that the books for 2003 had not been closed out.

There being no further business to discuss and no objections, the meeting was adjourned at 8:46 p.m.

Approved _____

Mayor/Councilmember

Town Clerk

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