

**CITY OF ANNA MARIA
CITY COMMISSION PRELIMINARY BUDGET WORK SESSION
MEETING MINUTES
MEETING HELD AT HOLMES BEACH COUNCIL CHAMBERS
MONDAY, MARCH 5, 2007
10:30 A.M.**

CALL TO ORDER

Chair Quam called the Preliminary Budget Work Session to order at 10:30 a.m.

PLEDGE TO THE FLAG

ROLL CALL: Mayor Fran Barford, Commissioner Jo Ann Mattick, Commissioner Dale Woodland, Chair John Quam, Deputy Chair Christine Tollette, Commissioner Duke Miller.

Staff present: City Clerk Alice Baird, Deputy City Clerk Diane Percycoe, Building Official Kevin Donohue, Public Works Director George McKay, and Minutes Clerk Stacey Johnston.

Press present: Sun.

MOTION: Chair Quam moved to suspend the rules for this meeting - Preliminary Budget Work Session. Commissioner Woodland seconded the motion. Motion carried – All Aye.

Chair Quam turned the meeting over to Mayor Barford.

Mayor Barford stated the meeting was generated at the request of some of the Commissioners and of the Staff for discussion relating to the upcoming Budget. Mayor Barford suggested they meet for approximately one hour and then determine whether they want to meet at a later date.

Mayor Barford informed that the agenda presented to the Commission was inclusive and every item did not have to be discussed.

The following are the items placed on the Agenda by the Staff for possible discussion:

1. **Budget Format.**
 - a. *Layout*
 - b. *Backup*
 - c. *Individual Meetings*
2. **Long-Range Plan for Asset Maintenance.**
 - a. *Roads*
 - b. *Stormwater*
 - c. *Equipment*
3. **Line of Credit**
 - a. *Phase I – Status*
 - b. *Phase II – Funding*

4. **Capital Projects Outside Line of Credit.**
 - a. *City Pier*
 - b. *Jetty Extension*
 - c. *Lake LaVista Dredging*
5. **Administrative**
 - a. *Job Descriptions*
 - b. *Director of Finance Position/Recommended Salary Adjustment*
 - c. *Organizational Chart*
6. **Status and Possible Effects of Trade Property Tax for Sales Tax Proposal.**

Mayor Barford that she did want to discuss the layout of the budget so it would be set up in the beginning on how the Commission would like to see it.

Item # 1. Budget Format.

- a. **Layout**
- b. **Backup**

Deputy City Clerk Diane Percycoe asked for the Commission's direction as to how they would like the format / layout of the budget presentation this year. She asked if they would like the materials in binders as in the past, expandable folders, both, or neither. She further asked if the Commission would or would not prefer the backup materials.

Chair Quam and Commissioner Woodland both agreed on the use of binders. *Commissioner Tollette* also said she would like the binders with the backup.

In regard to backup materials, *Commissioner Woodland* stated if the budget was where he wanted it to be in the beginning, then he did not need any backup materials.

Commissioner Mattick said if she were starting at a zero-based budget, she would not need backup materials either. She pointed out, however, this would be her first budget review since serving on the Commission.

Chair Quam stated they did not want to do a zero-based budget. He further stated that the Staff should prepare for backup based on the uncertainty of the upcoming changes.

It was the consensus of the Commission that the format remain the same as in previous years and that the binder be used. The need for backup materials will be determined as the process continues.

- c. **Individual Meetings.**

Deputy City Clerk Diane Percycoe asked if the Commissioners would want to have individual meetings with the Staff during the budget process.

Mayor Barford stated the Staff's offices would always be open and they would be available at any time if the Commission had any questions.

Building Official Donohue suggested that the backup materials be utilized for the purpose of approving a line item with certain things to be purchased. He felt it was helpful to have this information so that in mid-year specific decisions can be made in order to stay on track and not go over budget.

Item # 6. Status and Possible Effects of Trade Property Tax for Sales Tax Proposal.

Mayor Barford called attention to the materials provided to the Commission relating to the State-wide Proposed Property Tax Issue and alerts that have been received.

Mayor Barford stated she is sending a letter to our Legislatures. She then referenced the spreadsheet prepared by the City relating to Projected FY 2007-08 Property Tax Loss Comparison Based on FY 2006-07 Budget. She encouraged the Commission to also contact the Legislatures due to the proposal having great implications to small cities such as Anna Maria and also the County.

Chair Quam asked if the Commission would be providing a recommendation on behalf of the City.

Mayor Barford informed that the House will be discussing this issue in Tallahassee on Friday, March 9 and she felt the issue should be discussed at the Commission's March 8 Work Session.

Commissioner Miller asked that the spreadsheet be reviewed.

Deputy City Clerk Diane Percycoe stated it had been compared to this year's budget. The projected change was based on the 2001 Rollback rate; however, the inflation factor was not included in the projections.

According to the projections prepared by Deputy City Clerk Percycoe, the percentage of property tax reduction would be approximately 55%.

Commissioner Miller felt that putting a projected property tax loss comparison out was dangerous since it is not accurate. Feeling it was a concept that does not exist, he suggested the Commission first determine how the proposal proceeds.

Mayor Barford said she has seen too many referendums pass and as a citizen of Anna Maria she wants to voice her concern relating to the issue. Pointing out costs were attached, Mayor Barford gave examples of past referendums.

Deputy City Clerk Percycoe said it is her understanding that the proposal does not have to go to the voters and it is hoped that it will go into effect this June.

Chair Quam asked Mayor Barford to present a proposed Resolution for the Commission's review and consideration at the March Work Session. He further pointed out that changes have also been made to the Cable Franchise.

Mayor Barford then turned discussion over to Commissioner Woodland.

---- *Commissioner Woodland* thanked Mayor Barford for calling the Preliminary Budget Work Session.

Commissioner Woodland said though he did not expect everyone to agree with him, he had some strong thoughts on the City's revenues and spending. It is his hope that by the end of the budget process everyone will know where each other stand.

Commissioner Woodland said his philosophy could be summed up in one statement – "Revenue is not our problem – Spending is our problem." He said a reality check would be needed if it were thought that the Florida Legislature would solve their problem.

Commissioner Woodland referenced the example of the individual traveling across the United States and recently speaking in Bradenton. He said virtually everyone speaking from the public side said in one-way or another that "spending is out of control."

Commissioner Woodland discussed the following issues:

- Concern that no government entity has the incentive to be fiscally responsible or efficient.
- Discussed that approximately 45% of the tax dollars goes to the school system. He felt the school system was a miserable failure & questioned who was looking out after the kids.
- Commissioner Woodland said he reviewed a website that has ten years budget history for every City in Florida and he performed a ten-year analysis for Manatee County – Anna Maria, Longboat Key, Bradenton Beach, Holmes Beach, Bradenton, and Palmetto. He stated the results of his analysis were that all Municipalities were averaging a 15% to 17% increase over the ten-year period.

He stated the most interesting outcome he found to be was that the recurring expenses (operating expenses such as salaries, utilities, etc.) were higher than the 15%. In other words, over the ten-year period, every year the recurring expenses were growing faster than the budget overall. Therefore, the non-recurring expenses have to be growing at a lesser rate in order to pay for the recurring expenses such as paving, drainage, etc.

- Commissioner Woodland put on the table for discussion that the City's Department Heads start with a budget that puts the burden on the Staff

rather than the Commission. Department Heads are provided with a budgetary amount and required to determine how it will be spent and allocated within their departments.

- Stated he would like to see more effort on the City employee's part relating to their benefit package. He felt the City employees would have to start sharing in the expense and that the Staff determines a plan agreeable to them that they would be happy with.
- Suggested each department, even though it may change each year, implement a two to four-year plan.

Commissioner Miller agreed there was a revenue problem, however, pointed out that the taxation of properties has increased to a point never seen before. The 15 – 17% increase has been given to the municipalities and it has then been spent.

Commissioner Miller agreed that presenting a budget amount to the Department Heads by starting with the rollback amount (last years advalorum) and adding the inflation factor of 3.3% was a great idea.

Commissioner Mattick felt Commissioner Miller's statement was an indictment of the City Commission and the way the money has been spent. She felt if better decisions would have been made then the line-of-credit may might not have been necessary. She questioned why dollars had not been set aside for the future projects.

Commissioner Mattick suggested the need for a zero-based budget.

Chair Quam defended the Commission's actions over the past five years by pointing out that the mill levy had not been raised.

He stated he saw a definite need for property tax reform, however, did not agree with the proposal.

Chair Quam agreed that employee participation of the benefits should be investigated.

Commissioner Tollette said she used to be in the benefits business and said she would like to personally take on the employee benefits issue. She said she would like to review the City's current health plans in the effort to lower the costs.

Mayor Barford thanked Commissioner Tollette and said she would set up a meeting with herself, Commissioner Tollette, and Deputy City Clerk Percycocoe.

City Clerk Baird pointed out that Anna Maria has changed companies, plans, have had higher deductibles, and continuously taken less. She stated that since there are only eight employees, it is difficult to get cheaper policies.

City Clerk Baird stated that beginning last year the employees began paying for benefits the City could not give them such as short and long-term disability and additional life insurance.

Commissioner Tollette suggested that Anna Maria, Bradenton Beach, and Holmes Beach could merge together in an effort to get better employee rates and benefits.

City Clerk Baird informed that a few years ago she actively tried to piggyback with Manatee County for health insurance for Anna Maria's employees and was informed by them that Anna Maria was too small.

She stated she then worked with Holmes Beach in an effort to piggyback with them. After trying very hard, Holmes Beach informed Anna Maria was too big of a liability due to the age of the employees.

City Clerk Baird further stated a few years ago she filled out a survey for the State of Florida who was contemplating having small cities and counties joining together with the State's Health Insurance. City Clerk Baird suggested the Florida League be contacted to see if that program has ever been resurrected.

Noting it would be a very fundamental change, *Commissioner Woodland* asked for Staff feedback relating to starting with a zero-based budget.

Mayor Barford said she was very concerned relating to the mandates that may come down in June in regard to the property tax issue. She suggested she meet with the Staff and they discuss it internally, meet with Commissioner's Tollette and Woodland, and come up with a plan.

Building Official Donohue informed that his department is unique in that the revenues brought in pay the expenditures.

Discussion followed relating to the definition of a zero-based budget. *Commissioner Miller* felt the definition of zero-based means what it would take to run the department for the year, versus how much was spent the previous year and how can the same amount be spent the following year.

Building Official Donohue explained to the Commission that State Statute regulates that the building permit and fees can be charged to pay for the enforcement of the building codes. Zoning fees are also included in the revenues received. He further explained how he projects his revenues and the adjustments he makes. Discussion and examples followed.

Public Works Director McKay said the Department Directors had been given a budgetary amount to work with in the past and he had no problem with doing that again. However, it can cause for a lot of infrastructure to be neglected.

He used the example of trying to intermingle with the other community's for equipment usage, etc.

Chair Quam informed that the City of Palmetto had put a hiring freeze and a freeze on expenditures of \$5,000 and Anna Maria may want to look at the same type thing.

Building Official Donohue said many expenditure freezes are a result of crisis management in municipalities. He stated that the Department Heads are the consultants within the area; however, alternatives to survive a budget crisis can be considered.

Commissioner Tollette asked if the Ground Maintenance of \$30,000 was the contract. She suggested the citizens begin taking care of their own right-of-ways. Chair Quam and Commissioner Miller both agreed.

Building Official Donohue said the Commission should consider if the property owner were to be responsible for their right-of-ways, it would be necessary to increase the Code Enforcement budget. In addition, it may involve a large increase in the area of Code Enforcement and may cost over and above the \$30,000 budgeted amount. He felt a great deal of litigation could be involved.

Chair Quam suggested that the Public Works Department could be involved. Discussion followed.

Public Works Director McKay informed it was the third season for the contract work and the City had always been responsible for the right-of-ways and even private lots in the past.

Commissioner Mattick said she felt strongly about the large amount spent on the cost of professional and legal fees. She suggested that rather than the Attorney spending time drafting an Ordinance each time an issue comes before the City, that the Commission research the issue and present the proposal. This would allow detail to be determined prior to being drafted by the Attorney and revised numerous times.

Commissioner Mattick was pleased that Mayor Barford had taken steps to insure that professional's were not attending meetings when not necessary.

Mayor Barford informed that the Planner is now being used more effectively. She said she would not be using his services unless the Commission directs her to.

She also informed she had met with the City's legal representatives for setting structure and perimeters from the City's perspective.

Mayor Barford said since she became Mayor she is demanding detail accounting prior to signing off on the invoice.

Chair Quam said as the person responsible for setting up the agendas, he has tried to put the City Attorney's items first on the Work Session Agendas. For instance, he did not feel the City Attorney would need to be in attendance at the March 8 meeting.

Mayor Barford suggested the Regular Commission Meeting Agendas be set up in the same fashion. If questions arise later on in the meeting such as in the Public Comments area, the item can be either answered or postponed until an answer is obtained.

Commissioner Tollette asked about the \$28,000 budgeted amount in the 2006-2007 budget for the Comp Plan. *Mayor Barford* confirmed that would be completed by in 2007.

Commissioner Tollette asked about the status of the Combined Services Study.

Commissioner Miller informed he was working with the Chamber relating to Combining Services and the committee last met in December. A proposal was to be received in March by a consultant in an effort to move forward, however, no response was ever received.

Commissioner Miller stated other possible resources are now being pursued. Discussion followed that combining services may be required with the proposed State mandates.

Mayor Barford acknowledged that Anna Maria has a very good relationship with Bradenton Beach and Holmes Beach.

Commissioner Tollette asked about the City Banners and Holiday Banners budgeted for.

Deputy City Clerk Percycoe explained that what was presented to the Commission was only a format and not the actual proposed budget.

Commissioner Tollette asked if the \$20,000 road maintenance was still in the budget and if the schedule had been worked out.

Public Works Director McKay acknowledged the \$20,000 was in the budget for road maintenance and he was in the process of working out a schedule with CIAC relating to the road maintenance.

Mayor Barford informed a plan would be prepared relating to the road maintenance.

Commissioner Tollette suggested those type updates be presented to the Commission at their Regular Meetings.

Commissioner Tollette asked if the bridge repair maintenance pertained to both bridges and if it would be the City's responsibility to replace the bridges when necessary. She pointed out there was no budgeted amount for 2006-2007.

Public Works Director McKay informed it would be the responsibility of the City, however, that they do not have the right-of-way that will be required.

Mayor Barford said a bridge maintenance plan could also be produced.

After discussion, *Mayor Barford* stated she would meet with the City Staff, Commissioner Tollette, and Commissioner Woodland and inform the Commission if another meeting is requested.

PRESS COMMENTS

Mayor Barford confirmed for the Sun News that the City would not be working from a zero-based budget.

ADJOURNMENT

On motion made by Commissioner Miller and seconded by Commissioner Woodland, the meeting was adjourned at 5:07 p.m.

Alice Baird, CMC, City Clerk