

**CITY OF ANNA MARIA  
CITY COMMISSION BUDGET WORK SESSION  
MEETING HELD AT ANNA MARIA COUNCIL CHAMBERS  
10005 GULF DRIVE – ANNA MARIA, FL  
TUESDAY, JULY 24, 2007  
6:30 P.M.**

**CALL TO ORDER**

Chair Quam called the Budget Work Session to order at 6:30 p.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, Public Works Director George McKay, and Minutes Clerk Stacey Johnston.

**Press present:** Sun and Islander.

**1. Opening Remarks – Proposed 2007-2008 Budget.**

*Mayor Barford* read the 2007-2008 Budget Vision Statement into the record. The proposed 2007-2008 budget is based on a 1.7882-millage rate, a reduction from 2.0 mills, and reflects the rolled back rate to the 2006-2007 budget amounts plus an additional 9% decrease, as directed by the State of Florida Legislature.

**2. Budget Challenges – Current and Proposed.**

*Diane Percycoe*, Deputy City Clerk/Director of Finance, explained that the current challenges with the current proposed budget includes:

- 1) The mold and asbestos remediation, expenses, and lawsuit. She explained that the City would be going to mediation on September 12, 2007. It is hoped that the City will recover all expenses.
- 2) Collection of the grant revenues and receiving them prior to the end of the fiscal year. Explanation followed.
- 3) The up and down issue involving the tax reform. Ms. Percycoe provided a history of events. She explained she was unable to get the compound growth rates until July 13 in order to figure out the DR420.
- 4) The rise of Employee Insurance costs and reviewing ways to reduce costs.
- 5) Stormwater Utility Fees and change in the budget due to the study required.

**3. Budget Public Hearing Dates.**

*Ms. Percycoe* informed that the following Budget Public Hearing Dates have been set to avoid conflicting with those dates set by Manatee County and the School Board of Manatee County:

- |                                  |  |
|----------------------------------|--|
| 1 <sup>st</sup> Public Hearing - | Thursday, September 6, 2007 – 6:30 p.m.  |
| 2 <sup>nd</sup> Public Hearing-  | Thursday, September 20, 2007 – 6:30 p.m. |

**4. Budget Format.**

*Ms. Percycoe* explained all changes to the 2007-2008 Budget Format.

*Commissioner Woodland* suggested a description line be added under the heading to allow for better clarification.

Deputy City Clerk/Director of Finance *Percycoe* stated she would add that information.

**5. Budget Review Process.**

*Chair Quam* explained that the Commission would review the budget on a page-by-page basis for any questions or comments. After Commission review of the revenues, public comment would be accepted. The City Commission would also accept public comments after the review of the City's expenditures.

The Commission reviewed the following Line Items:

*Commissioner Woodland*

- Line # 10 – Variance Fees – application for variances at \$100 per variance. *Ms. Percycoe* informed the fees had been increased to indicate the proposed fee increases to be considered at a later date.
- Line # 11 – Planning Fees & Line # 12 – Zoning Fees – *Ms. Percycoe* informed she had been meeting with the Building Official and reviewing the permit fee schedule. The Planning & Zoning fees had been separated and the proposal indicates the proposed permit fee schedule.
- Line # 20 – Local Communications Service Tax – Indicates the Department of Revenue's estimate obtained online.

*Commissioner Mattick*

- Line # 4 – Taxes – Electrical Franchise – *Ms. Percycoe* explained the budgeted amount is based on the FPL franchise and the percentage of usage reimbursed to the City. FPL is in the process of catching up on reimbursing the City the amount due. She explained that usage has decreased, however, with the new franchise agreement the calculations are based differently and it hoped that additional revenues will be received in the new budget year.

*Chair Quam*

- Line # 9 – Building Permits – *Chair Quam* felt the proposed budget was too high. *Ms. Percycoe* informed she had met with the Building Official to arrive at the proposed amount. In addition, there had been an increase in revenues in the last few weeks.
- Line # 42 – Pier Rent – *Chair Quam* questioned the revenue increase from \$72,000 to the 2007-2008 proposed amount of \$87,189. *Ms. Percycoe* explained that the lease allows for CPI adjustments after the first lease year. Prior to last year that allowance had not been caught in the lease or collected. Based on the CPI adjustments she will be adding that amount to the base rent back to year 2001 forward. The proposed amount of \$87,189 reflects the CPI for one year. *Ms. Percycoe* acknowledged that she had reviewed this with the Lessor.

*Commissioner Woodland*

- Line 34 – Code Enforcement Fines – Ms. Percycoe explained that persons have been fined and additional revenues had been received from persons leaving lawn furniture, tents, etc. on the beach.
- Line # 55 – Manasota Basin Board Grant – Confirmed the current budget amount versus the proposed amount is the difference between what will be spent.

*Commissioner Tollette*

- Line 50 – Forestry Grant – Ms. Percycoe informed that a grant was received through the Department of Agriculture for the removal of Pine Trees. The City will no longer be applying for that grant.

**PUBLIC COMMENT – None.***Commissioner Tollette*

- Line # 92 – Employee Health Insurance – Ms. Percycoe read a prepared statement regarding the City's Health Insurance issue. She explained the current status of the City's insurance offered by BC/BS. It was noted that Staff proposes the following to find a way to reduce employee health insurance costs to the City:
  - 1) Evaluate other BC/BS health insurance plans.
  - 2) Gather information from the other Island cities.
  - 3) Explore the option of self-insurance.
  - 4) Explore the option of employee contributions.
  - 5) Find other comparable health insurance plans that would enable a cost-savings for the City by going out for a Letter of Interest.

*Deputy City Clerk/Director of Finance Percycoe*

- Line # 93 – Dental Insurance – Due to the reduction of the Building Official position, the proposed budgeted amount should be reduced to \$3,189.

*Commissioner Mattick*

- Line # 82 – Staff Overtime – Reflects hourly staff only. Department heads receive Compensatory Time.

*Chair Quam*

- Line # 88 – Code Enforcement – Proposed budget reflects the increase of working three days per week versus the current two days per week and based on a 46-week period. The Code Enforcement Officer's current salary is \$20/hr plus a proposed 6% increase as reflected in the proposed budget.

*Commissioner Woodland*

- Proposed Salary Increases and Health Insurance. Commissioner Woodland expressed his concern relating to the proposed 7% employee salary increases feeling they are totally out of line with what the City is faced with in regard to the increased tax burden. In an attempt to make required reductions, Commissioner Woodland did not agree with increasing salaries higher than what he had ever seen before. Noting his feelings were not a

reflection on the work being performed by the City's staff, he felt it was just financially irresponsible to increase salaries the amount of 7%.

Commissioner Woodland felt that the recurring employee salary increases would make it difficult in the future if they continue to climb in comparison to the reduction of non-operating expenses having to be reduced. He felt every year that salaries increase would result in a smaller portion of the budget going to infrastructure, capital improvements, etc. He stated if the trend of increases continues, the City Commission would have to look at other ways of providing the in-house services to the citizens in order to have money left to complete the other infrastructure requirements, etc. of the City. Explanation and examples followed.

Commissioner Woodland pointed out that the Florida Legislature required the City start out with a 9% decrease. As a resident, he said he agreed with that concept. With this being the first year having to reduce expenses, he was opposed to the proposed 7% City Staff salary increases.

*Diane Percycoe*, Deputy City Clerk/Director of Finance, explained that Line # 111 – Total Salaries & Related Expenses – had decreased by 13% due to the elimination of the Building Official position.

Ms. Percycoe stated that with the added responsibilities explained by Mayor Barford in her backup materials, all City employees have incurred increased job responsibilities.

*Mayor Barford* said she totally stood behind the proposed salary increases due to the smart planning in the administrative aspects of City Hall. For economic reasons, in-house changes had been made over the past year that has resulted in an increased workload for every staff member.

Mayor Barford explained her recommendation was based on the comparison of other City's, step programs, etc. She felt smart administrative planning was being conducted and with the employees' increased responsibilities the increased recommendation is based on a cost of living increase plus a merit increase. Each staff member had a performance review with her last May and all ratings had positively increased.

*Commissioner Tollette* said she agreed with Commissioner Woodland and had volunteered to assist with researching the health insurance issue due to their constant increases. It is her hope that other health insurance options can be obtained. She suggested that a small contribution by the employees relating to the health insurance would show as good faith on their part.

*Commissioner Miller* discussed the employee cuts being made in other Florida Counties and Cities, however, pointed out that the same method could not be accomplished in Anna Maria due to its size. Understanding the Mayor's suggestion of a cost of living increase plus merit, Commissioner Miller stated the merit might mean the employees coming to work next year.

Commissioner Miller felt a cost of living increase would be more than fair under the current circumstances. He stated he appreciated that Line # 111 – Total Salaries & Related Expenses – had been reduced 13%, however, pointed out that \$62,000 had been moved to Professional Services and that Line item had increased by 64%.

*Commissioner Mattick* said she being new to the Commission had not been involved in the budget process and the percentages of salary increases in the past. She asked what percentage of the budget reflected the 7% increase. Ms. Percycoe said she could calculate that information.

Commissioner Mattick asked what salary amount was comparable to positions such as the Finance Director's position in Holmes Beach or Bradenton Beach.

Ms. Percycoe informed that the Director of Finance in Holmes Beach currently earns \$70,000 annually and was currently at the higher end of the step program. She explained how her position differed and the number of hours required of the position.

Commissioner Mattick felt the City Staff's salaries were considerably lower than those in the area and did not feel the proposed 7% increase represented an outrageous increase.

*Chair Quam* stated that the pension/FICA, etc. would also increase based on any salary increase.

*Commissioner Woodland* stated the health insurance and benefit costs were in complete control of the City.

Ms. Percycoe pointed out that attractive benefits would attract and keep qualified people in positions; therefore, it was important to be competitive with the other cities.

Commissioner Mattick felt there was a lot of value placed on the police and fire and not as much placed on the services provided by the other employees in the City.

*Commissioner Tollette* said she would like to see the cost of living increase figure over the last five years. She questioned if it was appropriate to use Holmes Beach, Bradenton Beach, and Manatee County as the comparison and suggested Anna Maria looking internally.

Commissioner Mattick asked what the average wage was throughout the State of Florida. She did not feel based on the current employees wages they would even be able to live in the City of Anna Maria.

*Commissioner Tollette*

- Line # 75 – Grounds Maintenance – Ms. Percycoe explained that the Public Works Department would now be assuming those duties and they would no

longer be contracted out. She informed that prior to contracting out the services, the Public Works Department had three employees and now only has two.

*Commissioner Woodland*

- Line # 120 – Election – *City Clerk Baird* explained the purpose for the increase. She informed that if by Charter Amendment the terms of office were changed to fall on the even number years and extended to four years, it would reduce the cost.

*Mayor Barford* said it was too costly to have an election every year. She said she would be recommending to the City's Charter Review Committee to review that issue due to the added costs. The costs include printing the ballots, absentee ballots, advertising, dedicated phone line, and pay for the poll workers. Having an election during the off year requires the City to pay for that year's election.

*Commissioner Mattick*

- Line # 123 – Special Events – Ms. Percycoe explained that line item had been reduced and included costs for sending flowers, dinners, food for special meetings, etc.

*Commissioner Woodland*

- Line # 154 – City Fuel – Public Works Director McKay explained a vehicle had been eliminated and that the City was purchasing fuel from the county thus causing the reduction on that line item.
- Line # 158 – Total Operational Expenses – asked for clarification from last year's actual budget amount. Deputy City Clerk/Director of Finance Percycoe explained.

*Commissioner Mattick*

- Line # 144 – Record Storage Unit – Ms. Percycoe explained that the City's records are stored off-site in four units at Cortez Storage. The records which are in boxes on the three to four tiers of shelving in each unit need to be purged and imaged based on the records retention schedule which may then reduce the number of units from four to three. However, the staff has not had time to do so. The Public Works Department retrieves a record when required. Surplus items are also being stored.

Commissioner Tollette asked if volunteers could be utilized to assist in the purging of the records.

Ms. Percycoe explained that due to the records management complexity a staff member would need to be present, however, volunteers could be utilized. The procedure and explanation of the process followed by Ms. Percycoe and City Clerk Baird.

Commissioner Mattick asked what an outside service would charge to image the records.

City Clerk Baird pointed out that non-permanent records would not need to be imaged unless a historical value was placed on it.

- Line # 146 – City Hall/Sheriff Office Clean – Ms. Percycocoe explained the cleaning service had not been used during the six months the City Hall was being renovated. The private cleaning service now being used charges a set rate and also cleans the Public Works and entire City Hall.

*Deputy City Clerk/Director of Finance Percycocoe*

- Line # 161 – Comp Plan Rev/EAR – No proposed budget due to its completion.
- Line # 162 – LDR Associates Costs – A negotiated cost that includes advertising.
- Line # 163 – City Planner/LDR - The City's Planner will be involved with the LDR.
- Line # 168a – Stormwater Utility Study – City Clerk Baird reported that the costs might be as much as \$15,000.

**ACTION: It was the consensus of the Commission to increase this Line Item from \$10,000 to \$15,000.**

*Chair Quam*

- Line # 196 – FPL – Street Lights – Public Works Director McKay informed that FPL has changed the bulbs in the lights resulting in reduced wattage.

*Commissioner Tollette*

- Line # 203 – City Pier Inspections – Public Works Director McKay informed that the monthly inspections would now be performed on a quarterly basis. He further explained that the pilings were in the CIP forecast.
- Line # 217 – Beach Walkover Repairs - Public Works Director McKay said the budget reduction was a result of replacing a lot of rotten wood over the past year and that they should be in good shape for the next couple of years.

*Commissioner Mattick*

- Line # 201 – City Beautification (EEEEC) – Mayor Barford explained the EEEC would have a much smaller budget in 2007-2008. The Public Works Department would absorb the tree reductions and the EEEC would be more involved in environmental educational opportunities. A memo will be sent to the committee explaining the City's budget cuts and restraints.

Commissioner Woodland felt that line item would be one of the hardest to cut due to the EEEC accomplishments.

Commissioner Mattick agreed and said she would hate to lose the committee, however, agreed that the committee's main objective should serve as the environmental education role.

*Chair Quam*

- Line # 216 – Rds/RW/Gen Sand Bags/Bea – Public Works Director McKay explained this line item includes maintenance of grass, shell, sandbags during hurricane season, etc.

- Line # 225 – ROW Maint & Pavement Marking – Paving area, marking of roads, etc.
- Line # 224 – Signs for Roads – Replacement costs for signs based on theft, damage to existing signs due to spray-painting, etc. Ms. Percycoe pointed out that it is mandated that the Total 5 Cent Gas Tax Improvements (Line # 229) be spent on road-related items only. Public Works Director McKay said the goal is to change the signs to reflective ones.

Commissioner Mattick asked if the City owned the parking area by the Rod & Reel Pier and could the Gas Tax be used for filling the potholes. She further suggested it be surfaced.

Public Works Director McKay responded stating shell is placed in the potholes once a month. Surfacing the area would require a surface for run-off as required by SWFWMD; however, he stated he would look into it.

*Commissioner Tollette*

- Line # 226 – Sidewalk Replacement Program – Public Works Director McKay said he would like to spend some of that amount for impervious materials.

*Chair Quam*

- Dredging of Lake LaVista Inlet – To be dredged again in January 2008.

## **PUBLIC COMMENT**

**Jim Conoly**, N. Shore Dr., asked why the City provided the parking lot maintenance at the Rod & Reel Pier if it was privately owned.

Public Works Director McKay informed that the lot facing the Pier is owned and maintained by the City.

Mr. Conoly asked for clarification relating to Line # 154 – City Fuel Expenses.

Public Works Director McKay responded.

**Tom Turner**, 850 N. Shore, commented on the proposed 7% salary increase and asked what the cost of living increase was proposed at. After being informed the cost of living increase was 3%, Mr. Turner stated he felt the 3% cost of living plus a 2% merit increase should be adequate.

Mr. Turner suggested the Commission consider putting up a temperature controlled and flood resistant Butler Building for the purpose of storing the City's records. Surplus items, along with storage of Public Works equipment, could also be stored in the building.

In referencing Line # 216 – Rds/RW/Gen Sand Bags/Bea @ \$9,000 – Mr. Turner felt the number of sandbags issued per individual should be limited.

Public Works Director McKay pointed out that the City gets reimbursed for sandbags purchased.

**6. Budget Review.**

*Deputy City Clerk/Finance Director Percycoe* explained that the proposed millage rate is set at 1.7882; the advalorem is \$1,385,961 –a reduction of 9% from 2006-2007. Ms. Percycoe reviewed the following:

- The Manatee County Sheriff's Office (MCSO) Contract in the amount of \$645,898.24 would be placed on the August 23, 2007 agenda.
- The Stormwater Utility Study had been increased from \$10,000 to \$15,000.
- The 5-yr CIP Project list, prepared by Public Works Director McKay, would be placed on the July 26, 2007 City Commission agenda.
- Need to look at CIP project needs and how to fund them along with determining how to maintain all road and stormwater projects.
- Line # 219 – Road Maintenance – indicates second year micro surfacing or full reclamation maintenance of the roads just completed.

**7. Reserve Calculation.**

*Ms. Percycoe* said she is currently working on the reserve calculation and it had been forwarded on to Ed Leonard for his review.

In looking at the proposed budget, the City will have 40.93% in reserves at the beginning of this fiscal year. At the end of September 30, 2008 the City should have 38.2% in reserves. It was pointed out that if the City is awarded monies as a result of the upcoming mediation that amount would also be placed into the reserves.

**8. Line of Credit Update.**

*Ms. Percycoe* informed that the current Line of Credit balance was \$258,642.76. The principal amount of \$40,000 is being paid quarterly. She informed that the end of this fiscal year, the balance of the loan payment will be paid towards the principal.

**9. General Public Comment.**

**Tom Turner**, 850 N. Shore Dr., commended the City Staff and City Commission for doing a better job in preparing the budget than in years past.

*Chair Quam* thanked the Mayor and City Staff for preparing an excellent budget.

**PRESS COMMENT** – None.

**ADJOURNMENT**

**On motion made by Chair Quam and seconded by Commissioner Miller, the meeting was adjourned at 8:36 p.m.**

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**Alice Baird, CMC, City Clerk**