

**CITY OF ANNA MARIA
SECOND BUDGET WORK SESSION
JULY 11, 2006
5:00 P.M.**

CALL TO ORDER

PLEDGE TO THE FLAG

ROLL CALL: Mayor SueLynn, Commissioner Dale Woodland, Commissioner Christine Tollette, Commission Chair John Quam, Deputy Commission Chair Linda Cramer, Commissioner Duke Miller

Also present: Sgt. John Kenney, Building Official Kevin Donohue, Public Works Director George McKay, Deputy City Clerk Diane Percycoe, Minutes Clerk Sylvie Reichmann

Press: Sun, Islander

Commissioner John Quam thanked Deputy City Clerk Diane Percycoe for the new budget format and asked her to explain changes from the last meeting. Deputy City Clerk Diane Percycoe confirmed that the Commissioners had before them Draft #2, dated July 11th, 2006. She noted that color-coded changes had also been provided on the press and public read file copies of the draft, and that copies were also available upon request from the City Clerk's office. The Deputy Clerk reviewed Column A and column headings, and noted that throughout in the projections column, changes from last meeting were highlighted in yellow. Relative to *Line Item* #38, she indicated that she had carried over the \$105,000 from reserves.

Regarding her calculation of the reserves, Deputy City Clerk Diane Percycoe said that if the projections and the budget stayed the same as now, at the end of this fiscal year, the City would have 31.33% in reserves. She said that on September 30th, 2007, with the same budget scenario, the City would be left with 25.07% in reserves. She explained to the Commissioners that the City budget is compiled by all the City department heads, including the Mayor, and that her function is simply to make calculations and put the information into the budget format.

Commissioner Dale Woodland asked what it would take for the City to retain 35% in reserve funds. *Deputy City Clerk Diane Percycoe said she would work on this calculation for the next meeting.*

Commissioner Christine Tollette said she realized budget discussions were stressful but reminded those present to be respectful and calm.

Commissioner John Quam noted that it was important to him to see at least 35% of the City's operating budget in reserve funds.

Mayor SueLynn asked that when the Commissioners started making their cuts, she hoped they would keep the needs of the City in mind, as assessed by City staff. She said that if

the City needed to keep a reality-based reserve. The Mayor pointed out, however, that in the event of a significant disaster, the City would need a lot more money than 35% of its annual operating budget at its disposal.

Commissioner John Quam noted that after Hurricane Katrina, some of the cities that had a line of credit, lost that line after the storm. He said he thought the City should think along the lines of having something set aside to start over with, after a disaster.

Mayor SueLynn noted that after a disaster, grants and special loans would become available to the City.

Commissioner Christine Tollette suggested asking the Federal Emergency Management Agency (FEMA) what resources would be available to the City if it was devastated. Deputy City Clerk Diane Percycoe noted that at trainings, FEMA instructors had recommended that the cities have three months' of operating expenses put aside for emergency expenditures. She noted that many other barrier island cities have higher reserves, however, they also have a larger tax base.

1. CONTINUED DISCUSSION: REVENUES & EXPENSES FOR FUND YEAR 06/07

Revenues

Commissioner John Quam asked, relative to *Line Item #21*, if anything had been found out as to whether the anticipated 5 cent tax funds could be spent on road maintenance. Mayor SueLynn said she had nothing new to report at this time.

Expenditures

Regarding *Line Item #69 - Ground Maintenance*, Public Works Director George McKay distributed copies of expense backup, as well as a copy of the contract from Connie's Landscaping & Maintenance, Inc. for the Commissioners' review. A map of the city, presented as part of the backup, showed the areas serviced by the contractor during winter, as well as summer months. Areas and seasons covered by City workers were also shown on the map.

Commissioner Dale Woodland reiterated the comment he had made at the last meeting, that he proposed a \$29,000, i.e., a \$1,000 increase of 3.5%, instead of the proposed \$2,000, or 7% increase.

Commissioner Duke Miller asked how there could be a one-year increase of \$6,000. The Public Works Director explained that when the contract was initially approved, the City had taken the salary funds of a terminated Public Works employee, and the amounts that would have been spent on benefits, and funded the 2004 / 05 budget line item with the \$24,000 that had been allocated to the former employee. He indicated that for this amount, a smaller scope of work had been outlined, which was added to when the contract was funded for this year. Commissioner Miller said that \$6,000 still did not appear to be a 7.1% increase.

Mayor SueLynn explained that the \$30,000 simply is what the contractor would be billing in the coming fiscal year for a specified scope of services, and if the City would like to cut back on that scope, it could pay less money. She pointed out that if the contractor elected not to do any of the work for the money specified, the contract would be put out for bid again.

Commissioner Miller confirmed with the Mayor that \$2,000 vs. \$6,000 appeared to be a significant error. He asked Deputy City Clerk Diane Percycoe if she knew of anywhere else in the budget where the dollar amount did not appear to be reflected correctly in the percentage of change. The Commissioner indicated that he had done calculations that revealed that if the expenditure budget stayed exactly the same for the coming fiscal year, the City would end up with 37.5% of its operating budget in reserves. He suggested that the objective was to keep the budget from growing, so as to achieve the optimum reserves. Commissioner Miller said that in preparing his own budget for the coming year, he would not base it on what he had originally budgeted, he would base it on what he had spent.

Commissioner John Quam agreed that it was misleading to put 7% as an increase from \$24,000 to \$30,000. He confirmed with Mayor SueLynn that contracts, including this one, would require the Commission's approval. He suggested cutting the increase to make the contract total \$27,000, an increase of 12.5%.

Commissioner Linda Cramer noted that it appeared to her that the contractor had been taking care of more services than in previous years. She confirmed with Public Works Director George McKay that the contractors were using their own equipment. The Commissioner indicated she felt that the City was receiving its money's worth, instead of having to spend monies on a full-time Public Works employee and benefits associated with the position, as well as equipment and storage expenses.

Commissioner Duke Miller confirmed that the contract last year was \$24,000, but \$28,000 had been budgeted. Public Works Director George McKay noted that the alleyways and beach accesses had been added to the scope of work without an addendum to the contract. He said that now that the contractors were aware of the full scope of the work, they had raised their price.

Commissioner Linda Cramer recommended budgeting \$30,000 or going out for bid. Commissioner Christine Tollette suggested asking Public Works Director George McKay to ask the contractor if they would do the work for \$28,000. Mayor SueLynn suggested the same figure. **There was consensus for Public Works Director George McKay to be instructed to ask the contractor if they would accept this amount.**

Commissioner Dale Woodland asked for the backup for *Line Item #72*, and the Commissioners confirmed there had been backup presented. Commissioner Dale Woodland confirmed he would like to receive a copy.

Relative to *Line Item #74*, Commissioner Dale Woodland noted that this was just one of many disaster preparedness related expenses. He asked how much money should be spent sending multiple members of City staff to the same conferences year after year when perhaps there were other avenues for emergency training.

Regarding *Line Item #77*, Commissioner Dale Woodland asked, if this line was increased, then should *Line Item #76* not decrease? He asked if there would be an increase in overtime for the Building Department only. Building Official Kevin Donohue noted that this was the 10% of Diane Sacca's work performed outside of his department. He noted that no one from Administration had been attending the P&Z Meetings, which is why there was no decrease in any line item connected with that staff.

Commissioner John Quam referred to *Line Item #82 – Code Enforcement*, and confirmed calculations with Deputy City Clerk Diane Percycocoe, noting that compensation was at the same rate of pay.

Commissioner Linda Cramer inquired, relative to *Line Item #83*, why the other mechanic had been given a salary increase of slightly less than 3.5%. Deputy City Clerk Diane Percycocoe explained that calculations would have forced her to go either 1% over or under 3.5%. **At Mayor SueLynn's suggestion, there was consensus to go 1% above.**

Mayor SueLynn commented that the 3.5% increase in staff salaries was the smallest increase among all of the Island cities. Commissioner Duke Miller asked if any increases were based upon performance or any other factor. Mayor SueLynn noted that since she was at City Hall daily, staff received performance appraisals on a constant basis. She said she had thought about structuring increases taking into account how low the low-end salaries actually are.

Commissioner Christine Tollette asked, re: *Line Item #86 – Health Insurance*, what had changed to lower the budgeted amount, which was unusual given the current economic environment. Deputy City Clerk Diane Percycocoe explained that the medical and dental plans had been changed.

Commissioner Duke Miller noted that differences were being shown between what was *budgeted* last year, not what was *spent*, and that this was confusing.

Commissioner John Quam agreed with Commissioner Tollette, that the Commission needed to look at projected actual expenses, comparing Columns D & A. Deputy City Clerk Diane Percycocoe noted that the number now shown may not be hard and fast, since the rates went up this year, and she did not know what the rates would be next July, among other variables. Commissioner Duke Miller said he would like to see what the projected spending for this fiscal year would be for a given item; what the proposed amount to be spent on that item

for the next fiscal year would be; and what percentage of an increase in expenditure that would represent, as a comparison of what was actually spent this year versus what was proposed to be spent. Deputy City Clerk Diane Percycoe said she could go back and calculate the projected and actuals each time a new budget draft is generated.

Mayor SueLynn noted that the format had been changed by Ms. Percycoe at the Commission's request, although she also found it confusing, which had not been a problem in previous years. Commissioner Duke Miller confirmed with the Deputy City Clerk that it would not be a problem to change the formula in the first cell of the increase / decrease column, and copy it down through the entire spreadsheet, based on 'proposed' instead of 'budget', within less than a minute. Commissioner Dale Woodland said he had been aware, over the past three years, there were times when budgeted, actual to-date, and projected expense columns all needed to be looked at, depending on the situation. *Commissioner Duke Miller recommended leaving the budget spreadsheet as it is and said he would make his own column in the spreadsheet at home to address some of the increases and decreases.*

Commissioner Dale Woodland asked, relative to *Line Item #92*, and asked why the backup was \$779, \$121 lower than the proposed expense of \$900. *Deputy City Clerk Diane Percycoe made a note of this for follow up.* Regarding *Line Item #95*, Commissioner Dale Woodland noted that this was an example that to him, had stood out, and could be discussed later when addressing emergency expenditures.

Public Comment for Line Items #63 to #104

Tom Turner of North Shore said he felt regarding *Line Item #69*, that \$28,000 for ground maintenance should be eliminated, and that the Public Works Department should buy the necessary equipment and have City staff do this work. He recommended otherwise putting the contract back out for bid.

Jim Conoly of North Shore said he agreed with Commissioner Woodland that there was excessive money spent on training conferences. He noted that expenses for *Line Items #71, #72, #73, #74 & #75* were in a large part for books, and said that these items should be rolled into operating expenses for the various departments.

Margaret Jenkins of Chilson Avenue noted that for many years there was one maintenance man who maintained all the rights-of-way, and now two people could barely get it done. She recommended that the City hold property owners responsible for the maintenance of the rights-of-way in front of their properties. Ms. Jenkins also agreed with limiting staff travel for training.

Commissioner John Quam asked for comment regarding *Line Items* #107 to #121. Commissioner Linda Cramer asked, relative to *Line Item* #116, if the Christmas party would come back for City Hall this year.

Public Comment for *Line Items* #107 to #121

Tom Turner asked if the City had shopped around for insurance. Deputy City Clerk Diane Percycoe responded that the City uses the Florida League of Cities and that City Clerk Alice Baird was generally responsible for researching this. Tom Turner objected to the increase of 56% in flood insurance.

Operational Expenses

Commissioner John Quam continued the line item review, beginning with *Line Item* #124.

Commissioner Christine Tollette asked, regarding operational supplies, if long life light bulbs had been investigated. Public Works Director George McKay noted that almost all the bulbs were being replaced with energy misers. She confirmed that supplies were bought in bulk where possible.

Commissioner Duke Miller asked, regarding *Line Items* #130 and #131 – Imaging, why the increase would be necessary. Building Official Kevin Donohue noted that imaging of Building Department documents was being done in a digital and searchable format. Commissioner Dale Woodland asked, relative to *Line Items* #130, #131 and #138, if digitized imaging would give the City an opportunity to reduce document storage costs. Building Official Kevin Donohue responded that due to state records management protocol, he did not think this would affect requirements for document storage, however, in emergencies, all of this information would be backed up and transportable. He noted that Diane Sacca and Deputy City Clerk Diane Percycoe were attending records management courses to determine what items the City could purge. Building Official Kevin Donohue noted that duplicate originals, multiple copies and other unnecessary items would be purged during the imaging process.

Commissioner Duke Miller asked why, regarding Line Item #140 why the projection was missing, and Deputy City Clerk Diane Percycoe noted that this was an error and would be corrected on the next draft.

Commissioner Dale Woodland asked for clarification regard *Line Item* #143. Building Official Kevin Donohue explained that this dealt with a mailing that he is obliged to conduct each year, as well as a new stormwater mailing that he would be doing to increase CRS points. He noted that there had been a cost increase of \$200. *Deputy City Clerk Diane Percycoe confirmed that the projection column should be changed to \$2,900.*

Commissioner John Quam referred to *Line Item #147*, and asked if some of the older vehicles would be disposed of. Public Works Director George McKay said that one vehicle would be deleted in favor of an electrical vehicle.

Commissioner Christine Tollette asked, relative to *Line Item #148*, if the anticipated \$2 per gallon should be increased. Public Works Director George McKay said purchasing was being done through the County, and therefore tax is not being paid, with the result that it is currently costing the City roughly \$1.40 per gallon.

Public Comment for Line Items #122 to #150

Tom Turner asked, regarding *Line Item #138*, for explanation of the rental of a storage unit. Deputy City Clerk Diane Percycoe confirmed that a storage unit was being rented in Bradenton. Mr. Turner asked why storage items could not be loaded onto the trailer, which could be moved in case of an emergency. He indicated he felt the trailer should either be made serviceable or be disposed of.

Commissioner John Quam asked, relative to *Line Item #154*, if Tony Arrant's services would be used to such an extent next year. Mayor SueLynn noted the P&Z Board was just bringing the Comprehensive Plan to the Commission, and the current process could take another 3 to 4 months. She noted a great deal was left to be done.

Commissioner Dale Woodland questioned the labeling of Line Item #155, and Deputy City Clerk Diane Percycoe confirmed that it should read "EAR Associated Costs".

Commissioner Woodland asked if it was accurate to expect to spend another \$6,000 by September. The Commissioner noted that \$10,000 had been budgeted for this year, and another \$10,000 next year. He asked, if \$6,000 was going to be spent by the end of this fiscal year, should the budget for next year not be \$4,000. Mayor SueLynn explained that the line item should still be \$10,000 because of the appraisals. She noted that the Commission had not yet done a *Line Item* transfer. *The Mayor and Deputy City Clerk Diane Percycoe agreed to work further on this before the next budget work session.*

Public Comment for Line Items #151 to #159

Tom Turner noted the City Engineer's *Line Item #158* had been increased by \$3,000 and asked why. He indicated he felt the City Planner line item should be further reduced.

Commissioner John Quam commented, regarding *Line Item #158*, that none of the Gladiolus / North Shore expenses were included in this amount.

Fixed Assets

Commissioner Duke Miller asked, relative to *Line Items* #166, #167, and #168, if the satellite phone was necessary. Mayor SueLynn explained that with a satellite phone, City staff would be able to communicate with law enforcement staff, who will be equipped with satellite phones. Commissioner Duke Miller inquired further why three satellite phones would be necessary. Mayor SueLynn said the thinking was that at least two or three phones should be available so that Commissioners and City staff could also stay in communication with law enforcement and other county, state, and federal agencies. Commissioner Duke Miller recommended just having two phones instead of three. *Commissioner Duke Miller and the press confirmed that they could not find back up for Line Items #166, #167, and #168, and Deputy City Clerk Diane Percycoe confirmed that this would be supplied at the next meeting.*

Commissioner John Quam asked whether, under *Line Item* #232, the satellite phones had been entered twice. *Mayor SueLynn confirmed that she and Deputy City Clerk Diane Percycoe would look at this Line Item again.*

Commissioner Dale Woodland said that he was opposed to purchasing more satellite phones. Commissioner Linda Cramer said she felt the phones were necessary in case of emergency, and indicated that she was not only in favor of purchasing them, but also a generator for emergency use.

Commissioner John Quam said he would support one satellite phone, relative to *Line Item* #167, and there was consensus to reduce the line item to \$6,000. Deputy City Clerk Diane Percycoe indicated that she would adjust the projected fees accordingly.

Commissioner Duke Miller asked for more information relative to *Line Item* #171, Boat – Sheriff Substation. Commissioner Christine Tollette indicated that she felt the boat was necessary for effective patrolling of waterways by law enforcement. Mayor SueLynn agreed that there was no way for the City to enforce the maritime rules and regulations without a boat. The Mayor referred to the line item backup containing testimony and requests from numerous residents relating to the police department's ability to serve the citizens from the water. She noted that Holmes Beach, Bradenton Beach, and the Fire Department all had boats, but that these would not necessarily be made available to the City in a timely manner when needed.

Commissioner Dale Woodland noted that Holmes Beach and Bradenton Beach both had received their boats through West Coast Inland Navigational District (WSCIND) grants. Mayor SueLynn said that she had investigated this avenue of funding and had been informed that this grant money would not be made available to buy boats in the future.

Commissioner John Quam said that the petition for the buoys had been inappropriately attached as backup for *Line Item* #171. There was consensus to eliminate this Line Item.

Public Comment for *Line Items* #163 to #171

Jim Conoly confirmed that the purchase of an electric car had been approved, and was referred by Public Works Director George McKay to the backup for more information. He asked where the vehicle would be stored. Mayor SueLynn said this was an administrative decision.

PUBLIC COMMENT

Offered throughout the meeting.

PRESS COMMENT

None offered.

ADJOURNMENT

MOTION: Commissioner Linda Cramer moved to adjourn the meeting, seconded by Commissioner Duke Miller.

Vote: All Ayes. Motion carried.

Chair Quam announced that the next Budget Work Session was scheduled for Tuesday, July 18th, 2006 at 5:00 p.m.

The meeting adjourned at 7:00 p.m.