

CITY OF MELBOURNE, FLORIDA
MINUTES - SPECIAL MEETING BEFORE CITY COUNCIL
APRIL 24, 2001

A special meeting of the City Council was held in the City Council Chamber, 900 E. Strawbridge Avenue, and was called to order at 7:00 p.m. by Mayor John A. Buckley.

1. All present gave the Pledge of Allegiance to the Flag of the United States of America.
2. The following members were:

Present:	John A. Buckley	Mayor
	Cheryl Palmer	Vice Mayor, District 5
	Richard Contreras	Council Member, District 1
	Ed Palmer	Council Member, District 2
	Pat Poole	Council Member, District 3
	Grace Walker	Council Member, District 4
	Loretta Isenberg-Hand	Council Member, District 6
	Henry J. Hill	City Manager
	Paul R. Gougelman, III	City Attorney
	Cathleen A. Wysor	City Clerk
	Bud Emerson	Assistant City Manager
	Karen Windsor	Budget Officer

3. Budget Process Discussion for FY 2001-2002

Mr. Hill reported that this is a special meeting to discuss the city's budget process as a precursor to development of the FY 2001-2002 budget. He noted that this is relatively early in the process and budget staff is still reviewing the submissions from the different departments. Mr. Hill reported that he has met with the departments and talked in general about their requests. All of these items are taken into consideration as the preliminary budget is prepared for consideration by City Council in July/August.

The following items are included in the package, which are relevant to the budget:

- Budget calendar.
- Multi-year revenue and expenditure projections for the General Fund.
- Summary of the budget process including basic narrative on the types of funds and accounts used in the budget.
- Review of major city initiatives.

Mr. Hill displayed a model of the revenue and expenditure projections in the General Fund. The information does not include items such as changes in law, labor negotiations, and City Code revisions. Staff did not attempt to include everything – just the major items as they relate to capital improvements or involve significant sums of money.

Continuing, Mr. Hill reviewed the sources of revenue. The property tax estimates are based on the estimate of property taxes the city might expect to receive. There is a 2.75% increase in valuation projected over the next several years. Last year we were at

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almost 7% and for 2001-2002, 5% will be used. The average has been 2 – 3%. Mr. Hill stressed that there is no way the valuation will continue at its current pace; it will end soon.

Mr. Hill discussed other revenue sources and noted the estimated increase as follows: Other taxes, 3%; licenses and permits, 4%; intergovernmental, 2.7%; charges for services, 6%; fines and forfeitures, 5%; and miscellaneous, 1%. There are also non-revenue sources (flat \$20,000 per year increase) and the appropriation from fund balance (none projected). He noted that the goal is to avoid appropriations from fund balance.

On the expenditure side, the three major categories include personal services, operating expenses, and capital outlay. We expect about a 5% increase in personal services. This includes cost of living, step increases, health insurance, retirement costs, etc. The numbers projected forward do not include any new staffing positions. The operating expenses will be subject to about a 1% inflation rate. Regarding the capital outlay, no recommendations have been made yet. The package simply reflects a listing of items submitted by departments and they are subject to review.

The largest difference in all the numbers is that local option gas tax funds have been added as a result of the new accounting rules.

The bottom line is revealed in the graphs in the package. As we take the revenues and expenditures and map them out over the next few years, it is possible to balance the budget in the upcoming year and the following year. However, we will start to run into difficulties in subsequent years. The graphs also show a projection of fund balance. In the outer year, deficits will build up and a draw from fund balance will be required.

Mr. Hill concluded by stating staff made the projections based on keeping the current property tax rate and only relying on growth in valuation.

Mr. Hill responded to questions regarding the revenue projections and appropriation from fund balance. Indicating a “zero” for appropriation from fund balance is consistent with the policy we’ve followed over the past couple of years. That line item is basically a balancing number and the relevant numbers are those that are in the basic revenue categories and the three major expenditure categories.

Council Member Contreras referenced expenditures for personal services and noted that if we receive unfunded legislative mandates, we could be in more of a deficit. Mr. Hill agreed and pointed out that the Florida League of Cities is in opposition to a number of bills before the Florida Legislature because they have been identified as costs to municipalities.

Vice Mayor Cheryl Palmer asked about projections for increases in commercial development. Mr. Hill replied that we did include in 2001-2002 a 5% increase in value of new growth. That is higher than the historical average. To the extent that growth rates are projected, they do contemplate the economy staying reasonably healthy.

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Mrs. Palmer asked Mr. Hill how he feels tax abatement will affect revenues. Mr. Hill said that has not been built into the projections. In many instances where abatements are granted, there is already an existing value of land and structures, so the abatement will only be on the new items – equipment, building remodeling, etc. Additionally, the businesses will still pay franchise and other fees. We anticipate seeing continued growth along those lines.

The Mayor noted that it was time to begin the regular meeting. Mr. Hill said he would like to discuss some of the major initiatives facing the city following the regular meeting.

Moved by Contreras/Walker to adjourn. Motion carried unanimously.

Council adjourned at 7:30 p.m. in order to begin the regular meeting.

Council reconvened the special meeting at 11:20 p.m.

Mr. Hill reviewed the major initiatives outlined in the package as follows:

Facilities: Auditorium, City Hall, Fire Station requirements (eighth station and Station #4), Crane Community Center, Carver Park improvements, Fee/Crane Pools, and Fire Training Facility needs.

Redevelopment: Downtown Melbourne Redevelopment, Downtown Eau Gallie Redevelopment, Babcock Street Redevelopment, Palms 8 Theater site and road realignment, Eau Gallie area planning, Booker T. Washington neighborhood planning, and South U. S. 1 area planning.

Transportation: Eber Road (widen and improve), Florida Avenue (widen and improve), Babcock Street widening from U. S. 192 to Fee Avenue, NASA Boulevard/Ellis Road realignment, Ellis Road (widen and improve), John Rodes Boulevard (widen and improve), Riverside Drive improvements, Apollo Boulevard, Babcock Street from U. S. 192 to city limits, U. S. 1 improvements, and Palm Bay Road.

Utilities: Lake Washington Water Plant, potable water by-product disposal well, reuse water construction, and additional improvement phases (wastewater treatment plants).

Other: Dredge Elbow Creek, Stormwater utility improvements (NPDES requirements), Southwest Park improvements, Golf Courses renovations, and Convention Center.

Council briefly discussed the Auditorium. Mr. Hill noted that the Auditorium ties into the City Hall study. One alternative is to combine a facility at the Auditorium site. Even if we don't do anything with City Hall, at some point we will have to deal with major expenditures at the Auditorium.

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Regarding the fire station requirement, Mr. Hill said information will be returned to Council. Staff has looked at the current population, projected population, and run statistics. Station 4 is listed as a major initiative because of the inadequacies with the station remaining at the Strawbridge location.

That concluded Council's discussion of the budget.

4. Adjournment

Moved by E. Palmer/Poole to adjourn the special meeting. Motion carried unanimously.

The meeting adjourned at 11:53 p.m.

City Clerk – 5/4/2001

Approved by Council: _____