

CITY OF MELBOURNE, FLORIDA
CITY COUNCIL BUDGET WORKSHOP MEETING MINUTES
JULY 19, 2001

A workshop meeting of the City Council was held in the City Hall Council Chamber, 900 E. Strawbridge Avenue, and was called to order at 7:30 p.m. by Mayor John A. Buckley.

All present gave the Pledge of Allegiance to the Flag of the United States of America.

The following members and officials were:

Present:	John A. Buckley Cheryl Palmer Richard Contreras Ed Palmer Pat Poole Grace Walker Loretta Isenberg-Hand Henry J. Hill Paul R. Gougelman, III Cathleen A. Wysor Bud Emerson Amy W. Elliott Karen Windsor	Mayor Vice Mayor, District 5 Council Member, District 1 Council Member, District 2 Council Member, District 3 Council Member, District 4 Council Member, District 6 City Manager City Attorney City Clerk Assistant City Manager Director of Finance Budget Officer
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Council Action Re: City Manager's Proposed 2001-2002 Budget

Mr. Hill referenced the information distributed to Council, including replacement budget pages. He explained that the budget, exclusive of the Airport budget, is over \$86 million. The General Fund represents \$39,600,683 of that amount.

Mr. Hill said he is pleased to report that the proposed balanced budget funds essential operating expenditures, on-going capital improvements, and continues to improve the city's financial position without an increase in the proposed millage rate. The proposed rate of 4.5228 mills is the same rate as the last four years.

Mr. Hill distributed a "Multi-Year Revenue and Expenditure Projections" handout for the General Fund. The information is based on the following:

Revenue Factors	Expenditure Factors
Property Tax: Growth with new construction 2.25%; 4.5228 millage rate	Personal Services: 5% cost of living and step increases
Other Taxes: 3% annual growth based on historical	Operating Expenses: 1% inflation
Licenses and Permits: 3% annual growth based on historical	Capital Outlay: Actual amounts from departmental five-year capital schedules
Intergovernmental: 2.5% annual growth based on historical	Non-Departmental: Varying amounts based on required transfers
Charges for Services: 4% annual growth based on historical	Transfers to Capital Projects: Increase of 5% per year, but does not cover all project costs requested in Five-Year Capital Improvement Program

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Fines and Forfeitures: 5% annual growth based on historical	Contingency: \$150,000
Miscellaneous: 1% annual growth based on historical	
Non-Revenue: Flat \$20,000 per year increase	
Appropriation from Fund Balance: None projected; however, to extent an imbalance occurs in any year, Fund Balance would be affected	

Mayor Buckley asked each Council Member to provide brief remarks about the budget.

Mr. Contreras complimented the City Manager and the Department Heads on a well presented and organized budget. He added that it is easy to follow.

Mr. Palmer said the City Manager and staff have done an outstanding job. He is pleased with the goals and likes that we are staying with the same millage. Mr. Palmer added that there are some items Council should consider. There are major capital expenditures, such as a new City Hall and a Fire Station. He hopes that within this budget we can find ways to consider these items. Regardless of the outcome of the City Hall discussion, Mr. Palmer said we must find a way to move Fire Station #4 from the current City Hall site to the vicinity of the hospital. It would benefit the Fire Department and the citizens and would allow for City Hall to expand on this site.

Mrs. Poole complimented the City Manager and staff and noted that the budget gets easier to read each year. She expressed concern that the city is proposing that only 2.66 miles of roads be resurfaced and only \$115,000 be dedicated towards paving unpaved roads. She recommended pulling funding from several other projects in order to dedicate more to paving.

Continuing, Mrs. Poole asked for additional information about the Capital Improvement Fund project (funded by the Storm Water Utility) to construct a storm water treatment pond at NDP Park.

Mrs. Walker expressed appreciation to the City Manager and staff for preparing an excellent budget. She said she appreciates the current millage rate being proposed and added that she has some concerns about whether we need to consider an additional Fire Station. She said that any decision should be based on response time, the number of people served, and the ultimate cost.

Mrs. Hand thanked staff for the excellent budget and taking the time to meet with members one on one. She said she appreciates the tax rate being proposed to remain the same; however, if the city raised taxes, a lot of items on the wish list could be provided. Mrs. Hand stated she is very interested in the Aggressive Driving Grant; however, Council must remember that in following years, those positions must be funded.

Continuing, Mrs. Hand said she has a problem with the cost of the Auditorium roof, especially since we are probably going to have a convention center at the Airport.

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Mrs. Palmer complimented everyone who had anything to do with the preparation of the budget. She said she is also worried about putting more money into the Auditorium; however, as long as it is in use, we have to make it a safe place. She noted that she would like to look at other options for uses of the Auditorium. Regarding the eighth Fire Station, dialogue will continue. As the city and the population grow, it is obvious we will need more than one additional Fire Station and Council needs to be careful with placement and staffing.

Regarding the Aggressive Driving Grant, Mrs. Palmer stated that it is commendable that the Police Department applies for grants. But, she has concern about having to pick up the cost of the two officers (when the grant ends). She would like to discuss and explore that further. She concluded by saying it is fortunate that we are able to meet the budget without increasing the millage rate.

Mayor Buckley commended staff for doing a great job in putting together the budget. He noted that he is concerned about the Aggressive Driving Grant because of having to pick up the additional cost after the grant ends. He cautioned that we may reach a point where we have to get rid of people. Regarding the eighth Fire Station, the Mayor said it will be a requirement in future years – but not this year. And, he noted that Council will be discussing the City Hall issue over the next couple of months.

Council began reviewing the budget. The totals reflect changes (see *) provided to Council in the package.

General Fund

Revenues: \$39,600,683

Expenditures:

Mayor & Council \$112,457

*City Attorney \$192,534

The personal services account was decreased to remove a step increase in the City Attorney's salary, which was inadvertently included in the budget.

Mrs. Walker asked for an explanation of the deferred compensation. Mr. Hill explained that in addition to being a city employee, the City Attorney is also a contractual employee. The City Attorney chose not to participate in the General Employees' Retirement and Council agreed to contribute that amount towards deferred compensation.

*City Manager \$117,632

The personal services account was decreased to remove a step increase in the City Manager's salary, which was inadvertently included in the budget.

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Mrs. Poole asked how much the city contributes into Mr. Hill's retirement fund. Mr. Hill replied that he is in the senior management class (of FRS) and the amount is currently 12.67%.

City Clerk	\$233,120
Management Services	\$280,469
Risk Management	\$(77,620)
Purchasing	\$178,593

Mrs. Palmer asked if the Police Department has been issued a credit card yet to be used for travel. Mr. Hill said staff is in the process of establishing a system in order to provide good internal controls. Mrs. Palmer expressed interest in the credit card program and noted that she doesn't want to make a travel a hardship for anyone.

Public Information	\$103,059
Personnel	\$306,206

Mrs. Walker asked for an explanation of the "sick leave buyback" program. Mr. Hill explained that if an employee accumulates the maximum amount of sick time, which is 720 hours for most employees, anything above that amount is bought back by the city at the end of the year at half the rate.

Mrs. Walker pointed out that the Personnel Director is at the top of her pay range. Mr. Hill noted that additional steps for longevity will be proposed.

Information Systems	\$0
Finance Accounting	\$501,488
Finance Revenue	\$306,015
Recreation	\$996,966

Mr. Hill pointed out that the recreation/community centers previously accounted for in the Recreation budget have been included this year as a separate listing in the budget.

Mrs. Palmer asked if the water fountain proposed for the lake at Jimmy Moore Park is for aesthetics or other reasons. Mr. Hill said both. In addition to improving the aesthetics, it will help circulate water. He added that we hope to be able to receive contributions from the community for the fountain.

Pools Operations	\$232,307
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Melbourne Auditorium

\$435,513

Mr. Contreras referenced the additional information distributed to Council regarding the history of revenues and expenditures at the Auditorium. He noted that his concern relates to some upcoming significant expenditures, including \$400,000 for a new roof. The city has been losing a significant amount of money operating the Auditorium. The structure was built in 1964 and does provide a service relative to the band, orchestra, trade shows, etc.; however, the building has outlived its usefulness. Mr. Contreras asked staff to investigate alternative sites that could be considered for the various venues held at the Auditorium, including negotiating with FIT or the Henegar Center, use of the Eau Gallie Civic Center, etc. He asked city staff to investigate what current reservations exist and the earliest operations could cease. He stressed that not by any stretch is he suggesting that employees be laid off. He asked for a report on proposed personnel redistribution along with the overall cost savings. The budget includes salaries and other personal expenses; therefore, there would not be an across the board savings. Mr. Contreras added that the budget includes a \$25,000 line item towards a feasibility study for future use of the Auditorium. He pointed out that if operations were to cease, that would be an immediate \$25,000 savings in the budget.

Mr. Contreras concluded by asking Council to review Appendix II, pages 12 and 13, and see the items listed in the Five-Year Capital Improvement Program for the Auditorium.

Mrs. Hand agreed and said she wonders if we should be putting money into the Auditorium. She added that she is also opposed to charging folks one dollar (new proposal this year) to attend the band/orchestra concerts. Many senior citizens will not be able to afford the dollar. She added that with the coming of a convention center at the Airport, the city needs to seriously consider whether money is put into the Auditorium.

Mrs. Palmer agreed that we need to look at other options; however, she added that until other facilities are in use, the city needs to take whatever steps necessary to maintain the building in a safe manner. She asked staff to review options for redirecting operations of the Melbourne Auditorium and factor in other plans going on in the community.

Mr. Palmer pointed out that the proposed convention center at the Airport may be 10 years away. He commented that the Auditorium serves a purpose for the community. He asked whether insurance will pay for the new roof at the Auditorium.

Mr. Hill explained that the insurance issue is fairly complicated and involves the existing status of the roof prior to the storms. We had initially made a claim to FEMA regarding the roof and they denied that claim because they didn't believe the damage was sufficient to warrant replacement. Later staff tried to convince them that this would be beneficial since the roof continues to be an issue. FEMA indicated that perhaps they would revisit this once a determination was made by our insurance carrier. At this point, we are not sure we have convinced our insurance carrier that this is a proper claim. We don't have a clear answer at this point. We are taking the position that we are not accepting "no" as an answer. The item was put in the budget tied to another funding source. If we are not successful, we need to

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revisit what must be done. As indicated, it is not feasible to patch the roof – the roof has to be replaced.

Mrs. Walker said that since a convention center is years away, we need to take action to keep the Auditorium usable. She noted that it is a useful facility that is used often and by many. She asked staff to estimate how long it would be before a new convention center is built. Additionally she said she has no problem charging a nominal fee for the band/orchestra concerts. She noted that if senior citizens can drive their cars to the Auditorium, they can pay a dollar.

Mayor Buckley said he supports putting a new roof on the facility. He added that we need to consider a pitched roof so it doesn't experience future problems. Regarding the dollar fee, the Mayor said people from Sebastian, Palm Bay, and Barefoot Bay attend the concerts. He asked that advance notice be given if a dollar is charged. People should still be expected to put money in the hat for the band and he hopes the dollar charge does not interfere with this.

Mrs. Palmer stated that we are faced with over one million dollars over the next five years in maintenance for the Auditorium and that does not include any unforeseen items. She stated that we need to look at possible alternative facilities for some of the functions held at the Auditorium. She added that she is not proposing that we stop providing the facility – but rather that we look for alternative sites.

Mrs. Poole stated that the Auditorium happens to be one of the most beautiful places in the city. She noted that about 1,000 people attend each concert and another facility would not be able to accommodate that. She expressed concern that Council is willing to fund arts groups, yet not fund a recreational building. Mrs. Poole added that the only way the Auditorium could be built on the Wells Park property is that it be stipulated that it be used for recreation only. Regarding the convention center proposed for the Airport, she stated that she does not believe that will happen any time soon. She stressed that the Auditorium is here and we need to take care of it. She recommended that we phase the improvements. Additionally, she recommended the City Attorney contact our insurance carrier regarding the claim for the roof. Regarding the proposed fee, she said she would like to see people charged \$2 for concerts.

Mr. Contreras said the city has been throwing money away for over 10 years. Prudence dictates that the tax payers' money would be better served elsewhere and to continue with this money pit is ridiculous. Continued losses are projected at the Auditorium and if Council can't manage tax payers' money better relative to this building, then that is a problem.

Mrs. Poole said the Auditorium should be viewed as a challenge. She referenced as an example young people who buy an old house and fix it up. She added that the city should be looking after the tax payers' money by taking care of what we have.

Mayor Buckley said staff needs to determine whether the insurance company will pay. At that point, Council can make a decision.

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Mrs. Walker reminded Council that not all our revenue comes from taxes. Regarding the building, age is a factor; however, there are other things that need to be considered.

Mr. Hill asked Council if he should prepare answers to the questions that have been raised. Mayor Buckley polled Council as follows:

Want answers: Contreras and C. Palmer
Wait: E. Palmer, Poole, Walker, and Buckley

Mr. Contreras asked how soon staff expects to hear about the insurance. Mr. Hill said the answer has been no. He added that his first concern relates to structural issues and the second issue is whether the facility is meeting current and projected needs.

Mrs. Palmer recommended staff survey to determine how many people from the City of Melbourne are using the facility. It may be that the people using the facility are not the ones putting forth the dollars to maintain it. If that is the case, Council may not want to subsidize that. Mayor Buckley added that is why he is in favor of the dollar surcharge.

Mr. Contreras asked again when he can expect an answer. Risk Manager Ken Gray said the insurance company has indicated that it is not a covered item; a written denial is expected in the next two weeks. At that point, the city will resubmit to FEMA. We have an indication that FEMA will cover a portion of the roof as mediation, rather than as storm damage, because of continued damage it sustains each time it storms. Mr. Gray stated that FEMA works on a very slow schedule.

A brief discussion followed regarding the roof. Mr. Hill said that staff will redouble its efforts; however, the outcome is not hopeful.

Mr. Contreras said he will submit his questions to the City Manager under separate cover.

Crane Community Center \$128,792

Mayor Buckley said this is a center that we are outgrowing. Mrs. Poole asked if pre-fabricated buildings could be used on a temporary basis. Mr. Hill said he would be concerned about using temporary structures – the problem does not relate totally to space. It needs to be the right kind of space. The Crane Community Center has space and access problems.

Eau Gallie Civic Center \$377,328

Mrs. Palmer asked how the Civic Center is doing with costs compared to revenues. Mr. Hill said it would be hard to completely pull out the figures since the building also functions as offices for Leisure Services staff. Mrs. Palmer said she is interested in the maintenance costs; she is trying to determine if savings are realized with a new building and because the building is modern, more revenue is brought in.

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Mr. Hill replied that the revenue at the Civic Center far exceeds what we receive at the Auditorium. He added that it comes down to function of the facility and the niche that it fills in the community. Mrs. Palmer asked if the Auditorium budget would continue to experience a deficit in its current configuration. Mr. Hill replied yes.

Mr. Hill added that staff could survey where people are coming from that use the Auditorium. That information would be helpful in these discussions. Mr. Contreras agreed with proceeding with a survey.

Mrs. Walker asked the status of the acoustics at the Eau Gallie Civic Center. Leisure Services Director Mary Ann Kise said all of the ceiling tiles have been replaced with acoustical tiles. She agreed that when the center was first built, the acoustics were terrible; however, since the tiles have been replaced, it is fine.

Carver Community Center \$90,623

Grant Street Community Center \$402,230

Mrs. Poole asked when the center was painted. Ms. Kise said Grant Street Community Center was painted inside and out about three months ago.

Lipscomb Park Community Center \$295,671

Mrs. Poole asked for additional information about the addition. Ms. Kise explained that the Junior League will add a 3,000 s.f. addition to the building and pay 100% of the cost along with the furnishings. The city would assume the operating costs.

Parks Maintenance \$1,795,546

Mrs. Palmer asked if we plan to do anything about alligators in lakes in the parks. Ms. Kise said we have a trapper that will only respond when an alligator becomes aggressive. We have had alligators removed from various lakes.

Cemeteries \$112,809

Mr. Hill confirmed for Mrs. Poole that staff will investigate the use of black fencing (proposed replacement of fence at the Melbourne Cemetery on Hibiscus Boulevard).

Recessed: 8:54 p.m.

Reconvened: 9:05 p.m.

Police Administration \$666,803

Police Operations \$10,765,437

Mr. Contreras asked how the School Resource and Truancy Officers are assimilated back into the organization when the school year is complete. Police Chief Keith Chandler

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explained that over the summer, the officers are involved in youth programs. Additionally, this year and next year, officers will be assigned to patrol operations the first few weeks of summer to address problems with kids just getting out of school. This is the first summer we haven't had a spike in juvenile related crimes and the Truancy and School Resource Officers helped keep a lid on that.

Mr. Palmer referenced the "fast facts" section of this budget and asked about money the city receives from traffic citations. Chief Chandler explained that the city receives a small percentage. However, we do receive indirect funding in the form of training available for our officers and processing through the certification center.

A brief discussion followed regarding monies the city receives as a result of drug trafficking arrests.

Regarding traffic citations, Mr. Hill noted that a significant amount of revenue comes back to the city – about \$950,000. Additionally, the Law Enforcement Trust Fund money (as a result of drug arrests, etc.) has enabled the city to acquire new and additional equipment.

Police Support Services	\$3,035,523
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Mayor Buckley said he supports the five additional Communication Technician positions proposed; the positions will affect our Police and Fire Departments along with other agencies in the county.

COPS More 2000	\$38,034
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Aggressive Driving Grant	\$145,703
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Mrs. Hand referenced the Aggressive Driving Grant and expressed her support. The Chief agreed and said traffic safety is at the top of our citizens' concerns. He noted that we've had a little success with a tactical team instituted to address aggressive driving behavior. Two additional officers through the grant opportunity would double our ability to address the situation.

Mrs. Hand stated that her concern with the grant is our ability to fund the positions later. The Chief replied that we are a growing community and need additional officers. He asked Council to consider that the Police Department budget is in excess of \$13 million. These two positions are \$80,000 with the state picking up that cost for the first three years. The cost is inexpensive compared to the benefit – plus the fact that we will probably have to add these positions in the future (because of growth).

Mrs. Poole stated that at the end of the three years, we may lose those officers. Mr. Chandler said that is a decision Council would have to make; however, if the dollars are there, it is his hope that the positions would be paid for from the General Fund.

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Mrs. Palmer said she does not think we need to jump on every grant funded position that comes our way; there is a price to be paid and the city is facing decreased revenues. She noted that all officers on the road are providing traffic enforcement and along with traffic calming devices, we are addressing traffic problems. She stated that it is not prudent to take on additional staff simply because a grant is available rather than planning and budgeting ahead of time.

Mr. Chandler said the city has been smart regarding grant funds. A grant was turned down for a School Resource Officer because the School Board was not willing to pay the full cost. He stressed that when a grant can address a specific need, it should be given consideration.

Mayor Buckley said Council needs to make decisions as if it were running a business. This means when we run out of money, we have to get rid of people.

Fire Administration	\$467,704
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Mr. Palmer asked when Council will be receiving an update on the eighth Fire Station. Mr. Hill said around the first week of August. The information regarding property is still pending.

Mrs. Poole asked for information regarding the number of former Harbor City Volunteer Ambulance Squad personnel and Brevard County personnel that are working for the city.

Fire Emergency Medical Services	\$206,634
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Fire Operations	\$6,277,778
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Code Compliance	\$1,784,067
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Engineering	\$462,301
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Mrs. Walker commented that the site plan review process, along with storm water review, needs to be given a lot of attention. She noted that she receives many phone calls regarding these issues.

Streets and Storm Water Management	\$1,049,703
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Local Option Gas Tax	\$1,975,211
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Signage Services	\$247,459
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Facilities Maintenance	\$616,223
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Solid Waste Management	\$176,432
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Fleet Management	\$0
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Planning and Economic Development \$457,041

Mrs. Palmer referenced the reorganization of this department and stated that she believes the new separation of duties will work out well.

*Non-Departmental \$4,106,892

Total Expenditures: \$39,600,683

That concluded Council's review of the General Fund.

Moved by Poole/Walker for tentative approval of 4.5228 as the millage rate. Motion carried unanimously.

Special Revenue Funds

Revenues and Expenditures:

*Redevelopment District \$494,170

Downtown Redevelopment \$ 316,919

Babcock Street Redevelopment 148,400

*Olde Eau Gallie Riverfront 28,851

Housing and Community Development \$425,336

Community Development Block Grant \$770,908

HOME – Housing Assistance Program \$276,495

SHIP – Housing Assistance Program \$643,614

Transportation Impact Fees \$820,000

Total Special Revenue Funds \$3,430,523

Water & Sewer Fund

Revenues: \$31,654,554

Expenditures:

Utility Billing and Collection \$1,243,087

Mr. Hill pointed out that we are proposing to go to a letter size utility bill with return envelope. This would replace the postcard bills currently being used. The city receives many

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complaints about the postcard bill. The change will allow us to better serve our customers in the long run. The cost will be about \$150,000 and breaks down to \$3 per customer per year.

Mrs. Poole asked why the change. Mr. Hill said the biggest complaint we receive from our customers is that the bill does not include an envelope.

Mr. Contreras asked if the \$150,000 would be a recurring annual expense. Mr. Hill replied yes and said the cost is related to the additional expense and the envelopes.

Mrs. Walker asked if we have to go with the new system. Mr. Hill said no. He noted that the discussion has always come up during budget discussions with staff. Part of the problem with the postcards is our limitation on the amount of information that can be included. Additionally, virtually every other utility provides some sort of return envelope with the bill.

Director of Finance Amy Elliott noted that the limitation with placing messages in the Messenger is that only Melbourne residents receive that publication. We serve a larger customer base. The new format will give us a better opportunity to communicate with our customers and the return envelopes will be coded, which will allow return payments to be expedited. This is the single largest complaint the city receives about the utility bills and if 1,000 people pay their bill faster, it would be worth it.

Mr. Contreras asked the expected result of expedited payments. Mrs. Elliott said the bills would probably be processed a day earlier. We're not going to make a lot more on interest income.

Mr. Contreras said he does not see the value in expediting payments by one day. Mr. Palmer said it will make the experience more pleasant for our customers.

Discussion continued.

Moved by Hand/E. Palmer to proceed with the new (utility billing) system.

Mr. Contreras said with the advent of a looming future and predicted shortfalls, at a certain point this should be viewed as a giveaway. It's a nice idea, but we need to ask if we can afford it.

Mr. Palmer pointed out that the customer ultimately pays for the service.

Mr. Hill said the change can't be rationalized based on savings. It is a customer convenience and the cost will be one quarter per month per customer. Mr. Hill added that it may be possible to recover a portion of the costs because of the billings we provide for Harris Sanitation on our utility bills.

The question was called. Motion carried unanimously.

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A brief discussion followed regarding the deteriorating service provided by Harris Sanitation. Mr. Hill elaborated on the steps taken by staff to ensure that Harris provides proper service to our customers. He asked Council to discuss this with representatives of Harris Sanitation at the various governmental and league meetings.

Utilities Administration	\$457,400
Water and Sewer Operations	\$448,787
Water and Sewer Customer Service	\$716,245
Water Production	\$6,551,859
Water Distribution	\$2,128,849
Environmental Community Outreach	\$80,520
Wastewater Collection	\$1,645,660
Wastewater Treatment	\$3,693,759
Non-Departmental	\$14,688,388
Total Expenditures	\$31,654,554

Storm Water Utility Fund

Revenues and Expenditures:	\$860,000
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Mrs. Poole asked if the fund is divided by districts. Mr. Hill said no and added it is city-wide; the fee is charged per lot. He stated that the funding has been going into the older neighborhoods – areas that were developed before there were storm water requirements.

Mr. Contreras asked about fines for illicit discharges. Mr. Ralls said he is not sure how that will work. His guess is that EPA would delegate some functions to the state.

Golf Course Fund

Revenues:	\$2,621,475
Expenditures:	
Melbourne Golf Course	\$1,165,756
Harbor City Golf Course	\$1,268,754

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Non-Departmental	\$186,965
Total Expenditures	\$2,621,475

Insurance Fund

Revenues:	\$1,820,181
Expenditures:	
Workers' Compensation	\$1,820,181
Total Expenditures:	\$1,820,181

Capital Improvement Fund

Revenues:	\$6,538,470
Expenditures:	
Roadways and SW Management	\$1,867,000
Leisure Services	\$933,500
Police	\$22,000
Fire	\$126,000
Facilities Maintenance	\$21,000
Management Services	\$52,000
Streets Division	\$126,470
Other	\$75,000
Water and Sewer	\$2,893,500
Golf Courses	\$422,000
Total Expenditures	\$6,538,470

That concluded Council's review of the budget.

Moved by C. Palmer/E. Palmer to adjourn. Motion carried unanimously.

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The meeting adjourned at 10:13 p.m.

City Clerk – 7/26/2001

Approved by Council: _____