

CITY OF MELBOURNE, FLORIDA  
MINUTES – SPECIAL MEETING BEFORE CITY COUNCIL  
AUGUST 20, 2002

A special 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.

1. All present gave the Pledge of Allegiance to the Flag of the United States of America.
2. Roll call.

|          |                        |                            |
|----------|------------------------|----------------------------|
| Present: | John A. Buckley        | Mayor                      |
|          | Loretta Isenberg-Hand  | Vice Mayor, District 6     |
|          | Richard Contreras      | Council Member, District 1 |
|          | Ed Palmer              | Council Member, District 2 |
|          | Pat Poole              | Council Member, District 3 |
|          | Grace Walker           | Council Member, District 4 |
|          | Cheryl Palmer          | Council Member, District 5 |
|          | Henry J. Hill          | City Manager               |
|          | Paul R. Gougelman, III | City Attorney              |
|          | Cathy L. Baker         | Assistant City Clerk       |
|          | Amy W. Elliott         | Assistant City Manager     |
|          | Michele Ennis          | Acting Director of Finance |
|          | Karen Windsor          | Budget Officer             |

Absent: Cathleen A. Wysor City Clerk

3. COUNCIL ACTION RE: Additional review of the Preliminary 2002-2003 Budget.

Mayor Buckley stated this is an additional effort to balance the budget based on Council's actions at the July 29 workshop. Council approved adding positions to the budget without raising the millage rate. Some Council Members have expressed concern that taking the \$504,701 from the construction reserve to balance the budget may not be the proper thing to do.

Mr. Hill stated he appreciates Council's willingness to review this issue. This meeting provides an opportunity to discuss options and look for cuts to help offset the cost of the additional positions. At this point a tax increase is not possible.

Mr. Hill distributed information identifying some strategies Council might employ. There is concern that using the capital reserve to fund the 15 new positions would create problems that would be unmanageable next year. He asked Council to consider making some budget reductions to help offset the impact. No suggestion is made lightly; these cuts are on top of a budget that was already severely cut and moderated.

Mayor Buckley recommended cutting the two community service officers and keeping the volunteer activity coordinator, swapping out the COPS grant with the Aggressive Driving grant and holding the nine new fire positions vacant for three months. He also recommended deleting the part time Maintenance Worker in the Parks Division and holding the other two positions (Streets & Stormwater Management – Equipment Operator II and Information Systems – Manager of Operations) vacant. He supports the

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5% cut in operating supplies and the 33% cut in training and education. He also supports cutting the following six capital improvement projects: 1) Fire – enclose tanker bay at Station 72; 2) Leisure Services – replace light fixtures at McGrath Field; 3) Leisure Services – replace light poles and wiring at Southwest Park; 4) Leisure Services – replace playground equipment; 5) Leisure Services – scarify and reline clay courts at Fee Avenue Park; and 6) Leisure Services – resurface Tennis Court.

Mrs. Palmer referenced the \$57,000 grants in aid and said this is in addition to the organizations receiving funding listed on page 240 of the preliminary budget. She stated she cannot, in good conscience, support funding these non-profit organizations while cutting essential City services that are funded by tax dollars.

Mrs. Hand stated the City is already committed to Honor America and several other organizations. Mr. Hill explained there are two categories of non-profits included in the budget; one is organizations that make up the \$57,000 funding. These organizations include Alpha Phi Omega (\$2,275), American Cancer Society (\$6,000), Big Brothers/Big Sisters (\$6,000), Boys and Girls Club (\$6,000), Crisis Services (\$5,000), Florida Wildlife Hospital & Sanctuary (\$3,000), Police Athletic League (\$12,500), Melbourne Art Festival (\$5,000) and Olde Eau Gallie Merchants' Association (\$5,000). These were items Council agreed to fund subject to budget considerations. The other group is comprised of organizations that Council has funded for a number of years, including Honor America, Melbourne Community Orchestra, Community Services Council, Melbourne Municipal Band, AARP (in-kind Auditorium rental fees), and Henegar Center.

Mrs. Palmer agreed these are all good causes; however, they have other funding sources and are not the City's responsibility.

Mrs. Poole said there are too many organizations seeking funds. She supports funding Honor America because it has been a part of the City for a long time. She noted that the Band is planning more concerts, which take up Auditorium rentals and require additional clean-up.

Mr. Palmer stated that the services Honor America provides benefit the people of the City. Mrs. Palmer disagreed that the service provided by Honor America is the same as the services provided by City departments. Mr. Palmer continued and stated that the services are equally important. Council should not try to separate one service from another.

Mrs. Palmer commented that Council must prioritize; some things are necessities. The Police and Fire Departments are very important. If Council wanted to support funding these non-profit organizations in a year when we have budget constraints then an increase in the millage rate should have been considered.

Mayor Buckley commented that he supports the Band, Orchestra and Honor America and will not recommend cuts in their funding. These are public services that we have been providing. He added to cut funding to the other organizations is very poor from the standpoint of renegeing on promises that we have given them.

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Mrs. Poole disagreed and said the services provided by City departments and these organizations cannot be compared. The City has leaking roofs and other problems, which should not be ignored to fund non-profit organizations. She stated it was her understanding that these organizations were not assured any funding until after the budget was approved.

Mr. Hill confirmed that we were very specific and very clear with those organizations that made application to Council that funding was subject to Council's action on the budget. The funding was offered in good faith – but offered in the context of budget circumstances. From that standpoint it is Council's choice as to what is important.

Following a brief discussion, Mrs. Walker stated that even though we have made some commitments to these organizations, they must realize our tentative commitments were subject to budget approval. She discussed several of the organizations, stating they build better citizenship and help the community. She does not want to take funding from Honor America, the Police Athletic League, and the Band.

Mrs. Poole referenced Fleet Management and the totals charged out to various departments. Mr. Hill explained the operation of Fleet Management. The fundamental question is the cost to maintain the fleet and whether the line items are necessary and proper. It is a matter of allocating in a rational, fair manner. He commented that Greg Schmidt, Fleet Management Superintendent, is available to answer any questions. He expressed concern that Council may be getting misinformation from an outside source.

Continuing, he asked if Council is concerned that too much money has been put aside for the Fleet Management operation. Based on his 15 years experience in preparing the City's budget, the City's Fleet Management operation is run very efficiently. If Council wants to put off maintenance on some vehicles they can do that; however, it will not solve the problems of this budget. It is not easy to redirect how all the vehicles and equipment of the City are maintained. The operation of Fleet Management is difficult to quickly assess and it is spread throughout all of the budgets in the City.

Mr. Hill said an outside vendor may be able to cut fleet costs by a percentage; however, it would take a thorough investigation to ensure that it is really achievable. Fleet Management does more than repair vehicles. He added that he is disturbed that someone is suggesting to Council that Fleet Management is being improperly run.

Mrs. Poole referenced the Contra-funds and stated these are funds that we have only had for the last two years. Mr. Hill responded that the Contra-funds are funded by all operations of the City. To comply with accounting rules it had to be shown as a negative amount in each budget. It is a matter of what it costs to run the Data Processing, Fleet Management and Risk Management Divisions.

Mrs. Poole stated that cuts have been made to all departments in the City except Fleet Management. Mr. Hill responded that Fleet Management is not a protected operation; budget cuts were made. The proposed budget is less than the current budget.

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Mr. Palmer stated for the record that he has asked numerous questions about Fleet Management. He is concerned that every department in this budget is affected by this department. The Contra-funds are used to move funds from one department to Fleet Management (or Data Processing and Risk Management). When departments are charged for oil, gas, and labor (at \$58 per hour) they should receive a report indicating which vehicle was in, the work done and the cost.

Mr. Hill responded that the real question is how much is being spent – not how the allocations are made. If Council's concern is that the Fleet Management operation is costing more than it should – we should take a serious look at this. He reported Fleet Management cut one mechanic position from its budget to reduce the cost to the City.

Continuing, Mr. Hill stated that he will do whatever is necessary to assist Council and answer questions; however, hanging up on one item is not looking at the real issue. There are various operations in the City where we could find some big savings, but Fleet Management is not one. He stated that in his positions as Assistant City Manager and as City Manager he has relied on the Fleet Management Director to review the vehicle needs of the City and provide resources to accomplish this. Fleet Management is a very efficient operation.

Mrs. Poole stated she is looking at the whole budget. If Fleet Management puts a radiator in a car, an invoice should be generated so the department knows the cost.

Mr. Hill stated there is a savings realized on paperwork and time by not providing individual invoices. The departments see the charges in the form of a monthly report.

Mrs. Poole referenced the government contract with Mike Gatto for tires. She stated three other local businesses have a government contract. Based on the amount of money, she believes that others should have an opportunity to provide the service.

Mrs. Poole stated that a check and balance is needed so the departments can keep a record of their charges. Mr. Hill commented that may be what is being conveyed to Council, but it has not been brought to the attention of management staff. He commented that Mr. Palmer raised a number of questions and staff will investigate any matter.

Mrs. Poole asked about an external audit. Mr. Hill replied a variety of audits are performed. An external firm completed an audit a number of years ago and an internal audit was completed a few years ago.

Discussion followed regarding delaying replacement of several police vehicles, depreciated value of police vehicles, and the replacement process of these vehicles.

Mrs. Poole continued with her review of Fleet Management and stated that \$58 an hour for an oil change is excessive.

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Mr. Hill distributed a "Fleet Services Overview" to Mayor and Council. He asked Council to review this information and suggested that a separate Council session on the Fleet Management operation might be helpful. He stated we won't know if there is a cheaper way to run the operation unless the entire operation is put out to bid. He believes that what we will find is that when somebody tells you they can cut the cost by 10-25% - there are a lot of services that aren't included. Those costs will return to the departments. The per hour rate is used as a measure of efficiency and effectiveness. An oil change is not just an oil change – it is a total maintenance package. There is a cost involved in maintaining the City's entire fleet.

Mrs. Poole said she would like to have a session to review the Fleet Management operation. There is a lot Council needs to learn and she wants to know that she is doing the right thing.

Mr. Hill stated that he is frustrated because he genuinely believes that the point – the cost to run the operation – is being missed.

Discussion continued on the operation of Fleet Management.

Mrs. Poole questioned \$58 an hour to repair a lawn mower. Greg Schmidt, Fleet Management Superintendent, reported that he obtained prices from local dealers (A-1 Tractor, Turfmaster) for work on small vehicles. The prices ranged from \$45-\$60 an hour. He stated that some of the City's lawn mowers are worth \$25,000, we have very few small, residential-type units. There are 200 hand held blowers that are tracked; when maintenance becomes cost prohibitive, they are taken out of service. Some are used for parts and others sold at the auction.

Mr. Palmer discussed the police vehicles scheduled for replacement (six 2000 Crown Victorias). The mileage ranges from 52,000 to 58,000. He asked if it would be possible to get another year and 15,000 more miles out of these vehicles. Mr. Schmidt responded that a normal patrol car runs 24,000 to 26,000 miles per year. Most of these vehicles won't be replaced until the latter part of the 2002/2003 fiscal year. At that point they will have 85,000 – 90,000 miles on them. These vehicles must idle during traffic stops, etc. because of the amperage running the lights, computers, etc. This adds 40,000 miles of running time to the engine, transmission, alternator, etc.

Mr. Palmer asked about the anticipated sale value. Mr. Schmidt responded that because of their use, police vehicles are considered "severe duty use" vehicles and are identified that way on their titles. In the past the vehicles sold for \$6,400 - \$6,800; however, since 9/11 that amount has dropped about \$1,500. They are purchased mostly for use as taxis for a year and then disposed of.

Mr. Palmer asked about the vehicles' equipment. Mr. Schmidt reported the equipment (console, safety cage, lights, etc.) is stripped from the vehicles before they are sold and placed on the new vehicles.

Mr. Palmer stated he would like to take a look at the operation.

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Mr. Schmidt discussed the use of UPS for parts delivery. The Fleet Management facility is a UPS shipping depot for all departments in the City. He explained the process. UPS comes to their facility every day whether there is something to be picked up or not. This is actually a cheaper process than sending an employee to the UPS facility.

Mr. Schmidt stated that in response to the use of Mike Gatto, it is a state contract with a convenient, local business. The City has a trailer of 40 rims. The contract provides for free mounting of the tires. This is cheaper than doing it ourselves.

Mr. Hill commented that if the use of Mike Gatto is a concern, we can put out a local bid and compare it with the state contract.

Mr. Palmer stated that it makes sense to look at all of the departments; this just happens to be a department that Council is scrutinizing.

Mr. Hill suggested, unless Council has specific cuts to suggest, that this be made a part of the work program for next year. Staff will arrange for Council to look at the Fleet operation and will conduct a thorough effort in the upcoming year to review all aspects of Fleet Management. An internal audit can be done and we can have outside people look at the operation.

Recessed: 8:55 p.m.

Reconvened: 9:05 p.m.

Mr. Hill referenced the capital construction reserve established by Council several years ago. The City was in a better financial position and Council was discussing a number of items (new City Hall, beachside fire station, south-end fire station, etc.). We began putting money aside as a resource for these projects. Prior to 2000/2001 there was about \$420,000 in that account. An additional \$380,000 was proposed in the 2002-2003 preliminary budget. Now that we are completing this year and we are running short on a number of revenues, he is concerned that Council believes that \$800,000 is sitting in the bank; however, this is not the case. The money was set aside and exists for future needs. He commented that the City runs relatively low in the level of reserves (\$3 million). The capital construction reserve was an additional reserve because Council was facing future expenditures, which have been delayed or postponed. However, the money can be used for whatever Council decides to use it for.

Discussion followed regarding the \$600,000 Council approved for the design of the new fire station. Mr. Hill stated that money (MIMA's purchase of the ARC property) was in addition to the capital construction reserve. Council authorized the use of those funds to advance the future fire station plans.

Mrs. Poole stated that those plans could be deferred this year. Mr. Hill stated that is a decision for Council. At this point Council has committed to the design work. Even if Council defers the plan, it won't solve this problem. If we utilize that \$600,000 for the

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shortfall, we will still face the same shortage next year and we will have used the money for the fire station.

Mayor Buckley referenced the agenda memo and the following options:

**Delete New Positions**

The following positions were added for the next fiscal year.

|  |          |
|--|----------|
| Police - Volunteer Activity Coordinator            | \$32,570 |
| Police - Two Community Service Officers            | \$64,420 |
| Police - Two COPS 2002 UHP Police Officers         | \$38,911 |
| Fire - Hold nine positions vacant for three months | \$80,051 |

By consensus, Council agreed to delay the two community service officers, substitute the two COPS 2002 UHP Police Officers with the two officers provided through the recently received Aggressive Driving grant, and to hold the nine fire positions vacant for three months.

**Freeze Current Vacant Positions**

The following positions are currently vacant. The full year cost of these positions is:

|  |          |
|--|----------|
| Parks - Part-time Maintenance Worker                   | \$10,388 |
| Streets & Stormwater Management - Equipment Operator I | \$35,620 |
| Information Systems - Manager of Operations            | \$58,324 |

Following discussion regarding the impact of not hiring this positions, Council agreed by consensus to not leave these positions vacant.

**Cut Operating Supplies**

Mr. Hill reported that an across-the-board five percent cut in Operating Supplies in all divisions except Emergency Medical Services (EMS) amounts to \$31,905. Council agreed to cut operating supplies by 5% across-the-board.

**Cut Training and Education**

Mr. Hill explained that a 33.3% cut in training and education for each General Fund division, except EMS, would amount to \$43,766. These cuts will affect staff's ability to stay current on their respective areas of expertise, which may reduce service levels.

Continuing, Mr. Hill stated there are difficulties with an across-the-board cut. The operating supplies figure out over the course of year; however, training and education is different. Training budgets have already been cut, and in some instances inequitably. Cutting each department's training and education by 1/3 will have an uneven effect. There must be some flexibility through the course of the year to accommodate those employees required to maintain certification, professional designations or required licenses. Each department will need to review and prioritize which training activities must be accomplished. They can propose other line item changes.

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Mrs. Hand asked if the cut would include Council's budget. Mr. Hill stated yes, instead of the proposed \$7,100, Council would be limited to \$4,733 for training. Council concurred with cutting training and education by 1/3 across-the-board.

**Delete New Capital Equipment**

Mr. Hill explained that the proposed budget includes additional equipment funded for various divisions. These are not replacements of existing equipment. Not much in the way of new equipment was funded, but staff believes these items were especially important. Staff does not recommend cutting the infrared imaging camera for the Fire Department. Deleting the other items would amount to \$57,586. Council concurred with deleting the new capital equipment as recommended.

**Delete Most of the General Fund Capital Improvement Projects**

There are certain General Fund capital improvements that could be deleted that would amount to \$202,000. These are repair or replacement items that are needed to preserve our facilities, including 1) replace playground equipment at Oxford Ridge, Grandview Shores and Crane Parks; 2) replace light poles and wiring at Southwest Ballfield; 3) resurface Tennis Courts 4, 5, 6, and 7 at Jimmy Moore and Ballard Parks; 4) replace light fixtures for softball and baseball fields at McGrath Field; 5) scarify and reline clay courts at Fee Avenue; 6) replace roof at Fire Station 75; 7) replace fuel pumps and refurbish tanks at Stations 71 and 75; 8) enclose tanker bay at Station 72; and 9) replace roof on the second floor at City Hall.

All of these choices come at a cost in terms of services provided, staff's ability to perform their jobs, and staff morale. Also delaying some of the capital projects means that we may be faced with emergency situations for repairs next year.

Adjusting next year's budget is just a one-year solution. It does not address the funding issues the City will face in developing the subsequent year's budget to fund these new positions. Staff's recommendation is to fund recurring expenditures with recurring revenues or reduce recurring expenditures to the extent possible to mitigate the strain on next year's budget, as well as future years' budgets.

Following a brief discussion regarding the need to replace the roofs at both City Hall and the fire station, Council agreed to delete the noted General Fund capital improvement projects, but retain replacement of the roofs for City Hall and the fire station. The amount of savings is \$102,000.

Mr. Hill stated that Council's action this evening captured \$429,485 of the needed \$504,701.

Council returned to discussion of the non-profit organizations.

Moved by Hand/Contreras to maintain the \$57,000 to those organizations. The roll call vote was:

Aye: Contreras, E. Palmer, Walker, ~~C. Palmer~~ Hand and Buckley

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Nay: Poole and C. Palmer

Motion carried.

Mrs. Palmer suggested that in the future Council review the budget before making promises to outside agencies.

Mr. Palmer asked the amount still needed from the construction fund. Mr. Hill said the beginning amount was \$504,701. Council came up with \$429,485 in cuts, leaving a balance of \$75,216 from the construction reserve. If it is Council's direction, staff will utilize this in the preparation of the information for the September 3 public hearing. Staff will provide a memo to Council explaining the actions taken this evening.

Mayor Buckley referenced the memo from Assistant City Attorney Suzanne Novak regarding the status of the Florida Recyclers case. Ms. Novak provided Council with an update and discussion followed regarding the case.

Moved by E. Palmer/Hand to move forward with filing an injunction. Motion carried unanimously.

4. Adjournment

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

The meeting adjourned at 9:59 p.m.

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Assistant City Clerk – 8/28/2002

Approved by Council: September 10, 2002 with revision to Page 8