

CITY OF MELBOURNE, FLORIDA
MINUTES – SPECIAL MEETING BEFORE CITY COUNCIL
JULY 26, 2004

A special meeting of the City Council was held in the City Council Chamber, 900 East Strawbridge Avenue, and was called to order at 6:30 p.m. by Mayor John A. Buckley.

1. Pledge of Allegiance.
2. Roll Call.

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
	Jack M. Schluckebier, Ph.D.	City Manager
	Paul R. Gougelman, III	City Attorney
	Cathleen A. Wysor	City Clerk
	Amy W. Elliott	Assistant City Manager

3. COUNCIL ACTION RE: Review of the 2004-05 Proposed Budget

City Manager Jack Schluckebier said that staff is presenting the proposed “all funds” budget for Council consideration. The objective at this meeting is to tentatively authorize the tax rate for the budget advertisement. The recommendation is to retain the existing rate of 4.7856 mills, which represents an increase of 4.1% over the roll back rate. The budget total, which excludes the Airport, is \$127,586,772. The executive summary (City Manager Letter, pages 1 – 12) outlines the major uses and major changes. The General Fund is generally the budget most people are interested in, and it is proposed at \$54.5 million. That is a \$2.8 million increase over the current budget.

Mr. Schluckebier noted that several Council Members met individually with staff to review the budget, ask questions and seek additional information. A summary of the questions/answers is being distributed at this meeting.

Continuing, Mr. Schluckebier said that the budget establishes a reasonable program for improvements and City issues. It is lean with respect to staffing; last year there were no net new positions and the proposed budget contains one or two net new positions. With a transfer of \$800,000 from Reserves to improve stormwater projects, the budget is considered balanced.

The City Manager said that staff is also looking for Council to give tentative guidance or direction with respect to funding for non-profit groups. Council previously suggested an increase of \$10,000 with recipients to be named later. There was some implication that the (Melbourne Arts Festival) would be one of the recipients. Material has been provided in the agenda package.

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Although this is not a public hearing, it is a workshop meeting that is open to the public. The public hearing dates have been set for September (September 14 and 28).

The City Manager concluded by reviewing the overhead material with Council, including the budget calendar; City Budget – all funds (excluding the Airport); Melbourne millage rates; example of a “Notice of Proposed Property Taxes;” typical home values and taxes; millage rate comparison with area cities; proposed personnel improvements/modifications; expanded services/new initiatives; and 2004-05 proposed debt issuance summary.

Regarding the typical property value of \$100,000 used in the “Notice of Proposed Property Taxes” example, Council Member Ed Palmer recommended the City increase this to \$250,000. He added that many homes in Melbourne are priced above \$100,000 and the \$250,000 example would provide a better indication.

Vice Mayor Cheryl Palmer asked what the roll back rate is and the percentage of increase over revenue from last year. Mr. Schluckebier referenced Appendix I, Pages A-4 and A-5. He explained that the roll back millage rate is intended to provide the same level of property tax revenue as the previous year with two exclusions – any new taxable value from construction and new value from annexations.

Mrs. Palmer asked what the increased revenue from new construction and annexation will be. The City Manager said that has not been calculated; however, staff will be able to figure the amount. He added that part of the difficulty is that our calculations are factored with a 95% collection rate. (See page 12 for continued discussion about this subject.)

Council Member Loretta Hand referenced the “proposed personnel improvements/modifications” overhead and stated that she is not convinced that we need another Assistant City Manager. Because of the added cost of equipment and staff that person may need, she said that now is not the time.

Mr. Schluckebier said the recommendation was made because we are continuing to see issues in our economy related to growth. There is also a span of control issue related to the City Manager overseeing 10 or 11 departments.

Mrs. Hand added that annexation has allowed us to keep the millage rate down; however, the City will still have to provide infrastructure and hire new police and fire personnel. She commented that she has concerns.

On the same subject, Mr. Palmer said that he is convinced this is a span of control issue. Normally five is the number for someone to control and manage, yet the City Manager has twice that number. The Assistant City Manager position should be granted by Council. The City is having difficulty with one man managing all the departments. And, the current Assistant City Manager has her hands full in other areas.

Mr. Schluckebier confirmed for Mrs. Palmer that the same number of departments exists today that existed before he came on board. However, we have one less department than we had eight years ago and one less Assistant City Manager than we had 10 years ago. He

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commented that growth management is an area that is complex and takes time; the City needs more help in that area.

Mrs. Palmer stated that the City Manager has not been on board very long and she thinks this is a huge expense to hire another Assistant City Manager. She added that the City Manager felt capable of handling the job when he was hired. Additionally, Mrs. Elliott is very capable.

Council Member Grace Walker said she cannot justify hiring another Assistant City Manager. She noted that she has reviewed this and came to the same conclusions that have been expressed. Mrs. Walker pointed out that we have the same number of departments. Also, she sees no reason why the City Manager can't arrange meetings (with the department directors) during an appropriate time, even if it means scheduling one week to one month out.

Council Member Richard Contreras said that he took a long look at the request for an additional Assistant. The duties and responsibilities of the new position – growth management and infrastructure – are probably two of the biggest issues that the City grapples with on a daily basis. Hiring a new Assistant is almost “what the doctor ordered” in terms of coming to grips with what we have in a growing and expanding City. Mr. Contreras added that this is a matter of “pay now or pay later.”

Council Member Pat Poole stated that she has watched the City pinch and squeeze; not hire new people when employees retire or leave; and employees working twice as hard as they should. She said that there comes a time when you need an extra person in this category to divide the work. The City has grown entirely too fast and we need a person in this position to see that we have the right type of growth – the type that will keep us a sustainable community.

Continuing, Mrs. Poole referenced the grants-in-aid item on this agenda and said she would rather see that money go towards an employee that would assist the City. She added that most of the organizations making requests have money coming in from other sources.

Mayor Buckley asked for consensus from Council on hiring an additional Assistant City Manager. In favor: Contreras, E. Palmer, Poole and Buckley. Opposed: Walker, C. Palmer and Hand.

Council continued with its review of the overhead material.

Mr. Contreras referenced the new program in Leisure Services to provide swim lessons. He asked about the YMCA's program. Leisure Services Director Mary Ann Bowman explained that originally the City contracted with the Red Cross to teach classes. The local chapter had to get out of the swim lesson business due to financial reasons. The City sought out the YMCA two years ago. They have done a good job but they are not quite as successful as we would like. She noted that the cost will be lower than the YMCA program and a little higher than the Red Cross program.

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Mr. Palmer asked if user fees will cover the cost. Mrs. Bowman said it will be 100% self supporting to pay for seasonal employees. Mrs. Palmer asked if seasonal employees receive pay increases and insurance coverage. Mrs. Bowman replied no and added they are classified as seasonal help. There is no cost of living adjustment and no insurance.

Mrs. Poole asked if the maintenance people who take care of the redevelopment areas are paid out of the three redevelopment funds. Mr. Schluckebier confirmed this is the situation with the Melbourne Downtown and Babcock Redevelopment Funds. However, because of the fiscal situation with the Eau Gallie Redevelopment Fund, those charges haven't been allocated yet. That will happen once that fund is fiscally able to accommodate the cost.

Mr. Palmer said after the Airport has been added to this budget, he would like the total amount of debt service for the City based on all the bonds we have issued or plan to issue. Additionally, he referenced the administrative fees charged by the General Fund to the Golf Course Fund and the data processing fees. He stated that he wants to make sure that Council understands how much money is transferred from the departments and how the money is accounted for.

With regard to the Airport budget, Mrs. Poole said she would like to be able to have time to review that budget prior to the last public hearing. Mrs. Hand said that the Airport Authority will establish a workshop date for the Airport budget, perhaps the first week of August.

Mrs. Palmer referenced the topic in today's newspaper article about the City being able to save money by the Melbourne Police Department taking over the Airport Police Department. She asked who would make the final decision on that matter.

Mr. Schluckebier replied that would not occur without Council authorization. He added that there may have been a misunderstanding on this issue. He noted that the intent was to study the issue and return to Council if we determined that an improvement could be derived. He concluded by noting that some time ago the Airport Authority and the City Council came to agreement that, at that time, the Airport security should be operated by the Airport Authority. His guess is that there wouldn't be a substantial change unless both entities agreed.

Mr. Palmer said he would like to comment on the fee increases.

Mayor Buckley said he talked to the City Manager and expressed concern that fees are being reviewed for multiple reviews of development plans, administrative fees, transportation and recreation impact fees, water/sewer impact fees and golf course fees.

Mr. Schluckebier said that we have received indication that some of our fees need to be changed. Fees with respect to general government operations that are scheduled to increase with the new budget are outlined in Appendix I. Our consultants are reviewing the fees that the Mayor referred to, which are outlined in the executive summary. Changes to those fees won't be implemented without a full and frank discussion with City Council. And, the new budget is not based on changes in fees outlined in the summary.

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The City Manager confirmed that the budget does not recommend any changes to the water/sewer fees, other than what has previously been approved by Council. With regard to the golf course fees, the Golf Course Advisory Board minutes have been included in the packet for Council's review. The recommended increase might not be enough. Staff has recommended an additional rate study beyond what the Advisory Board recommended.

Mr. Contreras referenced the question/answer information distributed to Council at this meeting. One item relates to the new fire truck scheduled to be purchased in 2004-2005. The proposed truck is a pumper truck with a water tower and a 50' – 55' ladder. Mr. Contreras said he is concerned that the City is growing vertically with high-rises and we only have one aerial truck with no backup.

A brief discussion followed regarding the height or floor level that a pumper truck can reach. Fire Chief Walt Chamberlin explained that the building codes provide for fire protection to enable people to get out of high-rises during a fire. He added that the City has backup from Palm Bay and Indian Harbour Beach. Additionally, he noted that it would cost \$800,000 to \$1,000,000 to have a truck sit as backup; the cost of maintenance is high.

Mr. Contreras said he remains concerned about coverage and the City's ISO rating. Chief Chamberlin said that the ISO recommendation for a ladder truck represents a small portion of the overall point system. And, the ISO comment is only a recommendation. The ISO deals in 35' buildings – not high-rises. This is not a mandated situation and he is not sure anyone can afford to have one ladder truck in reserve.

A brief discussion followed about the City's coverage area.

Mr. Palmer asked Chief Chamberlin about the commercial lift assist fees. The Chief replied that we have only collected one fee since it has been implemented. The fee is doing its job – it is forcing nursing homes to take responsibility for lifting patients rather than calling the Fire Department for assistance.

A brief discussion followed regarding the County ambulance service, coverage area, continued growth and the possibility of a future need for a fire impact fee.

Mrs. Palmer referenced the City Hall renovations. She said that our previous consultant demonstrated that a new City Hall could be built for \$4 million, yet the budget contains \$3 million for renovation. She said that this facility has served us well, but it has environmental problems and it would be throwing good money after bad to put this money into renovation. She recommended that Council take that money and construct a new City Hall on property that belongs to the City.

Recessed: 7:50 p.m.
Reconvened: 8:00 p.m.

Mayor & Council reviewed and gave preliminary approval to the following tabbed sections of the preliminary budget:

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BUDGET SUMMARIES

Detailed listing of revenues and summary of expenditures by department.

ADMINISTRATION

Mayor and Council; City Attorney; City Manager; City Clerk; and Public Information.

MANAGEMENT SERVICES

Management Services; Personnel; and Information Systems.

FINANCIAL SERVICES

Financial Services; Purchasing; Utility Billing and Collections (Water and Sewer Fund); Workers' Compensation; and Risk Management.

Mr. Contreras asked for an update on the return envelope that has been provided with utility bills. Director of Finance Michele Ennis said that feature was added last year and it has improved the efficiency of processing bills.

LEISURE SERVICES

Recreation; Pools Operations; Melbourne Auditorium; Crane Community Center; Eau Gallie Civic Center; Carver Community Center; Grant Street Community Center; Lipscomb Park; Parks Maintenance; Cemeteries; and Golf Course Fund.

Mrs. Palmer referenced replacement of playground equipment at Jimmy Moore Park listed in the budget and asked if this was recently done. Mrs. Bowman said that this item is for replacement of the swings and new sand for all the equipment. She noted that the swings have not been replaced in years.

Mr. Palmer asked when the resurfacing of Crane Pool will be done. Mrs. Bowman said next year in the spring. The work will be contracted out to a vendor.

Mr. Contreras asked for additional information about the expansion of Crane Community Center. Mrs. Bowman said this item will provide for a renovation and possible expansion on the north side of the facility. The building does not meet ADA standards and there is a need for additional classroom and office space.

POLICE

Police Administration; Police Operations; Police Support Services; Aggressive Driving Grant; and 2003 COPS UHP Grant.

Mrs. Palmer asked about the additional boat. Police Chief Don Carey said this is the same boat Council approved a few months ago. The previous information contained an error in

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the price. The boat will cost \$23,000 instead of \$12,000. Mrs. Palmer questioned \$23,000 for a motorless dive boat. Chief Carey said that this is an inflatable, shallow depth boat (with jet drive).

Mrs. Poole referenced the transmittal letter regarding the Police Pension Plan, which in part states, "The contribution to the...Plan increases from 18.2% to 19.7% of payroll. These contribution rates are significant decreases from the 28.47% rate...budgeted for 2004. Because of a change in actuarial assumptions, the annual contribution rate was decreased, but the consequence of reducing the annual funding requirement is an \$11 million increase in unfunded actuarial accrued liability for the Police Pension Plan."

Mr. Schluckebier said that our actuarial consultant said that our rates should go to 44% of payroll. After several municipalities served by the consultant challenged that, he decided to roll out a new approach. The methodology he recommended actually reduced our payroll to below 20%. He claims he was able to do that using sound actuarial methodology but nevertheless we have an \$11 million unfunded actuarial liability with the revised rate. The Pension Board accepted the revised rate. Mr. Schluckebier said that he and the Director of Finance have reviewed this and, while they don't think this is the correct way to look at long range planning, they don't know that they can dispute the information.

Ms. Ennis added that Ward Foster, the actuarial, used a methodology that takes the cost of the pension and spreads it over a 30 year period rather than the life of a police officer's career, which is generally 20 – 25 years. The result is that the unfunded liability is repaid slowly, but we won't recover market upturns. The Pension Board voted to go forward with this. And, this will be reported in the annual financial statement.

Mr. Palmer asked Ms. Ennis if she is pleased with the outcome. Ms. Ennis replied that someone is going to pay for this down the road. Although it saves funds now, unless the market upturns quickly, it will take a long time to pay that back.

FIRE

Fire Administration; Fire Emergency Medical Services; Fire Operations; and Code Compliance.

ENGINEERING

Engineering; Traffic Signage and Signals; and Stormwater Utility Fund.

PLANNING AND ECONOMIC DEVELOPMENT

Planning and Economic Development; Downtown Redevelopment; Babcock Street Redevelopment; and Olde Eau Gallie Riverfront Redevelopment.

Mr. Schluckebier referenced the question/answer material distributed and pointed out that Mr. Palmer asked when the blight study for the Olde Eau Gallie Riverfront Redevelopment Area would be done. Mr. Palmer has recommended that the City find a way to proceed with

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the blight study by providing financial assistance to the Redevelopment Fund. With Council's approval, that change could be reflected in third quarter; however, that would be a policy decision of Council.

Mr. Palmer added that Council voted in February to proceed with expansion of the Community Redevelopment Area. The holdup is the lack of the Redevelopment Fund having \$7,500. He recommended the City loan the CRA \$7,500 in order to proceed.

Moved by E. Palmer/Hand for the City to loan the CRA \$7,500 for the blight study.

Mrs. Poole said she is concerned because the CRA already has a 17-year loan and now it wants to borrow more money. Mrs. Palmer stated that she is glad that we have a group that is excited and willing to work towards making the area what it once was – beautiful. She asked the City Manager where funds are available. Mr. Schluckebier said we would either find a line that has not been fully expended or make an adjustment from Contingency. He confirmed that funds are available.

Mrs. Hand expressed support for proceeding and Mayor Buckley said that we should proceed with something that was approved in February. Mrs. Walker agreed.

The question was called. Motion carried unanimously.

HOUSING AND COMMUNITY DEVELOPMENT

Housing and Community Development; Community Development Block Grant; HOME Funds; and SHIP Funds.

PUBLIC WORKS AND UTILITIES

Public Works and Utilities Administration, Water/Wastewater Operations, Water/Wastewater Customer Service, Water Production, Water Distribution, Environmental Community Outreach (now includes Solid Waste Management), Wastewater Collection, Wastewater Treatment, Streets and Stormwater Management, Local Option Gas Tax, Facilities Maintenance, and Fleet Management.

Mrs. Hand referenced the land acquisition for the extension of Apollo Boulevard and said she hopes we go forward with this project.

Mr. Schluckebier said that Appendix II, Page 20, lists the land acquisition for Apollo extension as \$1.2 million in 2004-2005 and \$12,000,000 for construction in 2006-2007. There is a possibility that we could enter into an agreement with DOT; however, at this point the project would require a significant amount of funding that we don't have. The idea is to show projects that staff believes are necessary and appropriate in the five year planning period. Mrs. Hand agreed with keeping this in the forefront so it does not slip.

Mrs. Palmer said it was beneficial for the City to buy property for the Babcock Street realignment. She stated that the Apollo extension will take the burden off of U. S. 1, Sarno

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Road and Croton Road. She recommended that we acquire land for the Apollo project for the same reasons that we acquired property for the Babcock project.

Mr. Schluckebier said we would want some type of agreement with FDOT as to whether we could reclaim an adjustment. We want to be clear that any money we do spend would qualify as a local match.

Mrs. Poole reminded Council that the Council Chamber was packed many times regarding this project with people opposed. She noted that there were only one or two people in favor of the project. Mrs. Palmer replied that there are thousands of people who travel U. S. 1, Sarno Road and Wickham Road. They may not call Mrs. Poole because they know how she stands on the issue, but many have called her (Mrs. Palmer) expressing support.

Mr. Palmer referenced the homes recently constructed in Faith Landings by Habitat for Humanity. He said the residents in that area have asked for traffic calming measures and street lights. A tremendous amount of work has been done in this area and he would like to show the residents that the City is behind them.

Public Works/Utilities Director Bob Klapproth said his department will review the street light request tomorrow. City Engineer Howard Ralls said that the homeowners' association should submit an application for traffic calming devices.

AIRPORT

(The Airport budget has not been submitted yet for review; therefore, tentative approval was not given.)

NON-DEPARTMENTAL

General Fund, Water and Sewer Fund and Golf Course Fund.

APPENDIX I

Proposed fee increases, computation of proposed ad valorem tax revenue, certification of taxable value provided by the County, summary of millage rates and tax collections, General Fund undesignated fund balance analysis, budget calendar, major active grants, and classification plan by pay grade.

APPENDIX II

Capital outlay schedule, equipment replacement criteria and Capital Improvement Program.

That concluded review of budget.

4. **COUNCIL ACTION RE:** Allocation of funds for Grants-in-Aid.

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Mayor Buckley stated that he does not know why the Melbourne Municipal Band has not made application for funding. He said he has not been able to reach the president of the band. The Mayor noted that the City has provided funding for the band for at least the past 20 years.

Mrs. Poole commented that the band takes up a collection at each performance, yet the City provides set-up, take-down, etc. Mayor Buckley reported that they use their money to pay for three employees – the conductor, assistant conductor and librarian. Mrs. Walker said she supports considering the band, whether they have applied or not. Mr. Palmer and Mrs. Hand agreed.

Mrs. Palmer stated that there are certain functions of city government that tax payers are willing to pay, including fire, utilities, police, roads, etc. However, when it comes to charitable donations, people like to choose their own organizations. As a matter of policy, it is not a good idea to, in effect, take money by force from citizens and decide who to give it to. Mrs. Poole agreed and added that it is wrong to provide funding unless it is for an organization that is associated with the City.

Council began its review of each applicant as follows:

AARP, Chapter 219. By consensus Council agreed to provide \$3,568.

American Cancer Society. Mrs. Poole said no to this request and Mrs. Palmer said they receive United Way funding, along with other funding mechanisms. By consensus, Council decided to provide zero dollars.

Big Brothers/Big Sisters. By consensus Council agreed to provide \$6,000.

Boys & Girls Club of Brevard. Mrs. Poole asked for additional information. Housing and Community Development Director Melinda Thomas said this group was awarded money in 2003-2004 from CDBG. The group was not able to meet the requirements and it has been struggling to stay in business. She added that she has not tracked their performance in the past year.

A brief discussion followed about the organization's activities. Mrs. Palmer pointed out that there is a huge need for after school and summer supervision. Council agreed to return to this item at the end.

Council returned to this item and took the following action: There was a brief discussion about the location of the facility. Mr. Contreras noted that quite a few Melbourne children participate in this program. Moved by E. Palmer/Contreras to provide \$2,000. Motion carried. Mrs. Poole voted nay.

Brevard Museum of Arts and Sciences. Mrs. Poole reported that the Museum recently had a wonderful fundraiser and made all the money they needed for their budget this year. Mrs. Hand asked why they are on this list. Mrs. Walker recommended that we not exceed

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\$10,058. (That is the amount funded last year. They requested \$15,000 this year.) Council agreed to return to this item at the end.

Council returned to this item and took the following action: Moved by Poole/Walker to deny. Motion carried. Contreras, Hand and Buckley voted nay.

Brevard Neighborhood Development Coalition. Mrs. Poole said no and Mrs. Hand said yes. Mrs. Palmer said she thought this group received CDBG money. The Mayor said that Harris Corporation recently gave them a \$150,000 matching grant. For every dollar they earn, up to \$150,000, Harris will match. Mrs. Hand said that the City needs to continue to be supportive of the Booker T. Washington area.

Moved by Hand/C. Palmer to provide \$6,000. Motion carried. Mrs. Poole voted nay.

Brevard Regional Arts Group/Henegar Center. Moved by E. Palmer/Hand to fund the \$10,000 requested. Motion carried unanimously.

Brevard 2-1-1. Moved by Hand/E. Palmer to provide \$5,000. Motion carried unanimously.

Community Services Council. Moved by Hand/Contreras to approve \$9,815. Motion carried unanimously.

Florida Wildlife Hospital. Moved by Poole/E. Palmer to fund the same (\$3,000). Motion carried unanimously.

Honor America. Moved by E. Palmer/Hand to approve \$12,000. Motion carried unanimously.

Junior League of South Brevard. Mrs. Poole said that this group has many fundraisers. Mayor Buckley said that the Junior League does a lot of projects, including Club Esteem at Lipscomb Street. Moved by C. Palmer/Contreras to give the \$2,750 requested. Motion carried. Mrs. Poole voted nay.

Leadership Brevard. Moved by C. Palmer/Walker for denial. Motion carried. E. Palmer and Buckley voted nay.

Melbourne Art Festival. Moved by Hand/Contreras to approve the \$10,000. Motion carried unanimously.

Melbourne Community Orchestra. Moved by Buckley/Hand to fund \$6,200. Motion carried. Mrs. Poole voted nay.

Melbourne Municipal Band. Moved by Buckley/Hand to fund \$12,240. Mrs. Poole questioned why we developed an application process if we are not going to use it (since the band did not make application). Mrs. Hand said that the City is proud of its municipal band. The question was called. Motion carried. Mrs. Poole voted nay.

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Native Heritage Gathering. Moved by C. Palmer/Walker for denial. Mr. Contreras questioned the motion, especially since there has been so much talk about preserving history. Mrs. Palmer said she attended a pow-wow gathering and it was more along the lines of people selling crafts. The question was called. Motion carried. Mr. Contreras voted nay.

Rolling Readers. Moved by Poole/C. Palmer to delete (not provide funding). Motion carried unanimously. Mrs. Palmer said that the expenditures weren't justified in the application.

Space Coast Early Intervention Center. Mrs. Poole said that this group receives funding from many sources. Mrs. Palmer wondered why this was not included in the Brevard County budget. Moved by Walker/Poole for denial. Motion carried. Mayor Buckley voted nay.

WFIT Radio. Mrs. Poole said that the City does not need to donate funds to a radio station. Moved by Walker/Poole to deny. Mayor Buckley said that the City ought to provide some level of funding. Mrs. Walker commented that Florida Tech has plenty of money. The question was called. Motion failed. Contreras, Hand, C. Palmer and Buckley voted nay. Moved by E. Palmer/Walker for approval of \$2,000. Motion carried unanimously.

The concluded Council's allocation of grants-in-aid.

Mr. Schluckebier announced that the total funding is \$90,573. This is higher than what was tentatively allocated (\$85,162). He recommended that the difference be adjusted from Contingency.

Moved by Hand/Contreras to fund the difference from Contingency. Motion carried. Mrs. Poole and Mrs. Palmer voted nay.

5. COUNCIL ACTION RE: Adoption of proposed millage rate

Moved by E. Palmer/Poole to establish 4.7856 as the proposed millage rate. Motion carried. Mrs. Palmer voted nay.

Mrs. Palmer stated that she saw \$3 million in the budget that could be cut immediately.

Staff returned to the question posed by Vice Mayor Palmer at the beginning of the meeting. Mrs. Elliott stated that the difference in tax revenue between the roll back rate and the current year is \$598,268. Mrs. Palmer said if we used the roll back rate, we would still have an increase to revenue of \$598,268. Mrs. Elliott replied yes.

Mr. Schluckebier returned to Mr. Palmer's question about proposed bond issues. He referenced the handout "2004-2005 Proposed Debt Issuance Summary" and said it contains the proposed debt issuance for appropriations from this year. The handout is for one fiscal year, but the Water and Sewer Fund would have a bond issue over two fiscal years.

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Additionally, the handout does not include the debt issuance costs. Mr. Schluckebier said that staff will provide the debt service by fund.

Regarding the Water and Sewer Fund, the City Manager said we may be in a position to have future rate increases be lower than what was previously approved by Council. We have a possible large new water system customer with Patrick housing. That new customer won't be in place by this October.

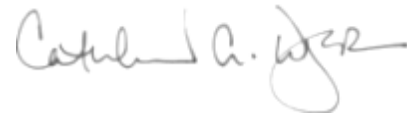
Mrs. Walker asked about extension of the water lines. Mr. Schluckebier said they would be extending their own lines, the City would be selling the water.

Mr. Palmer asked the number of units involved. The City Manager said about 1,500 houses. He confirmed that we have an adequate supply of water to service this new customer.

6. ADJOURNMENT

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

The meeting adjourned at 9:21 p.m.



City Clerk – 8/4/2004

Approved by Council: August 10, 2004