

CITY OF MELBOURNE, FLORIDA
MINUTES – SPECIAL MEETING BEFORE CITY COUNCIL
JULY 24, 2006



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 Harry C. Goode, Jr.

1. Pledge of Allegiance.
2. Roll Call.

Present:	Harry C. Goode, Jr.	Mayor
	Loretta Isenberg-Hand	Vice Mayor, District 6
	Mark LaRusso	Council Member, District 2
	Kathy Meehan	Council Member, District 3
	Grace Walker	Council Member, District 4
	Cheryl Palmer	Council Member, District 5
	Jack M. Schluckebier, Ph.D.	City Manager
	Paul R. Gougelman, III	City Attorney
	Cathleen A. Wysor	City Clerk
	Amy W. Elliott	Deputy City Manager
	Howard Ralls	Deputy City Manager

Absent: Richard Contreras Council Member, District 1 (vacation)

3. COUNCIL ACTION RE: Review of the 2006-07 Proposed Budget

From the agenda report: The total proposed budget as distributed was \$150,878,262. After the budget was distributed, the City received updated assessed valuation information from the Property Appraiser, which showed an increase in overall property value of \$93.9 million and a \$99.2 million decrease in net new taxable value (new construction and annexations).

The effect of the increase in valuation and significant decrease in net new taxable value as compared to the preliminary estimate is to decrease the rolled-back rate reported in the preliminary budget and to decrease the proposed millage rate to support the General Fund budget from 4.6299 to 4.5081 mills. While the recommended millage rate is 10% above the rolled-back rate, it is nearly a quarter mill reduction from the current rate of 4.7415 mills.

Deputy City Manager Amy Elliott provided an overview for Council and explained that the purpose of the workshop meeting is to review the City Manager's proposed 2006-2007 fiscal year budget. The proposed budget was distributed to Council on June 30.

The \$150.6 million budget is the operating program for next fiscal year and includes all major funds and operations of the City except for the Airport. The Airport budget will be reviewed by the Airport Authority and then submitted for Council action in September. The City's budget includes all traditional municipal services, such as police, fire, streets, and recreation, in addition to the regional water and sewer system, stormwater utility, two golf courses, and various internal service funds.

The proposed budget is about \$26.1 million more than the current year budget. The vast amount of this change is for the \$19.3 million increase in capital improvement projects.

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Significant capital improvement increases have been proposed in the areas of transportation, stormwater drainage, parks, water and wastewater treatment plants, water distribution system, wastewater collection system, and reclaimed water system.

The City Manager's transmittal letter summarizes the budget and provides highlights of major issues, including:

Revenues – Staff has recommended a property tax rate of 4.5081 mills, which is expected to generate nearly \$20 million. This amount reflects the updated assessed valuation reported by the Property Appraiser after the proposed budget was distributed. In previous meetings with Council Members and in the agenda package, staff advised that the change in valuation data necessitated a reduction in the proposed millage rate. The proposed millage rate is nearly one-quarter mill less than the current rate of 4.7415 mills.

The reduction in the millage rate reduces property tax revenues by \$122,000. To offset this revenue reduction, staff has proposed reducing one of the drainage improvement projects by a like amount. Melbourne's proposed millage rate compares favorably to other full service cities in the County. The increased property tax revenue is proposed to fund increased capital improvements.

Water and Sewer Fund – The previously adopted five percent water and sewer rate increases continue. Fiscal year 2007 is the last year of the previously adopted schedule of rate increases.

Golf Courses – The golf courses are slowly recovering financially. The proposed budget reflects the adopted rate increases as recommended by the independent consultant last year. Staff continues to monitor the fiscal situation and further proposes a slight increase in summer greens fees, freezing certain vacant positions, and leasing rather than buying capital equipment to spread the costs over multiple years.

Expenditures – The single largest change is the 223.4% increase in capital improvement projects.

Staff also proposes adding 16 full-time and two part-time positions throughout City operations; many of these positions are needed to deal with growth issues. Funding has been proposed for salary adjustments to all employees consistent with union contracts and for increased health insurance and pension costs. Operating expenses, transfers, and capital outlay increased \$3.5 million from the current budget. This is largely due to increased transfers for capital improvements.

Mrs. Elliott distributed several correction pages to the proposed budget and to the agenda package. These are the result of scrivener's errors and do not change the total budget. She concluded by saying that the recommendation is for approval of the \$150,634,262 proposed budget and adoption of a proposed millage rate of 4.5081 mills.

City Manager Jack Schluckebier added that Council Members had the opportunity to meet individually with staff to review the budget. He noted that the questions and answers are

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included in the agenda package and asked if any members wished to review or take action on those items.

Mayor Goode recognized the department directors in the audience and commended them for preparation of their department budgets.

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

BUDGET SUMMARIES

Includes summary of revenues for General Fund, Special Revenue Funds, Water and Sewer Fund, Stormwater Utility Fund, Golf Course Fund, Insurance Funds, and Capital Improvement Fund.

As a result in the increase in overall property value of \$93.9 million and a \$99.2 million decrease in net new taxable value, the following adjustments were made:

GENERAL FUND REVENUES

ACCOUNT/DESCRIPTION	CHANGE	NEW ACCT. TOTAL	NEW DEPT. TOTAL
9013111-311000 Real & Personal Property Taxes	\$ (122,000)	\$19,807,170	
Total Taxes			\$39,477,576*
Total General Fund	\$ (122,000)		\$65,867,357

*A new agenda report page was distributed to Council showing this correct total for "Total Taxes."

CAPITAL IMPROVEMENT FUND (SOURCES/USES OF FUNDS)

Page 32	Source of Funds-General Fund	\$ (122,000)	\$3,209,204	
Page 33	Use of funds-Drainage Improvements	\$ (122,000)	\$1,523,000	
	Total Capital Improvement Fund	\$ (122,000)		\$27,956,631

Council began its review of the expenditures as follows:

ADMINISTRATION

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

Council Member Cheryl Palmer asked the proposed salary of the additional assistant city attorney. City Attorney Paul Gougelman said he is projecting a range in the neighborhood of \$60 - \$65,000.

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MANAGEMENT SERVICES

Management Services; Personnel; and Information Technology.

FINANCIAL SERVICES

Financial Services; Purchasing; Utility Billing and Collections; Risk Management; and Workers' Compensation.

LEISURE SERVICES

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

Mrs. Palmer asked the proposed salary of the additional maintenance worker proposed to maintain the medians on Apollo Boulevard. Mr. Schluckebier said that the position will be a maintenance worker I and the range, which is outlined in Appendix I of the budget document, is \$23,268 to \$32,796. He added that normally new employees are hired at the entry gate; however, there are exceptions if people are not available or if people with more experience present themselves.

POLICE

Police Administration; Police Operations; Police Support Services; and Department of Justice Marine Patrol Grant.

Mrs. Palmer asked the starting salary for the two new crime scene technicians, one new community service officer and one marine patrol officer. Referring to Appendix I in the budget, the City Manager listed the salary range for each position.

With regard to the pay grades listed in the Appendix, he stated that these would be updated after Council acts on the cost of living adjustments in September. The ranges listed in the Appendix reflect the current, existing schedules.

FIRE

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

ENGINEERING

Engineering; Traffic Engineering; and Stormwater Utility.

PLANNING AND ECONOMIC DEVELOPMENT

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

Note: Council received a replacement Page 145. The proposed budget lists a \$25,000 contribution to the Henegar Center. This was a data entry error – no contribution was requested nor is it proposed. Account 582180 should be “zero” and the Reserve for Future Projects account 590340 should be increased by \$25,000 to \$380,692. There is no change to the Downtown CRA total budget.

The City Manager explained that with regard to all three redevelopment areas, the amounts in the budget have been allocated based on an assumption that the redevelopment areas grew in the same proportion as the City. The Property Appraiser has not yet provided final data. In September, staff will return and ask Council to make the appropriate adjustments.

Additionally, we have an anomaly in the Babcock area. The County and the City have granted tax abatements for certain businesses. The County inquired to ensure that it does not have to pay the City CRA revenue where the City and the County have abated tax revenue. The County is on point and we will make that adjustment. It wouldn't be reasonable to ask the County to pay taxes they never received.

HOUSING AND COMMUNITY DEVELOPMENT

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

PUBLIC WORKS AND UTILITIES

Public Works & Utilities Administration; Utilities Operations; Utilities Customer Service; Environmental Community Outreach; Water Distribution; Water Production; Wastewater Collection; Wastewater Treatment; Facilities Operations; Streets Management; Local Option Gas Tax; and Fleet Management.

Council received a replacement Page 181, which correctly identifies the wastewater treatment plant location under Item 5 as the D. B. Lee Wastewater Treatment Plant.

AIRPORT

The Airport budget will be submitted to Council in September for consideration.

NON-DEPARTMENTAL

General Fund; Water and Sewer Fund and Golf Courses Fund.

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GENERAL FUND NON-DEPARTMENTAL

ACCOUNT/DESCRIPTION	CHANGE	NEW ACCT. TOTAL	NEW DEPT. TOTAL
90100581-591110 Inter to (368) - Transportation Construction	\$ (122,000)	\$2,046,851	
Total Non-Departmental General Fund			\$7,579,241
Total General Fund	\$ (122,000)		\$65,867,357

That concluded Council's review of the budget document.

Moved by Hand/Walker for tentative approval of the 2006-2007 proposed budget of \$150,634,262. Motion carried. Mrs. Palmer voted nay.

Mrs. Palmer stated that there are a few items that she would like to discuss at the first budget public hearing.

Mayor Goode announced that the public hearings on the budget will be conducted on September 5 and September 19 at 6:30 p.m. in the Council Chamber.

4. COUNCIL ACTION RE: Allocation of funds for Grants-in-Aid to Local Non-profit Organizations.

Mayor Goode reported that in the current fiscal year, Council awarded \$103,073 in grants from the General Fund. He asked Council to comment.

Mrs. Palmer said she would like to remain with the \$103,073; however, she would like to move \$490 from the Native Heritage Gathering and provide that to Keep Brevard Beautiful.

In response to Vice Mayor Hand, the City Manager said that the total of all organizations in the current budget year is \$103,073, which compares to requests in the proposed budget of \$166,537. The agenda report also lists continuing obligations – not considered donations – like the funding for Space Coast Area Transit, Main Street, and the annual Fall Art and Craft Festival.

Mrs. Hand said she believes that some of the organizations' requests are excessive. Mayor Goode replied that Council approved a motion last year to limit the amount to no more than \$10,000 for any one organization.

Moved by Palmer/Goode to delete funding in the amount of \$490 for Native Heritage Gathering and move that amount to Keep Brevard Beautiful.

Mrs. Palmer said that Keep Brevard Beautiful has a road adoption program where volunteers pick up litter on streets.

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The question was called. Motion carried. Council Member LaRusso voted nay.

Moved by LaRusso/Hand to approve the grants-in-aid at the current \$103,073 level in lieu of the \$166,537 requested. Motion carried unanimously.

Note: Council's action resulted in funding for the following organizations (see agenda package for detailed information about each organization):

ORGANIZATION	FUNDING	ORGANIZATION	FUNDING
AARP-Chapter 219	\$3,568	Honor America, Inc.	\$10,000
American Cancer Society	\$500	Junior League of South Brevard, Inc.	\$2,000
Big Brothers/Big Sisters of Brevard	\$5,000	Keep Brevard Beautiful	\$490
Boys & Girls Club of Central Florida	\$2,000	The Master's Workshop	\$1,000
Brevard Museum of Art & Science	\$10,000	Melbourne Art Festival, Inc.	\$10,000
Brevard Neighborhood Dev. Coalition	\$6,000	Melbourne Community Orchestra	\$6,200
Brevard Regional Arts Group (Henegar)	\$10,000	Melbourne Municipal Band	\$10,000
2-1-1 Brevard, Inc.	\$5,000	Rolling Readers Space Coast, Inc.	\$500
Community Services Council	\$9,815	Space Coast Early Intervention Center	\$1,000
Florida Wildlife Hospital	\$3,000	WFIT Radio	\$2,000
Greater Melbourne Police Athletic League	\$5,000		

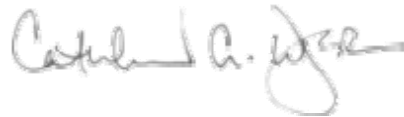
5. COUNCIL ACTION RE: Adoption of proposed millage rate

Moved by Walker/Hand to establish 4.5081 as the proposed millage rate. Motion carried unanimously.

6. ADJOURNMENT

Moved by Hand/Palmer to adjourn. Motion carried unanimously.

The meeting adjourned at 7:15 p.m.



City Clerk – 7/31/2006

Approved by Council: _____