

CITY OF MELBOURNE, FLORIDA  
MINUTES – SPECIAL MEETING BEFORE CITY COUNCIL  
JULY 23, 2007



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
	Mark LaRusso	Vice Mayor, District 2
	Richard Contreras	Council Member, District 1
	Kathy Meehan	Council Member, District 3
	John Thomas	Council Member, District 4
	Cheryl Palmer	Council Member, District 5
	Joanne Corby	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	Deputy City Manager
	Howard Ralls	Deputy City Manager

3. COUNCIL ACTION RE: Review of the 2007-08 Proposed Budget

The following is an excerpt from the agenda report:

*The most significant trend of revenue change in the General Fund is the state mandated reduction in use of property tax for local programs. During a special session in mid-June, the state legislature adopted HB 1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. This arbitrary calculation does not take into consideration the type of growth in the community or the use of increased revenues to fund services and infrastructure improvements desired by the community. The legislature did authorize a local government to use the rolled back millage rate if approved by a super majority vote of the governing body, and this level is recommended by staff.*

*Property taxes are projected to be \$21,132,278 based on a proposed millage rate of \*4.4861 mills. The rolled back rate represents the same level of property tax as the current year, as adjusted for new construction and annexations. Use of this rolled back rate reflects a true ad valorem rate reduction, as well as providing tax rate revenue only from newly constructed or newly annexed property.*

(\*Note: See presentation below by Deputy City Manager Amy Elliott for update in the millage rate calculation.)

Mrs. Elliott stated that the purpose of this workshop meeting is to review the City Manager's proposed 2007-2008 fiscal year budget. The proposed budget was distributed to Council on

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July 6 and staff has met individually with Council Members. Questions that were of general interest are included in the agenda package along with the answers.

The \$155.6 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 budget includes all traditional municipal services, such as police, fire, streets and recreation in addition to the regional water and sewer system, the stormwater utility, two golf courses and the insurance internal service funds. The Airport's budget will be reviewed first by the Airport Authority and then submitted to City Council for action in September.

The proposed budget is nearly \$10 million less than the current year budget. The vast amount of this change is due to the reduction in capital improvements funded by the General Fund and the Water and Sewer Fund. The actual capital improvement projects, transfers of funding to the capital improvement fund, and transfers to various water and sewer reserves are substantially decreased.

With regard to the recommended property tax rate, there is a slight change in the recommended rate. Staff had proposed a rolled back rate of 4.4861. However, the Department of Revenue provided information today about how they calculate the impact of Community Redevelopment Agency values on the millage rate. Based on this new information, the rolled back rate will be reduced to 4.4751 mills. The rolled back rate of 4.4751 mills would generate the same level of property tax revenue that Council unanimously approved for the current fiscal year, and it is less than the current rate of 4.5081 mills.

Mayor Goode asked the effect of the \$4.1 million that has been cut out of the budget. Mrs. Elliott replied that the rolled back rate is the same level of revenue that would be generated for properties that were in existence last year as adjusted for the change in their assessed valuations. It doesn't reflect the increased revenue associated with new construction and annexations.

The Mayor asked how we satisfy the state regarding the cuts that have to be made. Mrs. Elliott replied that staff assumed the use of the rolled back millage rate, which requires a supermajority vote. It is one of three options provided by the legislature in selecting a millage rate applicable to the next fiscal year. Unless Council wishes to regress and take a further \$1.5 million reduction of property tax revenue, staff recommends the rolled back rate. This was the concept discussed at a regular meeting recently and it seemed that we had concurrence to move forward.

Continuing, Mrs. Elliott explained that the proposed millage rate compares favorably to other full service cities in the County. With regard to other General Fund revenues, they have been adjusted to reflect growth trends, some of which are negative. Basically, most of the major revenue sources are flat or declining; it's not just the property tax revenue situation that we have had to cope with this year. Some big revenue sources – construction permit revenues and state shared revenues – have declined. A new revenue source, the utility tax on water sales, has been included to balance the budget. We expect to generate \$1.1 million from that tax. Additionally, other information was provided about fee increases and

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new fees that could be established in the General Fund to provide several hundred thousand dollars of revenue.

The Water and Sewer Fund revenues reflect the system-wide seven percent increase as recommended by the rate study consultant and preliminarily approved by Council on July 10. This is the level of rates needed to provide for operation, maintenance and debt service costs.

The Golf Course revenues reflect the annual fee increases adjusted by the CPI as recommended by the independent consultant and the Golf Courses Advisory Board in 2006. Those revenues also reflect increases in the summer greens fees, electric cart rentals and the driving ranges, also as approved by the Golf Courses Advisory Board.

With regard to total expenditures, the single biggest change is the decrease in capital improvements, which is reported in two places in the budget. First, the actual capital improvement fund decreased \$4.4 million and second, the transfers from the two largest operating funds, the General Fund and the Water and Sewer Fund, decreased a combined \$6.9 million. There has been a marked decrease in the level of new staff proposed as compared to previous years. There is only one net new position being added, and six part-time Leisure Services positions have been deleted. Funding has been proposed for salary adjustments, increased health insurance and pension cost.

While operating transfers significantly decreased, there were some notable operating expense increases, particularly for chemicals in Water Production, electricity and property insurance premiums. Capital Outlay included in the operating budgets decreased \$2.4 million. This was the result of deferring needed replacements to future years to achieve a balanced budget proposal.

Council will set the proposed millage rate for transmittal to the Property Appraiser and the Tax Collector. Additionally, Council will need to allocate the grants to local non-profit organizations. Organizations that applied were invited to attend this meeting to be available for questions.

Mrs. Elliott summarized by stating that staff recommends approval of the \$155,580,124 proposed budget and adoption of a proposed millage rate of 4.4751 mills.

Mayor and 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.**

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Vice Mayor Mark LaRusso asked if the revenues are based on the 10% utility tax on water being implemented. Mrs. Elliott replied yes. City Manager Jack Schluckebier added that the utility tax pertains to the General Fund revenues.

**ADMINISTRATION**

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

Council Member Richard Contreras referenced the dues and subscriptions in the Mayor and Council budget. Mrs. Wysor explained that this budget covers dues in the U. S. Conference of Mayors, the National League of Cities and the Space Coast League of Cities. (Additionally, it covers dues in the Florida League of Cities, Florida League of Mayors.)

Mr. Contreras asked the value of being a member of the U. S. Conference of Mayors and the National League of Cities. Mayor Goode said that he has attended several USCM conferences, which have provided good ideas and informative programs.

Council Member Cheryl Palmer asked if being a member in the National League of Cities provides the City with certain benefits. Mr. Schluckebier said that being a member of the NLC is more of a pass/fail appeal to the elected officials. If Council as a group desires to drop because being a member has not panned out to be beneficial, staff has no objections.

Moved by Contreras/LaRusso to drop the City's membership in the National League of Cities. Motion carried unanimously.

Following brief discussion, the City Manager said he would provide Council with the specifics on what membership in the National League of Cities entails and the cost for dues.

Mr. Contreras referenced the fluctuation in Mayor and Council's operating supplies. Following brief discussion, staff confirmed that this account is often affected by the number of new Council Members and the supplies required for a new Council Member.

Mr. Contreras referenced the gift certificate line item in Mayor and Council budget and stated that he will decline his certificate. Mayor Goode asked any other Council Members who wish to decline their gift certificate to notify the City Clerk.

With regard to dues and subscriptions, Mr. Contreras said that the budget contains a total of \$83,900 for the entire City. He noted that he understands the relevance with certain trade groups; however, he would like staff to review and determine if magazines are being used or if they are simply "sitting on the counter." He added that he is particularly interested in this line item in the Leisure Services Department.

**MANAGEMENT SERVICES**

**Management Services; Personnel; and Information Technology.**

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**FINANCIAL SERVICES**

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

Council Member John Thomas asked why training/education in Financial Services and Utility Billing and Collection has increased. Mrs. Elliott replied that the City has a new financial accounting system, MUNIS, which has required a substantial amount of training.

**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.**

Mr. Contreras referenced the dues and subscriptions for the various recreation centers. Leisure Services Director Mary Ann Bowman said that most of the funding covers membership in the Florida Recreation and Park Association. Membership also includes a monthly publication and a discounted rate for seminars attended by supervisors and recreation leaders.

Mr. Contreras asked if there is any reason that Grant Street Community Center has the highest amount of funding. Mrs. Bowman said that Grant Street has more staff, more recreation leaders.

Following a brief discussion about attendance at seminars, Mr. Contreras asked if any consideration has been given to each center sending one person. That person could return and provide information to other staff. Mrs. Bowman said that limiting each center to sending one person would not be a problem.

Moved by Contreras/Corby to amend the Leisure Services budget by limiting attendance at seminars to one person from each center. (See substitute motion below.)

Discussion continued.

Council Member Joanne Corby recommended that each department review its dues and subscriptions and determine which ones have been valuable. Regarding training, she would like to see an across the board review. Mrs. Corby added that with some seminars, it is possible that one employee could attend and then return and conduct an internal workshop.

The following substitute motion was offered: Moved by Contreras/Corby that all departments review the dues and subscriptions line item and look for opportunities to reduce that cost.

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Mr. Contreras pointed out that many companies in the private sector are sending one or two people who can then disseminate the information internally when they return.

The question was called. Motion carried unanimously.

Moved by Corby/Contreras that each department review its training and education line item and return with some type of reduction. (See clarification below.)

Mrs. Corby said that staff also needs to consider the value in sending more than one employee to a conference because of concurrent sessions. In those cases, it may be to the City's advantage to send more than one employee.

Mr. Thomas asked if the motion mandates that each department return with a reduction. Mrs. Corby clarified that her motion calls for each department to review its training and education to determine if a reduction is in order.

Mr. Schluckebier said that the underlying idea is to remove any redundancies. Mrs. Corby agreed.

The question was called on the motion (as clarified). Motion carried unanimously.

**POLICE**

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

Mrs. Palmer pointed out that there was a large leap in dues and subscriptions in the Police Operations budget.

**FIRE**

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

Mr. Contreras referenced how the reduction in EMS funding by Brevard County will affect the budget. Mrs. Elliott replied that it is assumed we are not having a reduction in service. She confirmed for Mr. Contreras that the County has not made a final decision on whether to cut this funding.

Mrs. Palmer asked how the recent annexation of the Radisson on Highway A1A will affect our need for further fire service on the beach. The City Manager explained that through agreement the County will continue to cover that area while the City provides coverage in the Aurora Road enclave area. There will be no change in service.

Mr. Contreras asked what level of service would be reduced if the City decides not to provide the \$300,000 funding if that is dropped by the County. Mr. Schluckebier said that he does not believe the \$300,000 comes close to the costs involved in providing first

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response medical services. Short of saying that we would pull back to a basic level of service, he does not know how we could pull back to a level of service to effect a \$300,000 reduction.

Mr. Contreras stated that the \$300,000 has to come from somewhere. The County is still assessing a millage for that service. He asked what benefit Melbourne citizens will receive if they are being taxed for that, other than the County saying “thank you for your fair share, we are going to keep it.”

The City Manager added that we will not know the outcome until the County takes action on the funding this week. Mrs. Elliott pointed out that the City has already absorbed the shortfall in this budget. The proposed budget reflects not having the \$300,000. It is a policy decision for Council to determine the level of service we will provide for our citizens.

Mrs. Palmer asked if we are considering unifying dispatch services with Brevard County. Mr. Schluckebier said that the Sheriff and the Fire Chief are exploring the idea; however, it will require a study. Mrs. Palmer said she supports this idea and added that she believes it will result in quicker response times.

**ENGINEERING**

**Engineering; Traffic Engineering; and Stormwater Utility.**

**PLANNING AND ECONOMIC DEVELOPMENT**

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

**HOUSING AND COMMUNITY DEVELOPMENT**

**Housing and Community Development; Community Development Block Grant; and HOME and SHIP Assistance Programs**

**PUBLIC WORKS AND UTILITIES**

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

Mr. LaRusso referenced the Information Technology charges, miscellaneous furnishings and vehicle purchases in these budgets. He referenced the question in the agenda package regarding the number of computers in the City and replacement schedule and confirmed that he is satisfied with the answer; however, he recommended the City use caution when moving forward with computer and software purchases. Software training can often be negotiated with organizations.

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Regarding vehicle purchases, the Vice Mayor said he supports extending the life and evaluating whether a one-ton,  $\frac{3}{4}$ -ton or  $\frac{1}{2}$ -ton vehicle is required.

Regarding the electric charges in the Water Production budget, Mr. LaRusso pointed out that this is an estimated cost. It could be \$300,000 less or \$200,000 more at the end of the year. He asked everyone to be aware that there are a lot of floating numbers at this point.

Mr. Thomas referenced the capital improvements in the Water Distribution budget. He said that there are serious problems with water quality in the Sherwood Park area; however, there are no capital improvements planned for line replacement.

Public Works/Utilities Director Robert Klapproth stated that he is fairly sure that replacement lines in the Sherwood Park area are in the City's five year Capital Improvement Program.

The City Manager pointed out that with the help of our consultants we expect to make substantial headway in the next three to six months. Mrs. Palmer asked Mr. Klapproth to attend a future Council meeting with a map of the City and provide an update on the water lines. She said she would like to see what we have accomplished and what is planned.

Mr. Klapproth said he would be happy to do that. Mr. Schluckebier said that Council can expect this in the next two to three meetings.

**AIRPORT**

(Note: The Airport budget will be submitted to Council in September for consideration.)

**NON-DEPARTMENTAL**

**General Fund; Water and Sewer Fund and Golf Course Fund.**

That concluded Council's review of the budget document.

Moved by Thomas/Meehan for tentative approval of the 2007-2008 proposed budget of \$155,580,124. The roll call vote was:

Aye: Meehan, Thomas, Palmer, LaRusso and Goode

Nay: Contreras and Corby

Motion carried.

Mr. Contreras pointed out that the budget includes a 10% utility tax on water sales. Mrs. Elliott agreed and said that it is included in the General Fund revenues. Mr. Contreras stated that the need to offset \$1.1 million in funding is significant.

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Mr. LaRusso commented that the 10% level can be reduced. If new fees and increased fees are adopted, the final number could be seven percent. This is not the final budget and as we move forward, Council can find opportunities to not have to implement the utility tax.

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

Mrs. Elliott reported that this year non-profit organizations have requested \$281,487 be provided by General Fund grants. The General Fund Non Departmental budget contains a line item for grants-in-aid in the amount of \$103,073. This is the amount that has been traditionally set aside for the various grantees. In fiscal year 2007, grants of \$105,073 were awarded because of a later \$2,000 award to Diamond Community School.

Mrs. Elliott pointed out that two groups did not submit applications by the deadline (Community of Hope and Junior League of South Brevard, Inc.).

Mayor Goode asked if there was anyone in the audience who missed the deadline for submitting a proposal. There was no response.

Mayor Goode noted that Council has previously limited the maximum award per organization to \$10,000.

In response to Mr. Contreras, Mr. Schluckebier said that this budget levies the rolled back rate, precisely as set out in state law. That would require a supermajority vote of Council. If Council decides to adopt the penalty, there would be a seven percent reduction.

Mr. Contreras stated that since seven percent is the tax relief being sought, there should be a seven percent across the board reduction in grants-in-aid.

Mrs. Palmer recalled that the ground rules call for a \$10,000 limit and a limit on the number of consecutive years an organization may receive funding. She pointed out that some organizations feel that they are automatically part of the City's budget and that is not the purpose of tax money. Mrs. Palmer stressed that all of these organizations do wonderful things for our community. Since the City can't support every non-profit organization, we should limit our assistance to helping during an emergency or with start-up. The City's funds should be coupled with donations from the community.

Mrs. Palmer concluded by saying that these ground rules were laid out several years ago and Council hasn't paid a lot of attention to those parameters. The amount granted continues to grow each year and the City can't continue being the basis for non-profit organizations' budgets.

Mrs. Corby said that if Council followed Mr. Contreras's point about the seven percent reduction, the total amount available for funding would be \$95,858.

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Mr. LaRusso pointed out that \$100,000 in grant funding represents \$1.25 per resident in the City of Melbourne. He said Council Members should consider whether this is too much or too little to support non-profit organizations.

Mr. Thomas said he does not agree with having a limit on the number of years an organization can be awarded funding. If some of these organizations did not provide their services, it would have a serious impact on the City. He added that he supports capping the amount and cutting out the organizations that did not meet the deadline.

Following a brief discussion, moved by Goode/Meehan to fund the organizations that were on last year's list, with the exception of Diamond Community School (because they did not submit an application).

Discussion continued and the motion was amended as follows: Moved by Goode/Meehan to fund the organizations from last year, with the exception of Diamond Community School, provide for a seven percent across the board reduction, and include the South Brevard Sharing Center for \$6,935, less seven percent.

Mrs. Elliott confirmed for Mrs. Palmer that funding for Space Coast Area Transit is not included in this amount. SCAT will be funded through the Local Option Gas Tax Funds. Additionally, \$55,000 will be provided to Melbourne Main Street from the Downtown Community Redevelopment Agency Fund.

Council briefly discussed the request from the Olde Eau Gallie Merchants' Association to fund the farmers market. They were not on last year's list and requested \$5,000 this year. By consensus, Council agreed that funding for that could be provided from the Olde Eau Gallie CRA Fund.

The question was called on the motion, as amended. Motion carried unanimously.

Mrs. Elliott announced that this action results in a total of \$102,308 in General Fund grants.

Note: The following organizations were tentatively funded through General Fund grants:

ORGANIZATION	FUNDING	ORGANIZATION	FUNDING
AARP-Chapter 219	3,318	Junior League of South Brevard, Inc.	1,860
American Cancer Society	465	Keep Brevard Beautiful	456
Big Brothers/Big Sisters of Brevard	4,650	The Master's Workshop	930
Boys & Girls Club of Central Florida	1,860	Melbourne Art Festival, Inc.	9,300
Brevard Museum of Art & Science	9,300	Melbourne Community Orchestra	5,766
Brevard Neighborhood Dev. Coalition	5,580	Melbourne Municipal Band	9,300
Brevard Regional Arts Group (Henegar)	9,300	Rolling Readers Space Coast, Inc.	465
2-1-1 Brevard, Inc.	4,650	South Brevard Sharing Center	6,450
Community Services Council	9,128	Space Coast Early Intervention Center	930
Florida Wildlife Hospital	2,790	WFIT Radio	1,860
Greater Melbourne Police Athletic League	4,650	<b>TOTAL</b>	<b>\$102,308</b>
Honor America, Inc.	9,300		

5. COUNCIL ACTION RE: Adoption of proposed millage rate

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Moved by Meehan/Thomas to establish 4.4751 mills as the proposed millage rate.

Mr. Contreras asked what the effect of this will be on the typical home in Melbourne. Mrs. Elliott referenced the calculation in the agenda package, which used the rate of 4.4861 (rate determined prior to communication received today from Department of Revenue). The impact on a property in Melbourne with a taxable value of \$100,000 will be two dollars. The difference between the 4.4861 rate and the 4.4751 rate will be pennies.

Mr. Schluckebier confirmed that with this rate/recommendation, the City is overriding what would have been a legislative imposed tax penalty of seven percent. The City has the opportunity with its home rule authority to say that we do not believe Melbourne did anything inappropriate. Additionally, in Brevard we have our own caps. The recommended rate is the rolled back rate, which will result in the City collecting the same tax revenue as collected last year with the exception of annexation and new construction. That rate has been calculated by the Department of Revenue.

Mr. Contreras questioned where the “big tax relief” is for each household in the City of Melbourne as a result of the legislature’s action.

Mr. LaRusso asked what the increase in the proposed millage rate would have been if the legislation had not gone into effect. Mr. Schluckebier replied that Melbourne’s five-year increase above the rolled back rate has been in the five to six percent range.

Mr. Contreras pointed out that the millage rate in the City Manger’s transmittal letter in the budget will need to be updated based on the information received today.

Continuing, Mr. Contreras pointed out that the City of Melbourne has been frugal with its budget. Five to ten years ago, capital improvement projects were set aside and now we are back at that point. We are not in a death spiral yet, but we are going backwards. The City deferred in the past because we wanted to make sure the taxpayers weren’t burdened with the millage rate.

Mayor Goode pointed out that our street resurfacing program has just been cut in half. Streets in the City are deteriorating at a rapid rate. He added that he believes adopting the rolled back rate meets the spirit of what the legislature intended.

The question was called. The roll call vote was:

Aye: Meehan, Thomas, Palmer, LaRusso and Goode

Nay: Contreras and Corby

Motion carried.

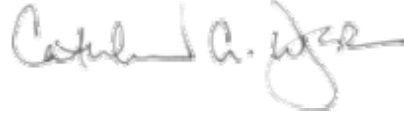
Note: the public hearings on the budget will be conducted on September 11 and September 25 at 6:30 p.m. in the Council Chamber.

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6. ADJOURNMENT

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

The meeting adjourned at 8:21 p.m.



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City Clerk – 7/30/2007

Approved by Council: \_\_\_\_\_