

CITY OF MELBOURNE, FLORIDA
MINUTES – SPECIAL MEETING BEFORE CITY COUNCIL
JULY 21, 2008



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 |
| | Kathy Meehan | Vice Mayor, District 3 |
| | Richard Contreras | Council Member, District 1 |
| | Mark LaRusso | Council Member, District 2 |
| | John Thomas | 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 |
| | Karen Windsor | Management and Budget Officer |

Absent: Joanne Corby Council Member, District 6 (out of town)

3. COUNCIL ACTION RE: Review of the 2008-09 Proposed Budget

City Manager Jack Schluckebier stated that it is staff's pleasure to present the proposed 2008-2009 budget with a tentative tax rate of 4.511 mills. He noted that Deputy City Manager Amy Elliott will cover the lion's share of budget issues. Additionally, Budget Officer Karen Windsor and the appropriate directors/staff are available to answer questions.

Mr. Schluckebier reported that staff did its level best to develop this budget after Council looked at the broader issues of how to cut \$3 million from the General Fund. Actions by the Florida Legislature and approval of a referendum by the voters have led to the fiscal position of the General Fund. The City Manager pointed out that the level of cooperation and assistance from staff has been extraordinary. Development of this budget was no small undertaking, especially in light of increased fuel costs, electric costs and removal of \$3 million in resources.

The City Manager concluded by saying that this budget reflects the direction staff received from City Council. The recommendation is to adopt a property tax rate that is below the rolled back rate.

Deputy City Manager Amy Elliott stated that the purpose of this workshop meeting is to review the City Manager's proposed 2008-2009 fiscal year budget. The proposed budget was distributed to Council on July 3. Individual meetings have been held with members of City Council and staff has responded to a number of questions. Questions of general interest have been included in the agenda package.

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The \$155.1 million budget is the operating program for next fiscal year and includes all major funds and operations of the City, except for the Airport. It includes all traditional municipal services, such as police, fire, streets, and recreation, in addition to the regional water and sewer system, stormwater utility, golf course, and the insurance internal service funds. The Airport Authority will review its budget before it is submitted to City Council for action in September.

The proposed budget is nearly \$2.3 million less than the current year budget. The vast amount of this change is the \$3.4 million decrease in the General Fund budget, offset by a slightly increased capital improvement budget. The single biggest change in the budget is the reduction in the General Fund. Such a reduction was necessary because of limited property tax revenues resulting from three separate actions of the Florida Legislature and the voters, as well as decreased revenues associated with the current and continued expected general economic decline. The budget was balanced by reducing operating costs and deferring major capital expenditures.

The single largest revenue source is property taxes, which provides for about 31% of the General Fund operations. The recommended property tax rate of 4.511 mills is 4.5% less than the rolled back rate. It will generate fewer dollars than received in the current year; it is a tax decrease. Although the proposed millage rate requires a two-thirds vote by City Council, staff believes it is the minimum prudent property tax rate. It honors the voters' direction to hold the line on property taxes, yet provides a stable base to support General Fund operations at slightly below current levels. Traditionally, the City Council has approved a rate that is five to eight percent above the rolled back rate.

Mrs. Elliott commented that this is the 27th annual budget she has worked on, and this is the first time she recalls Melbourne proposing a millage rate that is a decrease from the rolled back rate. Continuing, she noted that the rolled back rate is the rate that will generate the same level of revenue as the current year. The rolled back rate is neither a tax increase nor a tax decrease. The City Council could, with a two-thirds vote, levy the rolled back rate of 4.7251 mills. This would generate approximately \$1 million additional revenue and fund some currently deferred items. The Deputy City Manager stated that Melbourne's proposed millage rate compares favorably to other full service cities in Brevard County. It is the lowest among the comparative cities group.

Mrs. Elliott continued with the review and informed Council that other General Fund revenues have been adjusted to reflect growth trends, some of which are negative. Basically, major revenue sources are flat or declining, such as state shared revenues, communications services taxes, and electric utility taxes. Some proposed General Fund revenues may not materialize at the levels budgeted, if at all; however, staff made reasonable projections given the available data. As the year unfolds, these projections may need to be revisited and further adjustments made.

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

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proposed budget also reflects use of \$4.1 million of reserves for capital improvements to reduce the amount of water and sewer bonds required.

The Golf Course revenues reflect the annual fee increases as adjusted by the CPI and recommended by the independent consultant and the Golf Courses Advisory Board in 2006. The Insurance Fund reflects favorable premiums for general liability and property damage coverage and favorable workers' compensation claims experience, so the charges to the user funds have been correspondingly reduced. The Capital Improvement Fund increased about \$1.4 million largely due to expanded Community Redevelopment Agency projects this year to be funded by grants and loan proceeds. Nearly 70% of this \$24.8 million budget is for water and sewer projects financed by bonds, grants, impact fees, and operating transfers.

Mrs. Elliott stressed that it is important to note that the only General Fund project is for renovation of Fire Station 71. All other General Fund projects have been deferred.

With regard to total expenditures, Mrs. Elliott remarked that the single biggest change is the decrease in the General Fund. Details of these decreases are provided in the budget transmittal letter and on the department summary pages. The major reductions are in funding for staff and deferral of capital equipment purchases and capital improvements. Many of the General Fund expenditure decrease measures have been applied to the other operating fund budgets as appropriate to provide parity and cope with flattening revenues.

The budget contemplates that 11 positions currently frozen will remain frozen next year and 10 more positions will be vacated next year and remain vacant. The 10 additional positions have not been identified and are expected to occur through attrition. Presently, no layoffs are proposed. However, it should be mentioned that less staff means there will be a reduction in certain non-public safety levels of service.

Approximately \$3.5 million of capital equipment and \$10.2 million of capital improvements have been deferred to achieve a balanced budget.

After Council discusses the recommendations, the proposed millage rate should be set for transmittal to the Property Appraiser and Tax Collector. Additionally, during this meeting Council will need to allocate grant funds to local groups.

Mrs. Elliott concluded by saying that the budget staff did a phenomenal job in preparation of the budget. Additionally, she thanked staff from each department for stepping up to the plate.

The recommendation is for approval of the \$155,140,296 proposed budget and adoption of a proposed millage rate of 4.5110 mills.

Vice Mayor Kathy Meehan asked why there is a decline in the communications services tax. Mrs. Elliott said that it is her observation people are giving up their landlines in favor of cell phones.

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Council Member Richard Contreras said that the property tax on a home valued at \$100,000 using the proposed millage rate (4.511) would be \$451. He asked what the tax would be using the rolled back millage rate of 4.7251. Mrs. Elliott replied \$473. The City Manager pointed out that this would still be a tax decrease.

Council Member Cheryl Palmer referenced the February 28, 2008 special meeting minutes and said she thought City Council voted to postpone the City Hall parking garage. The City Manager replied that Council did not vote to postpone the garage at that meeting.

Mayor and Council began its review of the proposed budget and gave tentative approval to the following:

BUDGET SUMMARIES

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

Moved by Meehan/Contreras to approve the revenues by fund. A brief discussion followed on the process Council will follow during its review. The question was called. The roll call vote was:

Aye: Contreras, LaRusso, and Meehan

Nay: Thomas, Palmer and Goode

Motion failed.

Mayor Goode asked if there were any objections to the proposed revenues for the General Fund. Without objection, General Fund revenues were adopted. The Special Revenue Fund revenues were tentatively adopted.

Mrs. Palmer stated that she is opposed to the anticipated rate increase in the Water and Sewer Fund after learning about the bargain we are giving to another city. The Water and Sewer Fund revenues were tentatively approved.

There were no objections by Council to tentative approval of the Stormwater Utility Fund, Golf Course Fund, Insurance Fund and Capital Improvement Fund revenues.

ADMINISTRATION

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

(Mayor Goode began reviewing expenditures in the budget by department/division. As he reached each department/division, he asked if any members had objections.) Mrs. Palmer

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stated that she won't object to individual departments/divisions. She added that she'll either vote for or against the budget.

Council Member Mark LaRusso said he would like to give credit where credit is due. He pointed out that all of these departments made cuts. For example, compared to last year the City Attorney reduced his budget \$142,002, City Clerk reduced her budget \$41,348, the City Manager reduced his budget \$65,044 and the Public Information Officer cut his budget \$14,732.

MANAGEMENT SERVICES

Management Services; Personnel; and Information Technology.

No discussion.

FINANCIAL SERVICES

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

No discussion.

LEISURE SERVICES

Recreation; Melbourne Auditorium; Eau Gallie Civic Center; Lipscomb Park Community Center; Grant Street Community Center; Crane Community Center; Pools Operations; Parks Maintenance; Cemeteries; Crane Creek Reserve Golf Course; and Mallards Landing Golf Course.

Pools Operations – Mrs. Palmer said that when she met with the City Manager, she asked if this is an area that can be outsourced to private enterprise. Mayor Goode added that staff is looking into that and will report back to City Council.

Parks Maintenance – Mrs. Palmer said that this is another area where the City could go out to bid and realize a savings on equipment, fuel, employee costs through attrition, etc.

Continuing, Mrs. Palmer referenced the "responses to questions" in the agenda package and pointed out that someone suggested that we consider offering groups of employees the opportunity, including start up money, to start their own business. She commented that this suggestion did not come from her. She would prefer that the City go out to bid where possible.

Mr. LaRusso said that this was an idea he proposed from the "20,000-foot view." Although he did not suggest giving start up costs, he did propose exploring the idea of groups of employees privatizing their department and bringing private industry to the workplace. Employees would be owners in that job function. They would continue with a City contract

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as a private company and would have the opportunity to solicit additional outside business. Municipalities have to be resourceful in bringing budget costs down.

Following a brief discussion, Mr. LaRusso pointed out that he is not proposing this for this budget; however, he is asking staff to review the idea over the next 12 months.

With regard to going out for bid and privatizing certain jobs, Mrs. Palmer said that she would like the City to consider this across the board. For example, in Fleet Management we should use private enterprise for oil changes and routine maintenance. There are certain functions at the bottom of the scale that can be done outside much cheaper.

Mr. Schluckebier said that studies are available on privatization and the City can obtain examples. With respect to the Parks Maintenance budget, he noted that the department name is a misnomer. A substantial amount of that budget is for maintenance of rights-of-way, of which a considerable amount is privatized.

POLICE

Police Administration; Police Operations; and Police Support Services.

Police Operations – Mr. Contreras referenced the “responses to questions” in the agenda package. One question relates to the use of the additional \$1,000,000 in property tax revenue if the rolled-back millage rate of 4.7251 were approved. The answer from staff indicates that the revenue would allow for more street resurfacing, purchase and operating costs of additional police vehicles, which affects the Police Operations budget, and additional reserve to offset revenues that could fail to materialize. Mr. Contreras stated that he would like to hold off on approving this budget until more information becomes available.

Mayor Goode commented that approval is tentative and Council can return and make changes.

Mr. Schluckebier stated that staff has written material available in response to questions raised on the assigned vehicle plan, mileage costs, and expansion of the street resurfacing program. Staff distributed the additional material to City Council.

Council Member John Thomas said that during the February workshop meeting, he discussed not filling a Deputy Chief position following a retirement next summer. He asked if the proposed budget provides for one Deputy Chief.

Mr. Schluckebier replied that there is one Deputy Chief in the Police Operations budget and one in the Police Support Services budget. The proposed budget document does not make a recommendation to reduce the level of supervision. He noted that Mr. Thomas made a recommendation at the workshop meeting; however, Council did not direct the City Manager to reduce that position. Mr. Schluckebier added that he would not recommend eliminating the position.

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Mr. Thomas asked if that issue can be raised at a later time and the City Manager replied yes. The City Manager added that the budget document makes the assumption that we will have 10 more vacant positions through attrition.

Police Operations and Police Support Services – Mrs. Palmer asked that the Fleet Management costs be reviewed in this budget.

FIRE

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

Code Compliance – Mrs. Palmer said she would like to return to the system where code enforcement is reactive and officers respond on an as needed basis. The Mayor said that Council will take Mrs. Palmer's comment under consideration.

PLANNING AND ECONOMIC DEVELOPMENT

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

No discussion.

ENGINEERING

Engineering; Traffic Engineering; and Stormwater Utility.

No discussion.

HOUSING AND COMMUNITY DEVELOPMENT

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

No discussion.

PUBLIC WORKS AND UTILITIES

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

Fleet Management – The City Manager pointed out that Fleet Management is an internal service fund. The accounting process requires charges to be included within the using departments and in the Fleet Management budget. Although the expenses are double counted, they are only expended once.

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AIRPORT

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

NON-DEPARTMENTAL

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

No discussion.

Mrs. Elliott asked Council to return to the **Capital Improvement Fund “uses of funds”** (Page 31) and approve the expenditures. She noted that the expenditures are detailed in Appendix II. At the beginning of the review, Council approved the revenue side of the Capital Improvement Fund.

Mayor Goode asked if there were any objections to the Capital Improvement Fund expenditures. There were no objections.

Mr. Thomas asked if the sidewalks and bikeways expenses relate to repaving or new projects. The City Manager referenced Appendix II and stated the funds will be used for two projects: 1) Five foot sidewalk on the north side of Sarno Road from Kelmore Drive east to Placid Drive, and east across railroad tracks to U. S. 1. 2) Sidewalk on Aurora Road from Stewart to Commodore. Both of these projects are on Brevard County roads, which get a lot of use. They relate to safety and are being funded by transportation impact fees.

Mrs. Palmer referenced the sidewalk project scheduled for 2012-2013 on Country Club Road from U. S. 192 to Edgewood Drive. Mr. Schluckebier reported that the City Council supported a design study for preliminary engineering. The referenced project is not funded and is merely holding a place in the 2012-2013 budget. Mrs. Palmer asked if the design study would eventually return for public hearing and the City Manager replied yes.

With regard to the two sidewalk projects that are funded, Mrs. Palmer expressed her support. She pointed out that these are areas where people frequently walk and it's dangerous for pedestrians and bicyclists.

Mrs. Elliott pointed out that in the Capital Improvement Program in Appendix II, only the first year/first column is funded.

That concluded Council's review of the budget document. (The above action resulted in Mayor and Council tentatively approving the 2008-2009 proposed budget of \$155,140,296.)

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

Mrs. Elliott introduced the item. In fiscal year 2008, grants of \$102,308 were awarded from General Fund operating funds. Council directed staff to ask nonprofit organizations to

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submit reduced funding requests for the 2008-2009 fiscal year. Council had previously approved a reduction of \$25,000, which equates to an approximately 24% reduction across the board. This would reduce the tentative funding available to \$77,308, and this amount has been included in the proposed budget.

Nonprofit organizations have submitted applications totaling \$97,925. Most applicants honored the City's request to submit smaller funding requests, and staff recommends these be funded at the levels requested. Two organizations – AARP and Honor America – requested the same amount as the current year and, because of their unique situations and restrictions, staff recommends they be funded at current levels. In the case of AARP, the City donates space at the Auditorium rather than a cash contribution. With regard to Honor America, the recommendation is to fund at the current level, but cut back on the in-kind services provided by Leisure Services and Facilities Maintenance. Five organizations requested the same or higher grants than the current year, and the recommendation is to fund at 50% of the current year amount to send a message. At these recommended funding levels, the total grant funding would be \$76,525, leaving \$783 that could be added to General Fund Contingency.

Mr. Thomas asked staff to elaborate on the request from the Melbourne Art Festival to increase its grant from \$9,300 to \$20,000. Mrs. Elliott explained that the same letter was sent to all groups indicating that the City Council made a 24% reduction from the current funding level. The Melbourne Art Festival obviously didn't get into the spirit of things. Mrs. Elliott added that it would be her recommendation to fund the Art Festival at \$4,650 (50% of the current year award).

Mr. LaRusso asked Council Members to comment on the idea of lowering the maximum cap for grants to \$5,000 or \$6,000. He pointed out that there is no one organization that is better than another. By lowering the maximum, Council can go through the process in a non-confrontational manner because these organizations do provide tremendous services.

Mr. Schluckebier noted that almost all of the groups responded cooperatively and positively following the City's correspondence that we would have less money to deal with. To the extent that these organizations voluntarily agreed to ask for less, he recommended that Council consider meeting their requests. That would leave four or five groups that Council would have to take action on.

Mayor Goode expressed his support for the Melbourne Art Festival and the Downtown Melbourne area. He noted that he would have a hard time cutting all these organizations and then approving a request for an increase from \$9,300 to \$20,000.

Mrs. Meehan said she cannot agree with a \$20,000 grant. She commented that most of the organizations have been cooperative. Based on the numbers, she recommended that the Art Festival be funded at the current level or, at a minimum, be reduced to \$5,000.

Mrs. Palmer said she supports the idea of reducing the cap to \$5,000. She pointed out that these are programs not traditionally funded by city government. People are tightening their

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belts at home and she is sure our citizens do not want us to give away their money in this manner.

Mr. Thomas pointed out that Meals on Wheels, for example, voluntarily reduced its request from \$9,128 to \$6,937. Further reducing its funding to \$5,000 or \$6,000 could have a significant negative impact on an organization like that.

Mrs. Palmer said that some of the organizations, like PAL and the after school programs, receive funding from a variety of government sources. Perhaps Council should see how much public money organizations like that are receiving. With regard to Meals on Wheels, she recalled that when she participated delivering meals during “Mayor’s Day” people were waiting for the food to be delivered. If it hadn’t been for Meals on Wheels, they probably wouldn’t have eaten that day. Organizations like that tend to operate on a shoestring budget, whereas many after school programs and preventive type programs receive a lot of public funding.

Discussion followed on the process for determining the allocation. Mrs. Elliott reviewed her recommendation, which would total \$76,525 in grants. The remaining \$783 would be available for contingency.

Mayor Goode asked if there were any objections to this plan. Mrs. Palmer asked that each organization and the amount of funding be announced. Mr. Contreras asked Mrs. Elliott to repeat the recommendation on AARP and Honor America. Mrs. Elliott said that the funding for AARP and Honor America should remain the same next year. AARP does not receive a cash award and staff would cut back on the in-kind services provided to Honor America. There were no objections to this plan.

Mayor and Council reviewed the list of organizations and assigned the amount of funding to each for the 2008-2009 fiscal year.

Mr. Thomas said that he is having a hard time giving \$2,000 to the Florida Wildlife Hospital while significantly reducing the Master’s Workshop and Space Coast Early Intervention Center because they did not submit a reduction. He recommended that the \$783 surplus be divided between those two organizations. Mrs. Elliott pointed out that would result in \$391 being added to the Master’s Workshop and \$392 being added to Space Coast Early Intervention Center.

Mr. LaRusso noted that this results in zero contingency for requests by non-profit organizations in the middle of the year. He recommended that Council leave a minimum of \$1,000 in contingency for any organizations that might need assistance during the year.

Discussion continued.

Mrs. Palmer pointed out that the City provides in-kind services to the Melbourne Community Orchestra and the Melbourne Municipal Band, in addition to cash. She asked if we have assigned a dollar amount to those services.

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Mrs. Elliott replied no and the City Manager said that staff can determine the amount. Mrs. Palmer said that Council should be aware of the amount of in-kind contributions being made to organizations.

Moved by Contreras/Thomas to approve the 2008-2009 financial assistance grants as identified by Council, by line item, at \$76,525 with \$391 being added to the Master's Workshop and \$392 being added to Space Coast Early Intervention Center, for a total of \$77,308 in grants. Motion carried. Mrs. Palmer voted nay.

Mrs. Elliott called Council's attention to the \$26,083 grant to Space Coast Area Transit for public transportation, which is funded by local option gas tax revenues. There were no objections from Council to continuing with that grant.

Council approved the following financial assistance grants for nonprofit organizations (in addition to the \$26,083 grant to the Space Coast Area Transit):

| | |
|---|--------------|
| AARP – Chapter 219 | \$3,318 |
| Big Brothers/Big Sisters of Brevard, Inc. | 3,500 |
| Boys and Girls Club of Central Florida | 1,000 |
| Brevard Museum of Art and Science | 7,500 |
| Brevard Neighborhood Dev. Coalition | 4,000 |
| BRAG (Henegar) | 7,500 |
| 2-1-1 Brevard, Inc. | 3,400 |
| Community Services Council | 6,937 |
| Florida Wildlife Hospital and Sanctuary | 2,000 |
| Greater Melbourne Police Athletic League | 3,534 |
| Honor America, Inc. | 9,300 |
| Junior League of South Brevard, Inc. | 930 |
| The Master's Workshop | 856 |
| Melbourne Art Festival, Inc. | 4,650 |
| Melbourne Community Orchestra | 4,382 |
| Melbourne Municipal Band | 7,500 |
| Rolling Readers Space Coast, Inc. | 350 |
| South Brevard Sharing Center | 4,864 |
| Space Coast Early Intervention Center | 857 |
| WFIT Radio | 930 |
| TOTAL | \$77,308 |

Recessed: 8:15 p.m.

Reconvened: 8:26 p.m.

5. COUNCIL ACTION RE: Adoption of proposed millage rate

Mr. Contreras returned to his earlier discussion regarding use of the additional tax revenue if the rolled back rate of 4.7251 were approved instead of the recommended 4.511 mills. As staff indicated in the agenda report, the additional funds would allow for more resurfacing of City streets, purchase and operating costs of additional police vehicles, and additional reserve to offset revenues, which could fail to materialize as budgeted, such as the Brevard County EMS trust or state shared revenues.

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Continuing, Mr. Contreras referenced the additional material distributed to Council earlier in the meeting. The email from the City Engineer indicates that additional money for resurfacing would allow an additional 1.42 miles to be resurfaced. Specific streets are outlined in the email and the price tag for that is \$213,475. Mr. Contreras referenced previous Council discussion about the poor condition of Croton Road. He said that during the recess he asked staff about discussions with Brevard County. At this point, he asked staff to comment about negotiations specific to Croton Road resurfacing.

Mr. Schluckebier reported that Deputy City Manager Howard Ralls has had a number of conversations with County staff. The City is 80 – 90% confident that we can resolve the resurfacing of that roadway using County funds. Mr. Schluckebier stressed that is not a guarantee at this moment.

Continuing, Mr. Contreras referenced the memorandum from Police Chief Don Carey regarding the assigned vehicle plan. In order to complete the assigned vehicle plan, we need to add 19 vehicles to the fleet. The 2008-2009 budget provides for 14 of those 19 vehicles. During the recess, Mr. Contreras said he discussed with staff the price tag for the remaining five vehicles. The purchase, equipment and operating costs total \$289,752, which is not a light figure.

The rolled back rate would allow for an additional 1.42 miles to be paved, at a cost of \$200,000-plus; completion of the take home vehicle plan at almost \$300,000; a set aside of \$300,000 for potential loss of the Brevard County EMS trust or state shared revenue; and money for reserve.

Returning to the vehicle take home plan, Mr. Contreras referenced the “commute distance” report distributed to Council. Mr. Schluckebier commented that this report reflects all people currently assigned vehicles under that program.

Mr. Contreras referenced the valuation handout and noted that based on \$100,000 taxable property value, the property tax at the proposed millage rate of 4.511 would be \$451. At the rolled back rate of 4.7251, the tax would be \$473. He pointed out that this is a \$22 difference. He asked Council to comment on what an additional \$22 would do for police officers, recruiting, retention, etc.

Mrs. Palmer referenced the “commute distance” report and stated that she has been asking for this information since Council decided to implement the take home car policy. She noted that she hasn’t had time to absorb the information. Mrs. Palmer stated that as fuel costs rise, this is something the City is going to have to look at. The police officers who live farthest away are receiving more of a benefit than the ones who live in the City. In the past, the take home car plan was always viewed as something the City couldn’t afford without quite a tax increase. And, that was before additional fuel costs. She summarized by saying that we may want to look at something to make the program more equitable for the officer who lives 1.5 miles away compared to the officer who lives 10 – 15 miles away.

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The Mayor stated that the primary asset is the vehicle. The expenditures relate to maintenance, upkeep, and fuel.

Mrs. Palmer agreed and pointed out that she didn't vote for the take home plan. However, that was the desire of the City and it has become a benefit that helps us retain officers. She emphasized that if it's more cost efficient to provide the benefit of a take home car than to raise salaries and benefits, that's what the City needs to continue doing.

Mr. Contreras referenced Mrs. Palmer's comments and said that it may be more valuable to the officers to have salaries and benefits than to have five additional vehicles. That, too, needs to be discussed. The next five officers in line for vehicles may find the offset in benefits and salary more palatable.

Mrs. Palmer said that would relate to the City's negotiations with the union. Mr. Contreras replied that he understands that; however, these issues are all tied together as Council makes the decision whether to accept staff's recommendation on the millage rate. From that position, Council could conduct one or two more shade meetings to discuss negotiations.

Mr. LaRusso asked Mr. Contreras to identify his priority on the resurfacing, take home vehicle plan and additional contingency. Mr. Contreras replied that if he had to select a priority, he would go with the commitment to the police officers to improve retention, morale, etc. However, he would again stress that an offset to salaries and benefits by not proceeding with these five vehicles would be a discussion item for Council and staff.

In response to Mr. Contreras, Mr. Schluckebier said that the proposed budget includes an assumption that the City will receive the full EMS funding from the County. Staff is encouraged that it will be at least half-funded. The probability of going beyond that looks difficult.

Mr. Contreras pointed out that if Council goes with the rolled back rate, the rate can be reduced later. The bottom line is the question of whether an additional \$22 for \$100,000 value is worth it to the citizens to provide more paving and recruitment incentives.

Mr. Thomas said that the additional paving and the take home vehicle plan are critical. He would like to see if we can accomplish those things with a rate that is below the rolled back rate.

Mrs. Palmer stated that in the world where she lives, people are facing foreclosure, unemployment, rising fuel costs, rising cost of commodities and an increase in water bills. Wages are not keeping up and citizens are asking their government to cut back. At this meeting, Council has given away \$77,000 to non-profit organizations that do a great job. They provide arts, culture and opportunities for young people; however, some of those children will be homeless by the end of next year.

Continuing, Mrs. Palmer pointed out that the City needs to tighten its belt in every way. City staff has done that and recommended a millage rate that takes care of everything in the

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budget. She noted that she is sure there are additional ways we can cut back; however, she is proud of the staff recommendation on the millage rate.

Mrs. Meehan said as a small business owner she has grave concerns about the economy. She is seeing layoffs and cutbacks. She supports the vehicle take home plan – it's warranted for retention and recruitment in the Police Department – however, she noted that she supports staff's recommendation on the millage rate.

Mr. LaRusso stated that he intends to support the proposed millage rate. He suggested that the priority of the vehicle take home plan be brought forward if the City realizes increased revenues during the budget year.

As a side note, Mr. LaRusso stated that when he joined the City in 2004, the monthly travel allowance for a Council Member was \$100. In 2005, that increased to \$255 per month. He stated that he determined that he is not spending \$255 per month on City travel; therefore, he will voluntarily reduce his allowance to the previous level of \$100 per month. He suggested that the additional \$1,860 be used towards fuel for the police officers.

Moved by LaRusso/Meehan to establish 4.5110 mills as the proposed millage rate.

Mr. Contreras stated that if the EMS funds don't materialize, it's back to the departments to find an additional \$300,000. Although the departments have done an outstanding job by not filling positions, delaying projects, etc., he is not sure they will be able to absorb that cost. He noted that this is an opportunity to take \$300,000 to complete the vehicle take home plan (if the rolled back rate is adopted) and convert that to salaries and benefits. If the recommended rate is adopted, that opportunity is lost. There is a continuing risk relative to retaining officers and Melbourne is turning into a training ground; therefore, he can't support the motion.

The question was called. The roll call vote was:

Aye: LaRusso, Palmer, Meehan and Goode

Nay: Contreras and Thomas

Motion carried.

Mrs. Elliott pointed out that this millage rate will require a two-thirds vote by Council. Mr. Schluckebier clarified that we can advertise this rate, but we would be doing a disservice if Council is not secure in the belief that we would ultimately have a two-thirds vote.

Mrs. Palmer declared that Council should not have met and voted on this rate if it were not possible to achieve a two-thirds vote. She said that Council knew Council Member Corby would be absent from this meeting.

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The City Manager responded that there is no way for staff to know how Council Members are going to vote. We don't pre-poll members. He added that alternatively, there may be a suggestion for a different rate that five members can agree on.

Mrs. Palmer asked if there is a possibility of reaching Mrs. Corby by telephone. Mayor Goode said that she can't participate by phone. He added that although he can't predict what Mrs. Corby would do at this meeting, his feeling is that she would support the lower rate, not the rate proposed by Mr. Contreras.

Mr. Schluckebier said that Council may wish to put that same question to her before staff sends this to the Property Appraiser for advertising. She would have the opportunity to comment at the July 22 regular City Council meeting. Absent that, Council is directing adoption of the rate under an assumption that it would later be supported. The City Manager stressed that Council is not required to have a two-thirds vote at this meeting. The two-thirds vote is required upon ultimate adoption of the rate.

A brief discussion continued. Mrs. Elliott said that for clarification, staff has approval to advertise the 4.5110 millage rate, although we don't have a clear indication that Council would support that same millage rate in September based on the vote tonight. Mayor Goode said that is correct.

(Note: The public hearings on the budget will be conducted on September 16 and September 30 at 6:30 p.m. in the Council Chamber.)

6. ADJOURNMENT

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

The meeting adjourned at 9:02 p.m.



City Clerk – 7/29/2008

Approved by Council: _____