

MALABAR TOWN COUNCIL BUDGET WORKSHOP MEETING
August 13, 2012 7:00 PM

This meeting of the Malabar Town Council was held at Town Hall at 2725 Malabar Road.

A. CALL TO ORDER:

The meeting was called to order at 7:05 pm by Chair Phillip Crews. The prayer and pledge were led by District 2 Council Member David White

B. COUNCIL ROLL CALL:

MAYOR/CHAIR

VICE-CHAIR:

COUNCIL MEMBERS:

PHIL CREWS

MARISA ACQUAVIVA, excused

CARL BEATTY

DAVID WHITE

STEVE RIVET

JEFF MCKNIGHT

TOWN ADMINISTRATOR:

BONILYN WILBANKS

TOWN CLERK/TREASURER:

DEBBY FRANKLIN

Clerk stated for the record, PW Dire Tom Miliore and FD Interim Chief Bob Strandell were also present.

Chair thanked the TBRB members for their efforts in reviewing the budget and providing input to Council. It is a valuable contribution. Chair also thanked others in audience for attending. Chair asked TBRB Representative Drew Thompson to present their Board's recommendations.

Drew Thompson came to podium and explained that the Board met a on couple of occasions and their understanding of the job was to offer top to bottom review of budget. There was opportunity for all to talk. And if their wasn't clear support the voted or kept up discussion to reach consensus. Their last meeting ended at 10PM. They were a group of people that had different viewpoints, and was a perfect democratic example.

Drew explained his document: it had the TA's budget and in an empty column they put in what their recommendation was. The most significant thing of their effort was the identification of the one-time event of the sale of the utility for 250K. Town acknowledges that it is frugal. Most significant thing is that it is not an ongoing revenue. It gave them a focus that Town had consensus to put it into reserves. Considered for something other than operating. Capital investment. They felt that was a Council decision.

He showed what was in the handout. The handout that went out tonight was the same data with only the items changed on the TA's budget. 233 line items in budget and 32 that they recommended modifications to; 31 decreases and one increase. Their notations are in column "T" if no changes they left the TA amount. If changed it shows in column "X" and the resulting change to budget in column "Y"

The hard copy is what they changed. That included the discussion of the expenditures as of 6/30/12. Goal was to protect the 250K, leave the salaries, although they were much discussed. Town does great job with a little bit of money.

Drew then went over the TBRB's summary and recommendations. Second item was health insurance. Group came from various backgrounds. Experienced or had experience or knew someone that was participating in a health insurance policy. Is it appropriate to have a variety of benefit packages? If it is above and beyond the employee, identify that amount and have that employee pay. Make it unilateral. If it was additional cost to Town then the employee would pay the additional cost. Rivet asked if they identified a dollar figure. No, they discussed the method or policy.

Single rate – give opportunity to employee for insurance. If the employee wants family member covered, then they would pay extra. Mayor said they are suggesting changing the policy. Drew said yes, there could be new council and Mayor in 2013 and minimizing liability to town if Town were paying full amount. Not trying to minimize the benefit only suggests they recognize it as the financial benefit it reflects. Drew said the Board did not have all the insight when they discussed this and also didn't know the ramifications. They came to a conclusion to recommend Council consider changing policy.

Car allowance – they did not agree on this. The majority asked for this to go forward. Does not indicate any problem with current contract.

Drew stated the Board did not recommend a millage rate to Council. He said this is important point. Some wanted to initiate the process by setting the millage rate. The practicality is that you have to have dollars for budget to take care of operating expenses and the millage rate is the end result. Once they agreed on that then they went top to bottom. He emphasized that the millage rate did not start the process.

The difference in the changes in the spreadsheet reduced the budget from 1,396,934 to 1,265,715 or a \$131,219 reduction.

There were some items that were discussed. Some discussion on the fire department and it is the biggest item in the budget. From an insurance and fire protection perspective, is the current operation the best for the town? Should they get someone from outside to look at that and make a recommendation? Board thought Council should look at that. It is a big dollar figure.

One other thing they discussed is possible under-utilization of equipment. If it is better to get new equipment or training or combination.

TBRB Member Pat Dezman said re: the FD some of the same things she heard were ones she heard from the TD report 6 years ago. There are some very serious concerns from some of those citizens.

CM David White asked about the reductions to repair and maintenance. Property values are not going to go up. Drew said a lot of that was from the year to date expenditure report they had. If it hadn't been spent to date, they thought it could be cut. The things they cut were from the information they could see, but they were shooting to carve out the \$250K to protect it. Any year, any council is going to have changes to its budgets and may have to take from reserves. For a town we are in good shape and operating amazingly.

CM Jeff McKnight appreciates all their work. In using the unused dollar amounts. He said a lot of government agencies are conditioned to do that; if they see money left in budget, they spend it before year end so they will get it in the next year.

Drew said that it is a catch 22. Frankly it is a zero based budget and it is real happy to step down and hand it over to Council to make the tough decisions. In the relatively brief time they met, they had little information and they could not ask questions spontaneously.

TBRB Jim Milucky said to David, maintenance 541.4600. Road capping. Hasn't been spent in last several years. Based on history track, and then budgeting 40K for that didn't seem to make sense to group. Another item was culverts and staff may know exactly what they are going to present. Jim also agreed with Jeff and said he sits on several other boards and that is exactly what they do at county level. Jim also said the FD was also much discussed and they are telling council they need to revisit the FD. Is the town getting the service for the value?

CM David White said they did look at it and saw that it was still cheaper to keep the volunteer fire dept.

TBRB Member Pat Dezman said her intent was that the report was done and it was done 6 years ago and she heard the same comments and issues from the group this year. TBRB Member Bill Withers agreed they spent a lot of time on this discussion. He called insurance companies. He called USAA and if they said the insurance rates would be less and be pretty substantial if they had 24/7 coverage.

Mayor said they would have a trade off. The resident's savings on insurance costs should be considered in this discussion. But this is not the meeting to discuss this.

Interim Fire Chief Bob Strandell said the Insurance rating (ISO) for Malabar is 4/8B which means: 4 (hydrant) / 8B (water shuttle) and that is pretty good for a rural community. If you go to more staffing you should not go directly back for upgrade. Most paid departments are 3. But it would not be that huge difference in savings.

CM David White said last year they were considering adding hydrants for fire protection. Strandell said adding hydrants are good things. Strandell said in SW Ranches, sunk drafting wells and you could draft from them. There are grants available for that. TA said it is a similar area. Less water available. TA said that one of the things they discussed is for Palm Bay to extend water down US1 because they can apply for grants for that right away. Mayor said FD can be discussion for another time.

CM Carl Beatty, the 250K is not right, it is 125K for this year. It is in the budget. Franklin explained that it is not in this year's budget. The agreement came after the current budget was approved. Since there is no plan to spend the \$125,000.00 in this year's budget there is no requirement to amend the budget.

Amending the budget means adopting an ordinance to increase the revenues and increase the expenditures. We must recognize the receipt of the money received this year but if it is not planned to spend in this budget year we can carry it into the next year's budget. This is what was discussed at last Budget WS. Franklin explained there will be a series of journal entries (JE) to receive it, show the pay backs from the Utility Fund into the General Fund and then show the revenue coming in and the expenditure as going into reserves. Reserves are not contingency. Reserves are monies above the operating budget. Contingency money is budgeted for unknown items that may come up throughout the year. You still go to Council to move the money from contingency to the account that needs it so there is transparency. Franklin said in a model budget each department would have a contingency line item in the amount of 5% of their department budget.

TA explained that the 250K from utility sale is showing going mostly into reserves. This is the first year she had extra revenue and called Franklin to ask how to show it. Franklin suggested putting monies in contingency in General Govt and Streets and Roads.

TA explained they have to present a responsible budget to their governing body. She said you can't just take money out of reserves. If you continuously do that there will be write up in the management letter by the auditor that you did not present a responsible budget. The State will also look at this negatively.

TA asked if Drew used the expended numbers from 6/30/12. Yes. TA said some of the accounts they reduced have had expenses in July. Drew referenced his Excel summary showing on the wall and sent to all Council Members and said if you want to see what is there for each account number it is there. Some things are hidden but can be clicked on and seen. He encourages Council to use this. In an environment for discussion, the layout will be beneficial to Council to see detail and historical information he has provided in this file.

PW Dir Tom Miliore explained to Drew that on 541.4600 the expenditure is now up to 18K. Drew said their process was simply to look at line items that had not been spent and it had not been spent as of June. Drew said there were members that thought it should go up and there should be more staff. Numbers were based on what was primarily spent. Mayor said they were looking at trends since they didn't have perfect knowledge. Drew said their focus was what was best for the Town.

Mayor thanked them again.

CM Carl Beatty said the 125K that is received this year could go into reserves. Franklin explained that yes it could go into reserves but first had to be recognized in budget and that would require a Budget "Amendment" meaning that the bottom line of the budget would be increased to include 125K more in revenues and then show the expenditure of 125K (going into reserves). Since it is not planned to spend in this budget year, it is not necessary to do this. It can be received and passed on to next budget as "excess revenue from sale received in prior year". The other 125K will be received in 2013 as revenue from sale. And that can also be shown as being expended by putting it into reserves.

CM Carl Beatty said if we got the 125K this year then we could buy the second new Z track mower now. By having the new mowers, there should not have much maintenance. He continued that we have two other used vehicles, the Isuzu and Explorer. We are pouring money into these two vehicles as they are old. He suggests buying a brand new hybrid vehicle and magnetic signs and it can be shared by Eagle Patrol and Building Official. If there is a conflict with Building Inspections, just pay Bldg Official mileage on his truck.

Franklin also said that they can still buy the second Z-track mower this year. The money budgeted in PW to payback reserves has not been made and there is sufficient money there. Staff has made the payback from Fire Dept to reserves but left the PW payback one undone for now.

PW Dir Tom Miliore explained his 5-year plan was to give the PW's Dakota to the Bldg Dept for inspections and buy a full sized truck for PW. He explained that the Dakota is too small to haul the materials needed to do a pipe replacement project and requires multiple trips.

TBRB Member Bill Withers said Council passed a resolution that all vehicles would be a 4 wheel drive vehicles.

TBRB Member Pat Dezman said they wanted all the money to go into reserves.

Put on 8/20 budget to consider allocating funds to buy Z-track in this budget year.

CM Jeff McKnight said he agreed we need to go line by line and said if Council directs that 30K should be taken from PW, he would want to allow the TA to have latitude to move stuff around within the department.

C. WORKSHOP ACTION:

TA wanted verification of Council direction – use the RBR or go back to 1.6630. TA said she used the RBR, difference is 6263. Jeff wanted to keep the millage rate at 1.6630.

Rivet and McKnight said keep the same millage rate since the difference is so small. .

Franklin said the 8,600 revenue as Water Franchise is a little more than we got from the UF in Admin fees, 7,600. That is going away.

By Departments:

511 – Legislative,

We have more in Leg travel for new mayor and maybe 3 new Council. TBRB took it down. Need guidance.

Mayor said new people will need training. Jeff doesn't like this. It is their responsibility to plan for next year that may have other persons in place on council. He stated he has gone on one training and it was very beneficial. Mayor said the Legislative Day in Tallahassee is also very beneficial. They will give

you a one on one. McKnight said not with this economy. Mayor said it may pay off if they are having a problem and you can call someone. TA told story about Golden Bch and Leg Action Day she attended with Mayor. They were of opinion that they were affluent community and didn't need grant assistance. It does have benefit.

Rivet said go with recommendations of TBRB

TA said they are planning to do another survey and newsletter on quarterly basis. Survey said they wanted it printed. We deliver. We asked that question and they said they wanted to leave TA number.

TBRB Member Vicki Thomas, what about selling advertising space. Her church bulletin does. TA said who is handling it. TA said it is a lot of work.

Put on for discussion at next meeting. Advertising in newsletter. Dig up minutes when this was discussed before.

Franklin said SCLC Jan dinner – it is our turn to host and we need money in Legislative Acct 511.

Discretionary Money, take it all out say Jeff and Steve. Carl said have a discretionary fund for Council Call it Discretionary and put in 250. Steve is ok with that. Jeff is ok with 0. Steve changes his mind. David said it is only 250. Doesn't care one way or the other.

Cut Council mtg expenses. From 500 to 200 to zero. David said reduce it. For same reasons Jeff said. Spending sb zero, if they want snacks they can bring snacks and if they want to share they can have a break.

512 – Executive:

512.4000 – leave at 1000.00 she needs to do code enforcement training.

512.4100 - comm and freight – that is her phone. If they want her to not take calls after hours.

512.5100 – leave her number

512.5400 – reduce to 1000. Everything that is in there is all mandated except for the 200.

513 – Finance and Administration,

Part-time Acct Clerk has been hired, late in this budget. She doesn't know how fast she can turn the GL around. White said the goal was to bring it in house and as she does more the Accountant's number will go down ultimately to zero. Yes. Leave this amount.

TA said that the Charter provides for splitting the Clerk and Treasurer position. TA said once the accounting person is proficient they can make this split as Beatty had stated at previous meeting. TA said previous Clerk focused on Treasurer side and neglected Clerk side work.

Beatty said the Utility will be sold and the billing duties will also go down. Franklin said this is four hours a month and it is done by Dep Clerk. TA said Accountant has been eliminated from utility department and reduced in general fund from last year. Don't take this down further at this point.

514 – Legal

Left the same.

515 – Comp Plan

TA asked Franklin to comment. Franklin said the P&Z Board has been working on proposed changes to FLUM since 2007 and is close to bringing final recommendation to Council. This process will require assistance from professional planner. That is why we show an increase for this line item - for Comp Plan, Land use changes to FLUM and updating LDR.

McKnight is not for spending like this. He said it is an unfunded mandate. He thinks things will start getting better next year. Rivet is for keeping it in budget and be ahead of the curve when things pick up. It is money we are going to have to spend. White agreed.

McKnight explained he felt the Town's Comprehensive Plan update had been a bad experience. He said it went from 90K and turned out to be 170K when it was all done.

TBRB Member Jim Milucky said their Board included two members from P&Z Board and supported reducing this item. Drew said we were looking at revised budget sheet. It wasn't an extra radical attack on this. They saw that there had been nothing spent. They then went by the revised TA number. Jim said they didn't cut it down.

519 – General Government

519.4800 – reduced this to 4800

519.4900 – TA moved the special pay here from the 519.4800 account for the FRS money based on what Milucky has said at last workshop. TA said if it is carried under salaries, they have to pay FRS on it and withhold 3% from employee pay. It is in a better definition in this account. This was approved by Council in last year's budget after State made the requirement. It was given as a onetime payment to offset the amount withheld.

McKnight said it was a raise. TA said no. Franklin said Attorney said it was not a bonus; it was special pay as a one-time expense. McKnight said his wife works for School Board and she didn't get anything. It is a significant amount of money. It will be left in. Discuss this at a Council meeting.

519.4920 – contingency.

Drew said approach was to see if they saw it wasn't used. They also looked for contingency and then they targeted it. TA said if the contingency is pulled out they will have almost the full 250K in revenue in excess over expenditures. Franklin went on record that each dept should have contingency. Drew said concept was that contingency could be used if unexpected expense came up.

TA said from a good accounting guidelines and practices to budget appropriately for expenditures. Drew said he understood the better business practice. It makes sense. If you raid the contingency fund several times a year, it could be looked at that you are doing radical changes to your budget without proper notice to property owners.

McKnight said he heard from another TBRB member that had told him that they wanted only one contingency and if anyone needed to use the money from contingency then they would have to come to council. TA said she prepares Budget Adjustments regularly to bring to council to do just that. The budget adjustment shows where the money is coming from and what department it is moving to.

Drew did not know how an auditor would look it. TA put the contingency in only two departments; the two departments that get the unexpected expenses – General Govt and Streets and Roads. TA said she doesn't have to bring these budget adjustments to Council but she does and she will continue to do that. Mayor said the auditor does probably like seeing where the money is moved from and to.

Rivet said it then becomes a competition between departments on who can use the contingency money first. TA said our expenditures are based on need and she would not allow that to happen.

Recess for <10min

TA pointed out that contingency was 2K in Dept 519.
Leave them.

522 – FD

They cut down on FF physicals. White said is the number is accurate? Yes. They do the drug screen and we have to do that under HR (Dept 512) for drug screen for 35.

522.4600 – TBRB recommends reducing. TA had 15K in there. Chief went through the age of vehicle and how that bears on the repair costs. E-1 is from 1997 and needed AC work. They got a new compressor and then found they needed other parts that are not easily available and had to be special ordered and then the expense goes up. Many repairs weren't done earlier in the year as they were waiting for another vehicle to get repaired so they could go out of service for repairs. Ladder truck has turned out to be a nightmare. You can't take all the vehicles out of service at same time. He explained why they can't take E-1 out of service since the Ladder is still out. TA doesn't think it should be cut. Chief said the Ladder truck is under warranty and the Town will only have to pay towing. The 2005 that we just got is full of rust. It seems it is always a lot of money for fire vehicles and equipment. He goes out there and looks at everything. He does not get it reported to him. The mfg is standing up to the warranty. When you buy this stuff you need to look at these items. This is the Wildland Pumper truck Town just paid off.

McKnight asked about using the trucks for training. Should you increase your charge to students to cover the repairs to this equipment? Chief Strandell said they are only using the truck in the back for the pump training. It is a 1990 out of service vehicle. TA said in the past they had used the ladder truck for aerial training and had to repair it. McKnight said they were doing training exercise. TA said this Chief sees the value to offer the training.

Leave at 15K

522.4610 – they need flooring. TA said she disagrees with the Chief asking for this. They put in for new things like carpeting and furniture for upstairs to improve morale for the volunteers. TA said we are all in that same economy. They were supposed to do the pancake breakfast and maybe add a spaghetti dinner to raise money for these kinds of expenses. The Fire Dept volunteers don't want to do the pancake breakfast; complained of flies and grease. This is an area she disagrees with Chief. She recognizes that he is a new Chief and is hearing from the volunteers. Council supported the Pancake Breakfast and even gave start-up money for this endeavor. Strandell said they want to do a boot drive. TA doesn't want to see people out on a boot drive.

CM David White said he thinks this is cheap. CM Jeff McKnight said if the AC or well fails then it is a contingency item; reduce it. CM Steve Rivet said reduce it.

522.4620 – not arguing over 351. Leave it.

524: Building Dept
No change

539 – Public Works (PW)
No real changes here

541 – Streets and Roads
Temp labor for 10K. They have spent 11K. CM Jeff McKnight said don't mow the R-O-Ws. Majority is not mowed. Only do the collectors. TA said put on for discussion to direct PW to not cut ROW on local roads.

CM David White asked TA and Drew about why the next items are cut so much. TA explained she has told Tom to order pipe for the yard. That money will go in to pipe replacements for yard. McKnight said millings and culvert should stay the same. Mayor said he wants PW here to answer questions.

TA said Hall Road west of Weber needs to be repaired. The 40K was for that. They have not done overlay. This is the line item to pay the hard surfacing of Smith Lane if that goes forward.

TBRB should know more about what is going on.

McKnight asked about asking Corey and Weber being taken over by County since they carry much traffic that is not Malabar traffic. Suggests giving the Rights-of-way of Corey and Weber to County for maintenance purposes. When they get in bad shape, how are we going to pay for them? If it goes to County it would be on their list. TA will look into it and bring that back.

572 – Parks

4600 - Repair to park. Take it down by a 1000.

Misc reduce by 300

Grnways and trails – leave funding. Leave it in said Steve. Jeff said if we have advertised for it then leave it. Franklin said we have received one application.

Park fence. Behind the soccer field. TA is concerned as it is really leaning. Continual maintenance.

574 is on for next agenda for 5K

Rivet told TA she can take millage down to 1.6630 as they have cut much more than the \$6,263.00 she had referenced. Drew said it was very beneficial to have input from Franklin and TA for their meetings. It has been the history of this town. Drew pointed out they can't continue to be frugal until such time that it becomes expensive. These people took their job seriously want to do best for town. Not just cut. His analogy was you can save money by not putting oil in car but eventually you will need to buy an engine.

Drew said they kept the Attorney at the same amount even though he leaves early now because of possible liability issues. Council should look to the future. Malabar is in a wonderful place. For what it is worth, look more to the future. It is missed opportunity. Tried to look out for what is best for the town. TA said this man did a lot of work on this.

TA asked what Council wanted to do about dependent coverage for insurance purpose. McKnight asked what are other towns are doing? McKnight said in private business you pay significantly more to add family.

TA said if Town required employee to pay for dependent coverage that would significantly impact one person.

McKnight said re: the town being too frugal. When the boon went on our budget increased dramatically. Then when it burst it took years, we were pulling from reserves. Finally have budget that feels comfortable to him. McKnight gives credit to staff for keeping budget expenses low.

TA said each year since she has been here she has been under budget. Her guys are very frugal.

Mayor said everyone is engaged, not just one or two members of Council and that is great and the citizens are engaged and that is great and part of it is staff. Agenda packages today far exceed what they were before and include much more information.

CM Carl Beatty said about employee benefits. He suggests if they make changes and cutting the benefit packages it should be for new hires. That could be a consideration for action. He is not against getting information. Make changes without hurting someone. Your benefit equals something. Look at it and give TBRB some feedback.

TA said we are very lucky that they don't have complaints. It could it be a moral issue but is not because she said they are like family. Do you take advantage of that? It is not uncommon to have employees pay a portion. She will get information from other cities and bring it to Council. She will find out what other cities are offering. Malabar pays 75% of health and dental insurance and employee pays 25% now. She will bring it back to them.

TA explained that she has to include the Fire Chief in our dental insurance in order to keep the minimum of ten insured or the rates would go way up.

574 –

Left Cow Bell 5K in and will have on next council agenda.

D. ADJOURNMENT

There being no further business to discuss,

MOTION: Beatty / Acquaviva to adjourn this meeting. **VOTE:** All Ayes. The meeting adjourned at 10:30:PM.

BY: Phillip R. Crews
Mayor Phillip R. Crews, Chair

ATTEST BY:

Debby K. Franklin
Debby K. Franklin, Town Clerk/Treasurer

8/20/12 AS submitted
Date Approved

