

**MALABAR BUDGET WORKSHOP #4 MEETING**  
**September 1, 2015                      7:00 PM**

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

**A.     CALL TO ORDER:**

The meeting was called to order at 7:00 pm by Chair Marisa Acquaviva. P&P were said by CM Korn.

**B.     COUNCIL:**

CHAIR:	MARISA ACQUAVIVA
VICE-CHAIR:	BRIAN VAIL
COUNCIL MEMBERS:	GRANT BALL
	DON KRIEGER
	DICK KORN
MAYOR	CARL BEATTY
TOWN CLERK/TREASURER:	DEBBY FRANKLIN

**C.     **WORKSHOP ACTION:****

**1.    Budget Workshop**

Chair Franklin said at last workshop we cut over 100,000 in expenditures. We will still need 95,451 if keeping the mil at 1.8000. If the mil is raised to the max, 1.9256, then we will still need 71,742 from reserves to balance the budget. 103K cut using 1.8000 and 126K if using 1.9256.

Franklin went through the several slides showing how the bottom line changed using the two millage rates. She then showed slides and said neither of the previous slides included any increase for the employees. Franklin proposed that if Council would approve a merit increase of 3% for the FTE and Blanca it would cost 12,688. By cancelling the short term/long term/ AD&D that the town pays 100% of, we would save 4,897 that could go towards those pay increases. Franklin also proposed the Chief's salary be increased to 25,000 from the current 19,000.

Franklin then showed another slide and explained the interest we have received from cell tower companies offering to buy out our lease. The initial offer from the company we have the lease with has offered 275,000 lump sum with a 10% Franchise Fee on whatever earnings are made off of that cell tower. The incentive for them to buy the lease out guarantees the vendor a certain extended timeframe to invest in and enhance the tower without threat of the Town cancelling the lease. We still own the land. I only bring this up as an idea to think about. It would provide the revenue necessary to catch up on the paybacks from Fire Dept and PW, cover the full amount of the merit increase and the 6K for the Chief and still have 89,794 to add to reserves.

CM Korn asked if we had already set the mil at the highest. CM Vail explained they don't always use the max. Many times they have tried to stay with the same millage.

CM Korn asked about the amortization on the lump sum vs. monthly payments. (Clerk note: at the current annual lease amount of 18,960 would equal 14.5 years of lease payments.)

CM Korn said we would also be gaining the interest value on the lump sum. Clerk stated that it would take 60-90 days to close the deal so it will not affect this current year but could be additional revenue in the 2015/2016 budget year. Clerk will get more information and bring it back at a future council meeting.

Mayor said there are many other vendors that would also be interested in buying the lease. Clerk said we receive invitations to contact vendors regarding this from about 12 different companies.

Chair asked Council what they think about balancing the budget. Mayor said we are forced to go up to the maximum millage.

Mayor also said the SW projects should be contracted out as they have the necessary manpower to do the jobs. That would free up PW so they can be repairing the roads.

CM Vail asked if the amount calculated by the Engineer included these cost. Franklin said in their packet of Budget information by Departments, under the SW section it shows he has calculated the manpower cost as well and the equipment cost. Mayor said the advantage is that PW can fix the sides of the roads that are crumbling and signs. The most prudent way is to turn it over to contractors. CM Korn agrees. He said we added one more FT PW worker this year and they are still short-handed. He would like to see Mayor's plan implemented. In his district alone, there are many ditches that are full of growth and the water is not moving. He referenced the west side of Weber Road and the edge of the pavement for maintenance. Mayor Beatty said if a road gets a lot of cracks they (PW) can get a 5 gal bucket of "crack fix". He referenced the edges again.

Chair asked about millage rate. CM Vail said he is for the max. We have been getting by with doing the minimal. We keep putting stuff on back burner. If we let them (roads) fall apart, we are not being good stewards of the Town. They need to be proactive. He said the micro-surfacing saved them from having to completely rebuild the entire road. Ball said Weber Road is a good test for that. We can check in 5 years how it held up.

CM Ball we need to fix the 71,522 shortfall by cutting some more expenditures. CM Korn asked for consensus on the increase. Chair said this is her last budget. We didn't raise millage for 4 years. The projects didn't get done. She said Jeff McKnight was on Council with her when they kept it the same for many of those years. How are these things going to get done without increasing the millage?

Mayor said the problem now is you are relying on PW to do these jobs. It will free up PW for other projects. Franklin said they have not budgeted for road repairs/repaving or vehicle & equipment replacement. The micro-surfacing will provide a temporary extension to the repaving but that cost should be budgeted each year.

Mayor said you are not supposed to spend more than you take in. Franklin said for personal budgets, yes; but not for municipal budgets. Most cities carry debt and issue bonds to get capital projects completed. At this point we have taken from reserves for so many years to balance the budget but not do any capital projects we have gone from 2.5M to 1.1M. CM Vail agreed with CM Ball, we have taken from reserves for the last 6 years. The only realistic answer is to get more income. CM Vail proposes a fire assessment fee.

CM Korn said to direct Clerk to explore – let's see what the lump sum would do to help the short term. But we still have to look at increasing the taxes. Seriously we have got to provide the needed municipal services. CM Vail said we do a lot for the amount we get in. He sees no choice but to take from reserves. We can't cure the shortage today. If you asked the voters to approve a dedicated rate they would support it; you have to educate them on how much projects cost. CM Vail said the reality is that it is only going to get worse. Do we take out of reserves or do we hack into this budget more.

Chair said get the 71K from reserves– we have already cut budget to bare bones. We added the 4 Lts, last year as FTE with benefits but provided no revenue to cover that. The amount we are over reflects that amount.

Chief explained the need for the additional paid FF. He has proposed reducing the hourly to 10.50 and treating them as independent contractors so we can save on FICA and FRS; we did so much cutting the last go around. CM Korn said you have to balance the cutting with the services charged. Chief said ISO rating is better than the county rating. CM Korn said he had a booth at SpringFest, people

coming in and asking questions; he thinks they would understand if presented correctly. We are not being economical if it is at the loss of needed services.

Mayor said based on complaints; he has received a lot on the dust control issue. Mayor said we have the big tank just sitting in PW yard that could be used; it may need a pump. Clerk pointed out that the "tank" has been in the yard for over ten years and every year the talk would be about getting it rigged up so it could be used on the roads, but nothing was ever done. (Note: The dust control chemical that was proposed, if used properly, would have to be applied weekly on the heavily used roads and monthly on the less used roads. And they didn't have a source for the water. Annual cost of chemical was estimated by the Engineer and PW Director to be in excess of 200K.)

Chair asked CM Krieger for his input. He has been quiet all evening. CM Krieger said you go up on revenues 2.5% and cut expenditures by 2.5%. CM Ball said he just suggested cutting fuel and he is sure that will be going down more and he got push back.

CM Krieger said we need less equipment, fewer trucks and should sub out more. Do with less PW. He also said if we didn't have that SW tax then we could live within our means. He doesn't think we should have done Weber Road. Years ago he went to Council and said give it (Weber) back to County. CM Krieger said the whole attitude of how the Town is run is wrong.

CM Vail asked Clerk if the revenues she proposed were conservative. Clerk said they are responsible estimates based on what we budgeted prior years and what we actually got. Several of the estimates come from the State: CST, Local Option, ½ cent Sales, Rev Sharing and those are the estimates Clerk uses.

CM Korn said we could continue to cut expenditures but we would be dealing with budget adjustments all next year; this is a bare bones budget. Franklin stated that they would be dealing with budget "amendments" because there wasn't enough revenue budgeted and those are more expensive (ordinance not resolutions) CM Vail said if we lay-off people how are we going service the Town? We can't service the town now. CM Vail continued that we need to stop this trend and go on the record that we need to increase revenues. We are not in dire straits. CM Korn said but we are headed there. CM Vail said we have cut our reserves in half. We have to commit to fixing the revenues. CM Korn said that 71K was a small portion of the 1.6M budget. If we can increase revenues by 5% we could be putting money back into the bank; and that has to be done within the next 13-14 months. CM Vail said it was more like 10% needed. CM Korn said if we fail to provide the residents needed services someone else will provide them and it will cost our residents much more. CM Vail said we are not doing our duty for the residents if we continue to reduce services and take from reserves. CM Korn said he had information from last year that showed that the number of municipalities that have millage rates lower than Malabar can be counted on one hand.

CM Ball said do we need to replace the TA now? Can we do a year w/ out one? Consensus on CMs Vail, Acquaviva and Korn was no, we can't go a year without a TA (CM Krieger provided no input.) Franklin said that the expenditures for Dept 512 were reduced, specifically the travel and per diem and the training was properly recorded in its own account number. CM Vail continued that we have based this line item on a 62K salary with benefits and if we consider a contract administrator for a flat rate for the year, we would save on FICA and FRS and Benefits. We do have that potential. Chair Acquaviva asked why the health and life insurance was zero. There should be a number there. Franklin concurred and said it is an unknown at this time but she should have put some number there. Chair Acquaviva said that will be an increase in expenditures. Franklin said yes, it would be an increase. Chair and CM Vail said unless Council chooses to go with a contracted administrator, but that is not what they are considering. CM Vail said if they do consider a contract administrator it would save all that money. Chair said cut the 32000 from accounting. Franklin said no, that is her accounting clerk position that council changed from an employee to a contractor. CM Ball said Franklin just moved it from personnel to contract labor and reduced the cost.

CM Korn said he is still saying leave it alone and take from reserves. Mayor said it is about 5% over. CM Korn said we need to plan for the future on how we can increase revenues. Mayor said he doesn't like deficit spending but if they use reserves it should be with the provision that it be paid back and at the same time figure out how to increase revenues to cover the expenditures if that means selling the lease should be considered. Chair said the sale of the cell tower lease sounds hopeful but CM Vail said it would only be a one-time fix; Chair said it would be like CPR.

CM Korn can remember when they had a budget review committee; maybe they could revive that to look for additional revenues sources; he doesn't mean right now but consider it going forward. CM Vail said Council has not increased the millage rate for a long time and in order to properly provide services the rate needs to increase. Council needs to explain to residents why they need to increase them. It is not like they are living extravagantly; we need to fund services. Mayor said the problem is the budget keeps getting bigger each year. CM Korn can remember when each council member had discretionary funds. He remembers council providing a donation to Bethesda when his son died. CM Vail said it is not like Council is living or acting frivolously. We need to get out there and fix roads and drainage and stop mowing in front of improved properties. They are not acting irresponsibly. They need more revenue.

CM Vail said don't mow shoulders; or any flat mowing adjacent to improved properties. CM Ball asked why we can't fine them for not doing their own mowing. Franklin said we have been doing it although our code does state the property owner is responsible for the maintenance between edge of roadway and property line. First we need to educate with information on the website and Mailboat explaining why we will be enforcing this. Our purpose is for compliance. We don't do proactive code enforcement. Mayor said when you don't mow it regularly and then try and come back, it is much harder. Franklin said that is what PW Director Tom Miliore wanted to make sure you understood; that by not mowing the flats adjacent to improved properties, there would be less wear and tear on equipment and it would also free up a worker for other projects. Flip side is, if the property owner doesn't mow it and the Town has to then it takes longer and creates MORE wear and tear on equipment and more man hours.

Mayor said cut each line item by 5%. Franklin said you can't do that. A lot of these expenditures are based on ILA and/or contracts. Salaries are based on hourly rates. Taxes are based on salaries. You can't do that across the board. CM Krieger said you can live within your means and have a balanced budget and not increase the millage.

CM Acquaviva said she did see the attorney's bill today and that bill has gone way up. Maybe that will go down but it is sure high now.

CM Krieger said in his business you have a chart of account and department expenditures, but it changes throughout the year. Franklin said we are asking for global not detail. Franklin stated this budget is not proposing anything new. Council directed we add 4 FF, FT acct Clerk, and clerical person for TA / BD. The Acct Clerk was changed to contractor, the FF were changed to contractor labor and the additional clerical for TA and BD was cut entirely per council directive.

Council then started going through the revenues line by line using CM Krieger's formula of .25 and then switched and used CM Vail's formula of .33 and after much discussion was changed to CM Vail's .33 and with Council consensus, revised the revenues as attached. CM Krieger said the 314.1000 FPL tax, should be increased. Franklin explained what the reasoning she used the amount she proposed based on last year's revenue. CM Krieger disagreed and said prior year was low in (electric) use. Franklin said it is on record as the hottest summer ever. CM Krieger said it didn't have to do with the usage it.

Clerk stated for the record that the revenues she presented represented a responsible budget.

CM Korn wants to say it out loud that we have a volunteer Fire Department Chief – and we got a whale of a deal. Chair Acquaviva is proud of our Town. We all need to get some of these issues resolved. By the end of the meeting they had added revenue and cut expenses so that we had a savings of 84K which eliminated the need for funds from reserves and also provided for the merit increase and salary increase for the Chief.

**D. ADJOURNMENT**

Chair Acquaviva, without any further discussion, asked for a motion to adjourn.

**MOTION:** CM Ball / CM Krieger moved to adjourn the meeting. **VOTE:** All Ayes.

This meeting adjourned at 10:15 pm.

BY: Marisa Acquaviva  
Marisa Acquaviva, Council Chair

ATTEST BY:

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

Date Approved: 9/14/15

ORIGINAL PER COUNCIL

USING 1.8000

USES \$95,451 FROM RESERVES

OR

ALTERNATIVE "A"

USING 1.9256 mil

USES \$ 71,522 FROM RESERVES

# ESTIMATES FOR EXPENDITURES & DESCRIPTORS OF EXPENDITURES

Dept 511 Legislative

512 Executive

513 Finance

514 Legal

515 Comp Planning

519 General Government

522 Fire Control

524 Protective Inspections

538 Flood Control

539 Public Works

541 Streets & Roads

572 Parks & Recreation

574 Special Events



NEITHER OF THESE BUDGETS PROVIDE FOR A MERIT  
OR COLA INCREASE FOR EMPLOYEES

3.0% FOR PW, FT LTS, BLANCA, DEP & CLERK AND  
DENINE = \$12,668.00

CANCELLING THE ST, LT, AD&D WOULD SAVE \$4,897.00  
AND REQUIRE ONLY \$7,771.00 FROM RESERVES

I WOULD ALSO PROPOSE WE INCREASE CHIEF'S  
SALARY TO \$25,000.00

OR

ALTERNATIVE “B”

USING REVENUE FROM SALE OF CELL TOWER LEASE  
FOR LUMP SUM PAYMENT OF \$280,000.00

- REPLACE RESERVED FUNDS 95,451
- REPAY RESERVES 60,800 FOR LADDER TRUCK
- REPAY RESERVES 22,267 FOR TRACTOR & DECK
- COVER 12,668 FOR RAISES & 6,000 FOR CHIEF
- 82,794 LEFT TO GO TO RESERVES