

**MINUTES OF THE WORKSHOP MEETING
OF THE LADY LAKE TOWN COMMISSION
LADY LAKE, FLORIDA
August 21, 2014**

The budget workshop meeting was held at Lady Lake Town Hall, 409 Fennell Blvd., Lady Lake, Florida with Mayor Ruth Kussard presiding. The meeting convened at 4:00 p.m.

1. CALL TO ORDER: Mayor/Commissioner Ruth Kussard

2. ROLL CALL: Tony Holden, Commissioner, Ward 2
Dan Vincent, Commissioner, Ward 3
Jim Richards, Commissioner, Ward 5
Ruth Kussard, Mayor/Commissioner, Ward 1

ABSENT: Paul Hannan, Commissioner, Ward 4

STAFF MEMBERS PRESENT: Kris Kollgaard, Town Manager/Town Clerk; Jeannine Michaud, Finance Director; Pam Winegardner, Assistant Finance Director; Chief Chris McKinstry, Police Department; Thad Carroll, Growth Management Director; C.T. Eagle, Public Works Director; Mike Burske, Parks & Recreation Director; John Pearl, IT Director; Tia O'Neal, Human Resource Director; Ted Williams, Facilities Supervisor; Butch Goodman, Utilities Supervisor; Debbie Rodriguez-Lopez, Senior Accounting Clerk; and Nancy Slaton, Deputy Town Clerk

3. Public Comment

Mayor Ruth Kussard asked if anyone present had any comments or questions. She announced that this special budget meeting was to discuss the millage rate, but the tentative millage rate will not be decided upon until the September 3rd Commission meeting, with the final millage rate being decided upon at the September 17, 2014 Commission meeting. She stated plans will be put in place to address the reduction in revenue from the Communication Services Tax that the Town receives.

- Mable Barnes of 247 W. McClendon stated she is a widow on Social Security and she asked the Commission if they would consider raising the sales tax instead of the property tax.

Town Manager Kris Kollgaard replied that the Town has no authority to raise the sales tax; it is through the County.

4. Fiscal Year 2014-2015 Budget – Consideration of Proposed Plans to Deal with the Anticipated Decrease in Communication Services Tax Revenue (Kris Kollgaard)

Town Manager Kris Kollgaard stated that she has asked Pam Winegardner, Assistant Finance Director, to join the meeting as she worked very carefully with the Town Manager this past week to come up with the numbers for this meeting. She asked if there were any questions.

Commissioner Richards thanked staff for all the hard work in laying out what the Commission is up against with the Department of Revenue holding all the payments from the vendor who said they made a mistake. He asked if the budget included this.

Jeannine Michaud, Finance Director, replied that the amount the DOR is withholding is not included in the figures.

Commissioner Richards asked about the money left in contingency in this year's budget as he thought it was needed to pay back the revenue reduction from this year.

Ms. Kollgaard stated that staff made cuts to make up that short-fall, but the contingency fund is still in place for this year.

Mayor Kussard confirmed that there is no contingency built into this next year's budget.

Commissioner Richards commented that the fees appear to have gone up from year to year, and it can only be hoped that property values will increase. He stated that inflation was not included in the budget.

Ms. Kollgaard stated that they did include estimates of increases in health, dental, etc. in next year's budget.

Commissioner Richards asked if the \$760,000 for the pavement program was taken out of the unassigned fund balance as he expected the reserves to drop by that amount.

Ms. Kollgaard stated that it was taken out, and Ms. Michaud confirmed that the budget amendments were completed for this.

Commissioner Richards stated that his last question was concerning the recommended reserves and millage expense comparison sheet which showed a contingency of \$100,000. He asked if the contingency was going to be rolled over or if this was from the proposed savings for the truck repair and the \$10,000 savings for library books.

Ms. Kollgaard explained that \$65,000 could be saved for contingency with those items, but by not keeping up with the current replacement plan that includes the pavement management program as shown on the recommended reserves sheet, \$100,000 could be put into contingency for FY 2015.

Mayor Kussard thanked staff for their hard work on presenting the Commission with a balanced budget. She stated that no contingency was initially planned for the FY 2015 budget, and she reviewed the budget many times to see if she could find other areas to reduce expenses. Mayor Kussard once again suggested that the Commission have a one year moratorium on travel and per diem for travel and conferences, for a savings of \$1,500.00 to put into next year's contingency fund. She stated that \$10,000 can be cut from book purchases at the Library, and by repairing the Public Works truck for \$5,000 instead of replacing it for \$60,000, another \$65,000 could go into contingency, for a total of \$66,500. Mayor Kussard suggested that the employees should be given something, and although she originally suggested a 1% one-time bonus be given, she now suggests giving them a 2.1% one-time bonus from the FY 2014 contingency funds since

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the Town Manager and IT Director have found another \$10,000 in savings. She stated this would amount to \$103,285, leaving a balance of \$19,216 in this year's contingency. A 2.3% one-time bonus would still leave \$9,387 in this year's contingency, and any balance in contingency left at year end would go into next year's reserves.

Ms. Kollgaard explained that the one-time bonus figures were based on the CPI because the employees were not getting increases, and this would not cost them and would keep them level with the CPI.

Mayor Kussard recommended that the employees be given a one-time bonus of 2.3% from the current year's contingency fund before the end of the fiscal year.

Ms. Kollgaard explained that she and John Pearl, IT Director, reviewed the GIS contracts for bringing all the data up to date each year, and by moving the update from September to October for the next two years, it bumps the \$10,000 fee into the next two fiscal years and leaves an additional \$10,000 to go into contingency for this fiscal year.

Mayor Kussard reported that the tornado that went through the town in 2007 cost the town \$1.8 million and it is now hurricane season. She stated that the town could be looking at an even larger deficit if the millage rate is not raised, although she originally voted on the increase in the millage rate and hoped to reduce it again at the September meeting; and with the blindside of the reduction in the Communication Services Tax revenue, there may be no choice now but to raise it. Mayor Kussard stated it upsets her because of the effect it will have on the residents of the Town and particularly in her ward. She stated even with the proposed increase, the Town will still have the lowest rate of any of the surrounding cities and towns. She stated the current rate is the same rate the town had in 1977, and it has remained the same for the last five years.

Commissioner Vincent asked if he could be given an example of what taxes would be on a home valued at \$100,000 with a homestead exemption.

Ms. Kollgaard stated that for a \$100,000 home with \$50,000 homestead, residents are currently paying \$328.00 to the Town, but with it going up, it would be \$388 or a \$60 per year increase.

Ms. Michaud clarified that the property owner will be paying \$3.8781 per each \$1,000 of taxable home value.

Commissioner Richards stated that he currently only pays \$82.00 in taxes to the Town, and the proposed increase in the millage rate will only amount to \$15 to \$16, as he and 90% of his 2,600 constituents live in manufactured homes valued at around \$75,000 in the historic side of The Villages.

Commissioner Vincent stated that most of his constituents in Water Oak also live in manufactured homes valued at less than \$100,000.

Commissioner Holden pointed out that the CST payback amounts to \$400,000+ for three years.

Ms. Kollgaard stated that there is also a decrease in revenue to go along with the pay back of the overpayment. She clarified that the Town will lose \$650,000 in revenue annually from the

Communication Services Tax, and the overpayment is estimated to be paid back over three years, as the DOR can only go back three years, and staff wanted to be pro-active and prepared.

Commissioner Vincent asked if the Town is getting any revenue from the Communication Services Tax now. He stated he is in favor of the increase in the millage rate as the Town should not become dependent on revenue from the State in the long run. He commented that the Town now has to pay off an overpayment for an error that was not the Town's fault.

Ms. Kollgaard replied that the Town is getting some revenue, but no revenues connected with the largest vendor as that is where the error occurred.

There was further discussion of the Communication Services Tax and the results of the decrease in revenue received.

Ms. Kollgaard commented that the 2007 tornado cost the Town over \$400,000 out of reserves that was not reimbursed by FEMA. She stated that the Town has to have funds immediately available when dealing with emergency situations.

Commissioner Richards commented that this proposed budget for FY 2015 is very close to the budget the Town had in FY 2008. He stated he was willing to make the cuts suggested by the Mayor.

Commissioner Holden stated that the Town is looking at a new normal and that he is not in favor of band-aiding the equipment and that the budget should keep up with the five year plan. He stated he is not in favor of repairing the Public Works truck for \$5,000 to keep it going for three years, but thinks it needs to be replaced as per the five year plan. He stated he agrees with the Mayor's suggestion for the moratorium on the Commissioner's travel and per diem and put the \$1,500 back in contingency.

Mayor Kussard allowed a member of the public to comment.

- Tom Able of 1119 Del Toro Dr. stated he read that the Town is proposing an increase of 18% in the millage rate for FY 2015. He asked if it is true that if the County also has an increase of just over 18%, then property owners will have a combined tax increase of 36%.

Commissioner Richards replied that the tax increase of 18% is only on the current \$3.28 per \$1,000 of property value, whereas the County's rate is \$10 to \$12 per \$1,000 value, and that it is 18% once on two separate taxes.

- Mr. Able stated that he does not think the Town has considered that it will have additional revenue coming in for newly adjusted rates when property changes hands, whereby it increases to the higher valuation. He agreed that replacing a truck might be better than repairing it at such a price. Mr. Able also commented that the Town may not be making the best decisions on where they are spending their money, using the new sidewalk on Rolling Acres and Griffin Avenue as an example. He asked if the tax increase was for residents only or if it included commercial.

Ms. Kollgaard commented that the Town saw a 6% increase this year due to an increase in property tax revenues, but that the Town cannot count on it.

Mayor Kussard informed Mr. Able that the Town did not pay for the sidewalk; a grant paid for it. She stated that the property taxes are across the board; for businesses and all property owners.

Commissioner Vincent commented that most of the homes in Water Oak are valued at less than they were originally, so that when they are sold, the taxes for the new buyer will be less than the original homeowner.

Commissioner Holden suggested that each employee be given a \$500.00 bonus, instead of a bonus based on percentages.

Commissioner Vincent agreed this may be fairer and give the lower paid employees more.

Mayor Kussard suggested that the bonus be upped to \$1,000.00 per employee as there is \$122,601.00 in contingency.

Ms. Kollgaard commented that part-time employees would get half of that and if someone is newly hired, they would not benefit from the bonus. She stated that whatever is left in contingency at fiscal year-end will roll over into reserves.

After further discussion, it was the consensus of the Commissioners that each employee will be given a \$1,000.00 bonus before the end of the present fiscal year; sometime in September, from contingency.

After further discussion by the Commissioners about the Public Works truck, with input by C.T. Eagle, Public Works Director, it was the consensus of the Commissioners to put the \$60,000 back in the budget for the next fiscal year to replace the truck if necessary.

It was the consensus of the Commissioners that the budget be based on the proposed millage rate of 3.8781 mills.

Ms. Kollgaard stated Commissioner Hannan sent her an email that he wanted read if he was unable to attend the meeting. The email was read into the record.

Mayor Kussard asked if anyone else had any questions or comments, and seeing none, adjourned the meeting at 5:13 p.m.

Kristen Kollgaard, Town Clerk

Ruth Kussard, Mayor

Minutes transcribed by Nancy Slaton, Deputy Town Clerk