

**MINUTES OF THE WORKSHOP MEETING
OF THE LADY LAKE TOWN COMMISSION
LADY LAKE, FLORIDA
July 15, 2015**

The Budget Workshop Meeting was held at the Lady Lake Town Hall, 409 Fennell Blvd., Lady Lake, Florida with Mayor Ruth Kussard presiding. The meeting convened at 10:05 a.m.

CALL TO ORDER: Mayor/Commissioner Ruth Kussard

1. ROLL CALL: Tony Holden, Commissioner, Ward 2
Dan Vincent, Commissioner, Ward 3
Paul Hannan, Commissioner, Ward 4
Jim Richards, Commissioner, Ward 5
Ruth Kussard, Mayor/Commissioner, Ward 1

STAFF MEMBERS PRESENT: Kris Kollgaard, Town Manager/Town Clerk; Jeannine Michaud, Finance Director; Chief Chris McKinstry, Police Department; C.T. Eagle, Public Works Director; Mike Burske, Parks & Recreation Director; John Pearl, IT Director; Tia O'Neal, Human Resource Director; Marsha Brinson, Library Director; Pam Winegardner, Assistant Finance Director; Ted Williams, Street Maintenance Supervisor; Butch Goodman, Utilities Supervisor; and Nancy Slaton, Deputy Town Clerk

2. Public Comment

Mayor Ruth Kussard asked if anyone present had any comments or questions.

Town Manager Kris Kollgaard stated she wanted to remind everyone that the Town increased the capital threshold this year from \$1,000 to \$3,000, and as a result, some departmental budgets show an increase in operating expense for equipment and a decrease in capital expenses. She also announced that this proposed budget is balanced using the rolled back rate of 3.5510, and is a decrease in the taxes from last year. Ms. Kollgaard passed out a sheet which showed the 2014 millage rates of other municipalities in Lake County. She pointed out that Lady Lake will have the second lowest millage rate in the county after Montverde if they do not increase millage rates. Ms. Kollgaard stated that with this proposed budget, the Town's reserves will have a little over six months of funding in reserves. She thanked the department heads and staff for their hard work.

Mayor Kussard stated that with the proposed balanced budget presented by staff using the rolled back millage rate of 3.5510, it is the Town's responsibility to maintain infrastructure, provide a good Police Department, provide staff with the equipment needed to effectively do their jobs and keep roads in good repair; and that the library and parks are run efficiently. She stated that because of the overpayment of the Communication Services Tax this past fiscal year, drastic cuts were made in the budget which included no raises for employees. She stated that the Town Manager and department heads have kept the repayment of the CST and the uncertainty of the renewal of the one cent sales surtax in mind while working diligently to balance the budget. Mayor Kussard thanked the Finance Director for her explanations of some of the larger expenditures and she thanked the department heads and staff for their dedication and hard work.

Commissioner Vincent commented that he attended the Florida League of Cities meeting last week and they provided some information regarding the Communication Services Tax; stating the state

would take a hit this year and that the tax revenue would not go down this year. He stated that a Senator present at that meeting reported that the state would make up the difference on a yearly basis. Commissioner Vincent stated they also reported that the penny sales tax campaign is not going well.

3. Fiscal Year 2015-2016 Budget – General Fund Overview - The proposed budget for FY 2015-2016 is on file in the Town Clerk's office.

The Mayor introduced Finance Director Jeannine Michaud to review the budget.

Ms. Michaud read the transmittal letter/budget message for the record (on file in the Clerk's Office).

At the conclusion of the reading of the transmittal letter, Commissioner Hannan asked if the 4% pay raise included in this year's budget is a decrease from last year.

Ms. Kollgaard replied that the employees received no pay increase last year.

Commissioner Holden further explained that employees did receive a one-time \$1,000 cost of living bonus in lieu of a pay raise.

Overview of the FY 2016 Proposed Budget:

Ms. Michaud stated that the proposed budget for FY 2016 is balanced in all the funds and is based on the millage rate of 3.5510, which is a 0% increase in the current year's rolled back rate. She stated that government-wide, the total is \$14,427,985 for all funds, and broken down, the General fund is at \$10,335,392, the Special Revenue fund is at \$1,174,600, and the Utilities fund is at \$2,917,993.

Ms. Michaud reviewed the Millage Rate Analysis for FY 2016. She stated the current year's rolled back millage rate is 3.5510 and the Town's FY 2016 budget is based on this rate and will bring in approximately \$3,220,308 in ad valorem taxes. Ms. Michaud stated the majority vote maximum millage rate is 3.7443, which would bring in \$3,395,603 and requires a favorable vote of at least three of the five Commissioners to pass; and the two-thirds vote maximum rate is 4.1187%, which yields \$3,735,136 and would require four out of five favorable votes by the Commission, and anything over that would require a unanimous vote by the Commission.

Ms. Michaud stated that the taxable property assessed value has declined since FY 2009, and began to increase in 2014. She stated the 2016 assessed value is \$895,861,687 which is a 5.6% increase over last year's property value, resulting in \$58,472,766 more in assessed property value.

Ms. Michaud reviewed the millage rate history graph showing that the Town had the same millage rate of 3.280 from FY 2011 to FY 2014, although there was a decrease in revenue in 2011, 2012 and 2013 because property values were falling. She stated the millage rate was increased in FY 2015 to 3.75 due to a decrease in revenue from the Communication Services Tax.

Ms. Michaud stated that it is the Town's policy to have six months of expenses in reserves. She reported that the Town had \$5,274,753 in reserves at the end of 2014, which is approximately six months of reserves.

**Commission Budget Workshop Meeting
July 15, 2015**

Ms. Michaud reviewed the general revenue fund percentages by type, stating the largest revenue source is property taxes at 29.66%; with franchise fees at 13.19%, and transfer in to general fund coming in third at 12.93% of the budget; State Revenue Sharing is the fourth largest percentage at 11.55%.

Mayor Kussard noted that there are a number of delinquent ad valorem taxes, with the proposed amount for 2016 being \$6,303. She asked if the Town has any control over the collection of these ad valorem taxes.

Ms. Michaud replied the Town has no control over it as it is collected by the county and is then forwarded to the Town.

Mayor Kussard asked if the county tries to collect delinquent taxes.

Ms. Kollgaard replied that they go through a collection process, and if the taxes are not paid after a certain amount of time, the property will be sold for taxes.

Mayor Kussard asked about the reduction of the local option gas tax of \$43,220.

Ms. Kollgaard replied the state gives the Town an estimate of these revenues, and the Town figures a three year average of revenues received to include in the budget.

Commissioner Richards stated it was his understanding that the local option gas tax revenue for the Town would increase after the distribution rates were changed for the municipalities in the county.

Ms. Kollgaard stated that the Town will eventually receive an increase, but it will be done in phases over three years to help those municipalities who received a decrease handle it better.

Ms. Michaud reviewed the general budget expenditures. She stated there has been an overall increase in the budget of 4.35%, which includes the 2% COLA, the 2% merit increase, the 10.3% medical increase, 9.5% dental increase, and the 10% workers' comp.

Ms. Michaud reviewed the proposed FY 2016 general revenue fund purchases for Capital Improvement and Equipment totaling \$86,584.

Ms. Michaud reviewed the proposed capital improvements and equipment purchases from the general fund-sales surtax as being four new vehicles as part of the vehicle rotation plan for the Police Department totaling \$166,000.

Ms. Kollgaard noted that if the sales surtax does not get approved this year, these vehicles will not be purchased from this fund. She stated the excess in the reserves could be utilized if approved by the Commission, if necessary.

Commissioner Vincent questioned the Police Department's need to purchase SUVs for \$41,000 when the Dodge Chargers purchased recently only cost \$37,000.

Ms. Kollgaard replied that an SUV is necessary for the K-9 to have room inside for 10-12 hours at a time.

**Commission Budget Workshop Meeting
July 15, 2015**

Chief Chris McKinstry stated that the Police Department purchased two 2014 Dodge Chargers for \$37,000, which were reduced prices as they were left over in 2015. He stated the new 2016 Chargers will be \$40,000. He stated that the dogs need the space in an SUV as they are in the vehicle for 12 hours.

Commissioner Richards stated there is not that much difference between the price of the SUVs and the new Dodge Chargers, and not much difference in fuel usage either. He stated that staff is diligent in trying to get things as cheap as possible, and he appreciates that.

Commissioner Holden commented that the SUVs also have double air conditioning so the back is kept cool.

After further discussion, Commissioner Richards confirmed that it was the consensus of the Commission that staff would proceed with the purchases from these funds as listed.

Ms. Michaud reviewed the capital improvements and equipment purchases from the utility fund revenues totaling \$148,500.

Ms. Michaud reviewed the purchases proposed using the utility fund-sewer impact fees totaling \$18,170.

Ms. Michaud began the review of the department budget breakdown. It was agreed that Mayor Kussard would ask if the Commissioners or audience had any questions after each department budget was announced.

Town Commission:

This budget has increased by 3.81% since last year. Ms. Kollgaard noted that operating expenses were increased to cover travel and per diem that was put back into the budget this year after it was cut last year.

Town Manager:

This budget decreased overall by -6.23%.

Town Clerk:

This budget has increased 4.11%.

Town Clerk - Elections:

There was no increase or change in the budget for this item.

Finance Department:

This budget has increased 2.40%.

Information Technology:

This budget has increased 31.03%.

Commissioner Richards asked why I.T.'s operating expenditures increased so much; by \$120,000 since 2014.

Ms. Kollgaard commented that \$20,000 is included in this budget for web development as previously discussed.

I.T. Director John Pearl further explained that since the capital threshold was increased, many of the items previously purchased under capital are now purchased under general operating. He stated that the average of the combined purchases in 2013-14 was \$130,000, and they average approximately \$152,000 combined for the new fiscal year budget. He stated that the difference comes in for the Dell Server maintenance and the UPS maintenance contract extensions. Mr. Pearl explained that the UPS used to be under the Police Department budget as it is located there, but it now falls under the I.T. budget. He mentioned several other increases for support and maintenance, and the \$20,000 for web development as mentioned by the Town Manager. Mr. Pearl stated 13 Notebook computers at \$275 each were added for the youth programming in the library. He stated that there is a \$40,000 increase for general operating which may have previously come out of capital.

Ms. Kollgaard also mentioned that many things were put off last year because of the drastic cuts made last year to cover the overpayment of the Communication Services Tax.

Commissioner Richards asked why the Notebooks for the library are included in the I.T. budget, even though he expects the I.T. Department to be involved in the selection and support of such equipment. He gave an example of accounting for all the costs necessary to support a police officer as including other staff, equipment, etc.

Ms. Kollgaard stated that the way they put these items in the budget can be changed in the future if the Commission so chooses.

Human Resources/Risk Management Department:

This budget has increased by 4.63%.

Growth Management Department:

This budget decreased by -5.03%. Ms. Michaud explained that this decrease is due to one full time position being transferred to the Building Department budget and the addition of one part-time position.

Growth Management Department - Building Department:

This budget increased by 59.16% due to a gain of one full-time position transferred from Growth Management.

Mayor Kussard asked about the \$90,000 increase in inspection service fees.

Ms. Kollgaard replied that the Town contracts with Nova for inspection services at a 90/10 split, and inspections have increased due to the growth in building and development. It was explained that the building permit fee revenues increase to cover the cost of the inspections, and so it evens out.

Growth Management Department - Code Enforcement Department:

This budget increased overall by 25.32% due to the change of having one full-time position with benefits versus the previous two part-time positions with no benefits.

Police Department:

This budget has increased by 4.79% due to the purchase of four vehicles proposed for this year.

Police Department - Villages Detail:

This budget increased by 5.23%

Library - Administration:

This budget increased by 4.08%.

Commissioner Vincent asked for the definition of a phone tree service renewal under the line items listed under this budget.

Library Director Marsha Brinson explained that a phone tree is a subscription that enables the library to automatically call customers who are waiting on materials that have been reserved or placed on hold.

Library - Community Building:

This budget increased by 91.31% due to the wireless internet to be installed.

- Randa Anderson of Lady Lake Boulevard asked if the Wi-Fi that is to be installed in the Community Building will be sufficient to hold a class where everyone is accessing the internet.

Mr. Pearl replied that they will be using the same access point that the library currently has and should expect to have the same experience as anyone using the library has.

Parks & Recreation - Administration:

This budget had an overall decrease of -14.25%.

Public Works Department - Administration:

This budget increased by 5.15%.

Commissioner Vincent asked why the budget for diesel fuel went up when the prices are going down.

Ms. Kollgaard replied that the budget is for the full year for both gas and diesel, and staff budgets for an increase to be covered.

Public Works Department – Other Government Services – Facilities Maintenance:

This budget had a decrease of -34.27%.

Public Works Department – Other Government Services – Motor Pool:

This budget increased by 5.29%.

Public Works Department - Road and Street Maintenance:

This budget increased by 6.97%.

NON DEPARTMENTAL:

Other Government Services - Town Hall:

This budget has increased by 9.55%, mostly due to the insurance increases this year.

Town Attorney:

This budget increased by 4.17%.

Villages Fire Protection:

Ms. Michaud stated that there is no increase in The Villages fire protection rates this year, so the budget remains the same.

4. Fiscal Year 2015-2016 Budget – Special Revenue and Utility Fund

Special Revenue Fund Transfers:

Ms. Michaud stated that this shows where the sales surtax is spent and includes a \$948,000 transfer to the general fund for the library loan repayment, \$166,000 for the purchase of four police vehicles, and a \$60,600 transfer to reserves.

Commissioner Richards asked when the revenue will end if the one cent sales surtax is not renewed.

Ms. Kollgaard replied that if the surtax is not voted to be renewed, it will end December 31, 2017.

Ms. Michaud also commented that the last library payment balance after this year's payment will only be \$519,000, and there is \$1.1 million in sales surtax in reserves, so the Town is covered.

Commissioner Vincent confirmed that the police vehicles will not come out of this fund if the surtax is discontinued.

Utilities Fund:

Ms. Michaud reviewed the revenue percentages by type. She stated they total \$2,917,993 with water being the largest revenue maker; the second largest is solid waste, which is an in and out item, and the third largest is sewer revenue. This budget increased by 31.83%.

Water Utility:

This budget increased by 0.71%.

Solid Waste Utility:

Ms. Michaud explained that this budget increased by 187.08% due to the additional 4,300 accounts that the Town is taking on from The Villages.

Sewer Utility:

This budget increased by 3.69%.

The Commissioners thanked Ms. Michaud for her presentation.

Ms. Kollgaard asked the Commissioners if they were in agreement with this proposed budget using the rolled back millage rate of 3.5510, and confirmed that there will be no changes to the budget as presented today.

It was the consensus of the Commissioners that they approved the tentative millage rate of 3.5510 and that no changes to the proposed budget are necessary.

Commissioner Richards stated he will not be able to attend the July 20th Commission meeting.

Ms. Michaud clarified that the Commissioners' vote on the millage rate on Monday night will be sent to the tax collector and this will go out on the trim notice. She verified that the Commission could decrease the millage rate at any future meetings, but they cannot increase it.

Ms. Kollgaard announced that staff will include an explanation or list of acronyms used in the budget to make things easier next year.

There being no further discussion, the meeting was adjourned at 11:24 a.m.

Kristen Kollgaard, Town Clerk

Ruth Kussard, Mayor

Minutes transcribed by Nancy Slaton, Deputy Town Clerk