

**MINUTES OF THE BUDGET WORKSHOP MEETING
OF THE LADY LAKE TOWN COMMISSION
LADY LAKE, FLORIDA
July 12, 2016**

The meeting was held at Lady Lake Town Hall, 409 Fennell Blvd., Lady Lake, Florida, with Mayor Ruth Kussard presiding. The meeting convened at 10:00 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; Pamela Winegardner, 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; Wendy Then, Town Planner; Ted Williams, Street Maintenance Supervisor; Butch Goodman, Utilities Supervisor; Van Kao, Parks & Recreation; Julia Harris, Administrative Assistant to Town Manager; Debbie Rodriguez-Lopez, Senior Accounting Clerk; and Nancy Slaton, Deputy Town Clerk

2. Public Comment

Mayor Ruth Kussard asked if anyone present had any comments or questions. There were no questions or comments.

3. Fiscal Year 2016-2017 Budget – General Fund Overview (The proposed budget for FY 2016-2017 is on file in the Town Clerk's office.)

Town Manager Kris Kollgaard confirmed with the Commissioners that they did not want the transmittal letter read into the record as it was included in their budget books.

Mayor Kussard suggested that questions be asked when the item comes up during the budget review. She commented the budget looks great, but that she personally feels that 33 pages of graphs is a waste of time for staff since everything in the budget is clearly written out. She also stated that she particularly liked that the explanation was given to justify all items with increases over 20% from the previous year. She thanked the Town Manager and Finance Director, and staff, for their hard work on the budget.

Commissioner Hannan stated that he believes the graphs are a great asset to the budget and that they are not hard to do using Excel. He stated he would rather look at the graphs than just looking at the numbers, as you can get a visual at a glance.

Commissioner Richards asked for a clarification on the reasoning for the millage rate remaining the same when the reason for the increase in 2014 was to repay almost \$500,000 in Communication Services Tax (CST) overpayment to the Department of Revenue (DOR). He stated it ended up that

the Town did not have to pay as much the third year, as the DOR was off approximately 33% in their figures, and now there is almost \$500,000 in revenue coming in that is not earmarked for that.

Ms. Kollgaard agreed, but stated since the budget had to be cut over the last couple of years because of the money being saved to repay the CST overpayment to the DOR, there were a lot of things staff was not able to do.

Commissioner Holden agreed with the Mayor that graphs seem unnecessary. He also stated he was in favor of remaining at the same tax level as it is a lot harder to raise taxes than it is to lower them.

Commissioner Vincent stated he does not need the graphs either as he can do it himself in Excel if he needs them.

It was agreed that staff does not need to include graphs with the budget book next year, but that Commissioner Hannan can request graphs if he needs them.

Overview of the FY 2017 Proposed Budget:

Mayor Kussard asked about highlighted revenues in the transmittal letter regarding the \$948,000 debt service for the library. She stated she thought the library would be paid off this fiscal year, and the budget states it will be paid off March 1, 2018.

Ms. Kollgaard replied that it is actually the loan payment schedule and must be included in the budget, although staff is planning on paying it off before the end of the fiscal year. She stated it will be brought to the Commission closer to the end of the fiscal year in case something unexpected comes up. She stated she hopes the Town will enter the new fiscal year debt free.

Commissioner Holden stated he thought last year's budget included a 5% raise and a bonus, and he asked if this budget includes up to a 5% raise for employees as well.

Ms. Kollgaard replied that a bonus was given in lieu of a raise one year.

Commissioner Richards stated that was done in 2014 when the tax rate was raised because of the CST overpayment debt.

Ms. Kollgaard explained that this year's budget includes a 1.5% cost of living increase and up to a 3.5% merit raise, for a possible total increase of 5%. She stated last year's budget included up to a 4% raise for employees.

Commissioner Holden stated he has heard complaints from some of his constituents about Social Security not increasing, and he feels that 5% seems steep after 4% for last year.

Ms. Kollgaard explained that the Town had a 6% increase in health insurance this year which will effect employees.

Commissioner Richards commented that Social Security will usually factor in other items and will normally be at least 1% less than the actual rate of inflation.

Commissioner Vincent commented that he believes that raises based upon percentages are inequitable between the range of salaries (higher paid vs. lower paid employees). He suggested that another more equitable way to give raises be looked into.

Ms. Kollgaard stated that more taxes are taken out of those who are making more, and the department heads that make higher salaries are also on call 24/7, which should be taken into consideration. She stated that she and the Human Resource Director are comparing salary ranges paid by other municipalities as well, and this will be reported to the Commission at a later date. She stated they will also find out how other municipalities are giving raises, whether they also base theirs on percentages. Ms. Kollgaard stated that the employees that are making more are usually making more based on their longevity as well as their position, and they have a wealth of historical knowledge. She stated that the Town must take care not to punish long-term employees for their dedication to the Town.

Commissioner Holden stated that he would like to bring up that the Town is currently paying 12.7% into the Police Pension Fund, and that he believes this is underfunded, although the actuary stated the fund is in line and is healthy. A survey done several years ago showed that other municipalities in the county are paying in up to 40% in some cases.

Ms. Kollgaard recommended that the Commission hold a workshop if they would like to discuss the funding of the Police Pension, and the Commissioners agreed.

It was the consensus of the Commissioners to approve up to a 5% raise for employees (1.5% COLA and up to 3.5% merit) by a vote of 4-1 (Holden).

Mayor Kussard asked what the 50% increase of other current charges under line item 49.10 under the General Fund consists of which is shown on page 15 of the budget book.

Ms. Kollgaard replied that those are charges for items such as elevator licensing and repair, and the varied costs of disposal of records (currently using Covanta for incineration for destruction of records).

Commissioner Richards asked why the water, sewer, and solid waste transfers-in shown on page 13 were all less. He stated that a percentage of the price of Public Works administration and service provided by Finance and Human Resources are charged against these enterprise funds to realistically reimburse the General Fund for what it was spending in staff, etc., and this should increase, not decrease. He stated he is not in favor of this.

Ms. Kollgaard replied that a lot of these funds were utilized by purchasing equipment, etc., and less transfer-in was needed.

Town Commission:

Commissioner Vincent suggested that the \$200.00 amount for travel and per diem on page 17-1 for the Lake County League of Cities luncheon meeting be removed. He stated it is voluntary and any Commissioner who attends should pay their own way since it is local. He stated the meal should be paid for if a Commissioner is invited to meet with a group.

Commissioner Hannan disagreed, although the Mayor and other Commissioners agreed with Commissioner Vincent.

Ms. Kollgaard commented that funds for training under Town Commission were increased due to the requirement for Commissioners to attend ethics training.

Town Manager: There were no comments or questions on this budget.

Town Clerk:

Commissioner Hannan suggested that the funds for the volunteer dinner come out of the Town Clerk's budget since staff spent more time coordinating this event, although the Commission approves the volunteer positions.

Mayor Kussard disagreed, stating it is the least the Commissioners can do to thank them as the Commissioners appoint the volunteers.

Commissioner Richards, Commissioner Holden and Commissioner Vincent agreed with the Mayor.

Town Clerk - Elections: There were no comments or questions on this budget.

Finance Department: There were no comments or questions on this budget.

Information Technology:

Commissioner Hannan confirmed that the Apple workstations will be located at the library. He also asked if all the computers in the Town are being replaced.

Ms. Kollgaard replied that they are being replaced on a rotating schedule.

Commissioner Richards asked about the decrease in general operating of \$33,000 under this budget and the increase in software licensing to \$54,000.

Ms. Kollgaard replied that new software licensing is included.

I.T. Director John Pearl further explained that Microsoft Office licenses increased to \$8,000, Smarsh service for \$8,500 (an archiving solution for email, websites and social media platforms that makes it easier for staff to facilitate public records requests more efficiently), and Trimble service for \$1,900.

Commissioner Richards noted that gas and diesel was increased to \$3,000 under this budget. He asked why this was so much higher than Growth Management's budget of \$500.

Mr. Pearl replied there is a difference in the use of the vehicles as it is a take-home vehicle for him. He stated he also travels to other cities such as Orlando to collaborate with other I.T. professionals.

Commissioner Richards asked how many servers the Town has.

Mr. Pearl replied that there are currently 25 servers across the Town, and there is a 20% plan to replace them. He stated each new computer is under a maintenance agreement for the first three years, with it being extended another two years as it is more cost efficient.

Commissioner Richards asked why I.T. needs a new SUV when a smaller vehicle may be more cost effective.

Ms. Kollgaard replied that a new vehicle was needed for the fleet and it just happened to end up assigned to I.T. She stated that I.T. staff does have to take equipment back and forth between Town Hall and the library, Parks & Recreation, and Public Works. She stated the Town rotates vehicles and they try to purchase vehicles that can be utilized by different departments.

Commissioner Hannan agreed with Commissioner Richards that a smaller vehicle may be more cost effective. He asked Mr. Pearl how often he carries equipment.

Mr. Pearl replied that they try to be efficient and schedule their equipment replacement for a couple of months during the year. He stated they cannot know when repair of equipment is needed.

Commissioner Vincent commented that I.T. should always carry tools and spare parts in their SUV for this occurrence.

Public Works Director C.T. Eagle stated that staff also tries to keep a uniformity of the fleet, so purchasing an SUV that matches the fleet in case it is transferred for use in another department later is advantageous. He stated that this also keeps the Motor Pool from having to stock other types of tires, parts, etc.

Ms. Kollgaard pointed out that the old 2001 Chevy Tahoe is still in use, although it was originally assigned to the previous Police Chief.

After further discussion, it was the consensus that staff would look into purchasing a smaller vehicle.

Human Resources/Risk Management Department: There were no comments or questions on this budget.

Growth Management Department: There were no comments or questions on this budget.

Growth Management Department - Building Department: There were no comments or questions on this budget.

Growth Management Department - Code Enforcement Department:

Commissioner Richards asked why there was an increase in gas and diesel expenses for this department.

Ms. Kollgaard replied that Code Enforcement will be assigned a different vehicle; a truck that has an open back. The increase took this into account, as well as any increase in gas prices in the upcoming year.

Mr. Eagle explained that a Ford Ranger with less than 50,000 miles on it is being transferred to Code Enforcement from the Sewer Department.

Ms. Kollgaard commented that she receives a vehicle inventory every year from the Motor Pool staff which shows mileage, condition and how much has been spent on each vehicle.

Police Department: There were no comments or questions on this budget.

Police Department - Villages Detail: There were no comments or questions on this budget.

Library - Administration:

Commissioner Richards asked about the donation expense under this budget.

Finance Director Pam Winegardner explained that this has to be noted on the budget as revenue and expense as the library receives donations from the Friends of the Library and expenditures are tax exempt; she stated this is a wash out.

Commissioner Richards asked about the replacement of A/C's at the library; how many there are and at what rate they are replaced.

Library Director Marsha Brinson replied there are 26 air conditioners at the library.

Mr. Eagle stated that the replacement plan is to replace two a year and the new a/c's will have a ten-year warranty.

Library - Community Building: There were no comments or questions on this budget.

Parks & Recreation - Administration:

Commissioner Richards asked about the \$24,000 cost for replacing a playground structure.

Parks and Recreation Director Mike Burske replied that this structure is for children ages one to four years old, and there have been several complaints over the past 18 months about the condition. A photo depicting the playground structure was passed around for the Commissioners to view. He stated it is made of metal and plastic, and the warranties on new equipment are very good.

Public Works Department - Administration:

Commissioner Richards asked if a new slope mower is really necessary, as it is a specialty item.

Mr. Eagle replied that the current slope mower is about 15 years old, and the Town owns the only one in the area other than FDOT. He stated it is used more for stormwater ponds and side medians on the road, and is necessary although it is specialized equipment. Mr. Eagle stated that the old one will be repaired and kept as a back-up.

Ms. Kollgaard stated that the current slope mower is from 2006 and \$1,600 was spent this year on repairs.

Public Works Department –Facilities Maintenance: There were no comments or questions on this budget.

Public Works Department – Motor Pool: There were no comments or questions on this budget.

Public Works Department - Road and Street Maintenance: There were no comments or questions on this budget.

NON DEPARTMENTAL:

Other Government Services - Town Hall:

Commissioner Richards noted the contingency increased from \$61,000 to \$100,000, and asked if it needs to be that high.

Ms. Kollgaard stated that the \$100,000 contingency amount is a comfort level in case something major comes up.

Commissioner Richards stated that as hard as it is to raise taxes, governments never see a reason to decrease taxes. He suggested going back to the roll-back rate since the Town no longer has the Communication Services Tax problem, and with the reserve nearing \$1,000,000.

Ms. Kollgaard stated that the reserves, per resolution, are funded for anything major that may come up, to purchase property, or other future uses. She also stated that the Town will eventually need to build a new community building.

Commissioner Vincent commented that today's dollar may not go as far in the future, and although he would like to lower taxes, he feels that they should remain the same at this time.

Mayor Kussard agreed.

Ms. Kollgaard stated that the Commissioners should probably discuss the millage rate now as this budget is based on the current 3.5510 millage rate, and another public hearing would have to be held after the budget is redone if the millage rate is lowered. She stated that she would prefer to keep the millage rate the same for as long as we can, as the Town has the second lowest millage rate in Lake County. She stated that it is always harder to raise taxes again once they are lowered, and she would prefer to stay strong and steady at the current rate.

After further discussion, the consensus of the Commission was to remain at the current 3.5510 millage rate by a vote of 3-2 (Richards/Hannan).

Town Attorney: There were no comments or questions on this budget. The Commissioners and Town Manager agreed that Mr. Schroth does a great job for the Town.

Villages Fire Protection: There were no comments or questions on this budget.

4. Fiscal Year 2016-2017 Budget – Special Revenue and Utility Fund

Special Revenue Fund Transfers: There were no comments or questions on this budget.

Utilities Fund: There were no comments or questions on this budget.

Water Utility: There were no comments or questions on this budget.

Solid Waste Utility: There were no comments or questions on this budget.

Sewer Utility:

Commissioner Vincent asked if the Town is collecting revenue from Fruitland Park yet for connection to the Town's system.

Ms. Kollgaard replied that they have not connected yet and the Town is ready whenever they are.

Summary:

Ms. Kollgaard asked for confirmation on the changes to the budget as discussed.

Commissioner Richards stated he would not bother making any of the changes as the budget is balanced and the majority of the Commissioners do not want to go to the roll-back rate.

It was the consensus of the Commissioners to approve the tentative millage rate of 3.5510 with no changes to the proposed budget necessary.

Ms. Kollgaard pointed out that the Finance Director highlighted and explained any increases over 20%.

Mayor Kussard and the other Commissioners agreed this was very helpful.

Commissioner Hannan commented that he would like to continue to have the graphs in his budget book. He also stated that Ms. Winegardner did an excellent job on the budget, and that he has had confidence in her for the last few years.

Ms. Winegardner thanked him, stating that the Town Manager has been very supportive and helpful, and that they communicate well.

Ms. Kollgaard agreed that they communicate well. She also mentioned that the budget includes \$10,000 for the Historical Society and the Chamber of Commerce. She thanked staff and the department heads for their hard work.

Commissioner Hannan then thanked Ms. Kollgaard for her hard work.

There being no further discussion, the meeting was adjourned at 10:15 a.m.

Kristen Kollgaard, Town Clerk

Ruth Kussard, Mayor

Minutes transcribed by Nancy Slaton, Deputy Town Clerk