

DeFuniak Springs City Council
Budget Workshop
July 16, 2019

The following members were present: Mayor Bob Campbell, Mayor Pro-Tem Robert McKnight (Seat 2); Councilman Todd Bierbaum (Seat 1); Councilman Kevin Crystal (Seat 3); Councilman Henry D. Ennis (Seat 4), and Councilman Wayne Graham (Seat 5). Also present were Mr. Mell Smigielski, City Manager; Ms. Debra Gibson, Finance Director; and Ms. Kimberly Wilkins, Interim Clerk.

Mayor Campbell called the meeting to order at 5:30 p.m.

Mr. Smigielski stated the purpose of this workshop is to hold preliminary discussion regarding the millage, revenue and expenditures for the Fiscal Year (FY) 2019-2020 budget.

Ms. Gibson, referring to the Certification for Taxable Value (DR-420), reported that the current millage rate is 4.5 mills with a roll back rate of 4.3709 mills and said the proposed millage rate has been set for 5.00 mills for the FY 2019-2020. She announced that a request would be presented at the July 22, 2019 Regular Meeting to set the tentative millage rate along with a request to set the first Budget Hearing for September 10, 2019 at 5:30 p.m.

Mr. Smigielski stated the council needed to consider what amount to set the millage rate. He discussed the roll back rate, the suggested millage rate, and the traditional millage rate. He questioned if the council wanted to consider the 5.0 millage as the tentative rate. Discussion was held regarding the inability to raise the tentative millage rate and that it could only be lowered.

Mayor Campbell requested clarification whether or no action could be taken at this meeting. Mr. Smigielski said the millage would not be set during the workshop, but would be set at the July 22nd meeting. He said the goal was to have preliminary discussion to determine where to set the tentative rate. Mayor Campbell spoke in favor of the higher tentative rate. Further discussion was held regarding the setting of the rate.

Mr. Smigielski reviewed last year's revenue budget and stated it was approximately \$25 million. He noted the FY 2019-2020 budget is \$29.5 million and said the increase was grant related. Ms. Gibson said the FY 2019-2020 revenue budget encompasses the grant revenue thereby increasing the overall budget by approximately \$4 million. She said she would prepare a report that will separate the grant revenue and the expenses. Councilman McKnight questioned how much of the current \$25 million budget is grant related. Ms. Gibson said she would include that information with her report. Discussion was held on the operating budgets for the General Fund and the Enterprise Funds.

Councilman Bierbaum asked what the millage rate was for the projected revenue for FY 2019-2020. Ms. Gibson stated it was at a 4.5 millage rate.

Councilman Crystal asked Ms. Gibson to clarify an 11% number she had discussed during their recent meeting. Ms. Gibson replied that 11% of the revenue comes from property taxes and broke down the percentage of revenue sources (Sales Tax-22%; Charges for services-21%; Grants-16%; Utilities service taxes-13%; Property tax-11%; Miscellaneous and various-14%; and Franchise fees-3%). She said the charge for services encompasses 94% of the Enterprise Fund revenue. She discussed the percentages of the expenses of the General Fund (Public safety-41%; Transportation-26%; General (Admin, Planning, etc.)-22%; Culture-10%). Councilman McKnight asked for this information to be placed in pie chart form.

Mayor Campbell discussed how grant funding effects the budgeting process. He discussed how small the 11% ad valorem tax revenue seems in comparison to the overall budget.

Councilman McKnight asked if there were any additional new grant funds anticipated for next year. Mr. Smigielski stated the budget normally includes the grants that have been promised. Councilman McKnight questioned what the priority grants were for next year. Ms. Gibson replied all the grants that are anticipated to be received have been included in the budget. Some of the grants require a match that has also been budgeted. She discussed the grants that have been guaranteed, but not awarded.

Councilman Bierbaum spoke on the need to have a better strategic vision to determine what grants and funds to pursue. Mayor Campbell agreed and said that the city should be vigilant in applying for available funds as soon as they become available. Councilman Crystal asked if pursuit of funds could be quantified in the budget. Mr. Smigielski said that is not included in the budget. Councilman McKnight discussed an issue that was addressed by the previous board in which a fund was created to be used for the matching of grants and questioned if the fund was set up and how much was in it. Further discussion was held regarding the additional fund account. Ms. Gibson stated she has not seen an account specifically for grant matches. Mr. Smigielski said he and Ms. Gibson would research the issue.

Mr. Smigielski presented the expenditure side of the budget and said there are a number of things in which council input is needed. Ms. Gibson stated that she had highlighted the areas of her budget report to be filled with the insurance amounts. The insurance is included in the budget as a lump sum, but would be broken down by department once the final amount has been received.

Ms. Gibson discussed the \$235,000.00, which is a quote for a new accounting/financial software system and the equipment that will be needed for the upgrade. She reviewed the three different quotes she received: Banyon Data, Harris Level Government, and Tyler Technology. She recommended Tyler Technologies. Discussion ensued on the benefits an upgraded system would provide, the equipment that would be needed and the compatibility of the current meters with the program. Councilman Graham asked if the cost to upgrade the meters had been considered. Ms. Gibson said it had not. Councilman Bierbaum said this would be a two-part system and that Ms. Gibson was only asking for funding for the first part. Councilman Graham recommended the cost for the meter replacement be researched. Councilman Crystal asked what the life expectancy of the system was. Ms. Gibson stated 20 or more years and that upgrades were a part of the package. She discussed the different departments that would be able to use this system. Councilman Graham asked if other neighboring entities used this same system. Ms. Gibson briefly discussed the different entities in this area that use the system. Councilman Graham asked Ms. Gibson if the company she was recommending was the lowest bidder. Ms. Gibson stated they were not, but the quotes from the other companies did not include the capabilities for expanded use in other departments.

Mr. Smigielski addressed the mayor's salary and stated this budget reflects his salary being equal to the council. He noted that mayors of other cities do not make the same as the council. He asked for council direction regarding the mayor's salary. Councilman Bierbaum spoke in favor of increasing the mayor's salary to his previous salary. Councilman McKnight also spoke in favor of the reinstatement and stated he should make at least 15-20% more than the council members should. Mr. Smigielski stated that he did not have that percentage, but would use the difference that was used before. Discussion continued on the differences in the salaries. Councilman Graham stated that it in the Grand Jury findings showed that the council was also responsible for what goes on in the city and that he felt because of the responsibility that a raise should also be given to the council. Councilman Ennis discussed the past actions of city managers and mayors and noted how much it has changed. He said the responsibility of the city falls back onto the council members. Councilman Crystal clarified that the request was for a tentative recommendation. Mr. Smigielski said adjustments could be made at the proper time. Further discussion was held regarding the mayor's salary and a need for a job description of his duties. Mr. Smigielski said that more information would be brought back.

Mr. Smigielski addressed the funding of non-profit organizations. He stated that he did not include the Walton County Economic Development Alliance, Main Street DeFuniak Springs, and Tri-County as they are contractual obligations. Councilman McKnight requested reports be submitted by these agencies detailing how they have been utilizing the city's funds. Mr. Smigielski stated he would get that information. Discussion continued on holding organizations accountable for their use of city funds.

Mr. Smigielski noted that the budget is a deficit budget and that individual departments will be required to review their budgets for possible cuts. Councilman Crystal asked if the deficit was a result of not receiving the state funds due to the late filing of audits. Mr. Smigielski said the city would not receive those funds. Councilman Crystal asked if the proper funds were now being received. Ms. Gibson replied in the affirmative.

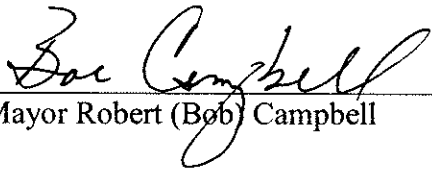
Additional discussion was held on correcting the deficit budget and linking the expenditures to the city's goals and objectives.

Councilman Crystal expressed his appreciation for all that staff has done in preparing the budget and discussed how progress takes time and consistency. He noted the excitement that is growing in the city.

Mayor Campbell spoke about the different areas in which the city is slowly growing and said he has also noticed the excitement and energy. He expressed the need for economic growth in the city.

Mr. Smigielski said each of the council members bring a distinct and individual value to the city.

There being no further items to discuss, the meeting was adjourned at 6:42 p.m.



Mayor Robert (Bob) Campbell



Cynthia Permenter, Deputy Clerk