

**DeFuniak Springs City Council
Budget Workshop Minutes
Community Center
July 21, 2020**

The following members were present: Mayor Bob Campbell, Mayor Pro-Tem Robert McKnight (Seat 2); Councilmember Todd Bierbaum (Seat 1); Councilmember Kevin Crystal (Seat 3); Councilmember Henry D. Ennis (Seat 4), and Councilmember Wayne Graham (Seat 5). Also, present: Mell Smigielski, City Manager; Carisse LeJeune, Deputy City Manager; Debra Gibson, Finance Director; Morgan Hulion Utility Billing Supervisor, and Maryanne Schrader, City Clerk.

Mayor Campbell called the workshop to order at 4:06 p.m. and turned it over to City Manager M. Smigielski.

City Manager M. Smigielski stated the purpose of the workshop is to hold preliminary discussion to give Council guidance on the millage rate, revenue and expenditures for Fiscal Year (FY) 2020-2021 budget. Finance Director D. Gibson added it includes a 5.00 millage rate.

Councilmember R. McKnight shared some citizen concerns that was mentioned to him that Council ensures we have additional funds for infrastructure issues for streets, sidewalks, streetlights and parks. He added he is in favor of discussing improvements to the quality of life that is visual and touchable.

Council discussed the slight difference that a half percent would garner.

City Manager M. Smigielski said based on last year, a half percent (ad valorem) would garner \$1,031,000, (We have 1,088,000 in the budget this year) and would add \$100,000 for a full point. He added any increase in the Tax Increment Fund will go to the Community Redevelopment Agency.

Councilmember T. Bierbaum agreed that we need to have some visible projects. He suggested a half percent increase to issue bonds and pay debt service. He added borrowing is cheap now. Councilmember T. Bierbaum said his expectation is for every department to operate in the black.

Councilmember R. McKnight mentioned the water rate is reasonable, but citizens have spoken to him regarding the high sewer bills. He added that he does not think that there is a future in natural gas, as many cities have investigated selling their natural gas utility enterprises. He asked to see how our revenue from sewer and water props up other areas. Another area to look at is raising fees for cemetery services. He would like to see an overview of all fees. He believes we have more control of the enterprise funds than we are currently exercising.

Councilmember K. Crystal mentioned the sanitation RFP and the Cemetery. One idea mentioned was to take over services, such as opening the graves.

City Manager M. Smigielski mentioned the blue budget summary tab depicts the budget reflected in the right column to show where the numbers are down.

In response to how the Fire truck is funded, City Manager M. Smigielski replied it is the General Obligation Bond.

City Manager M. Smigielski went over the highlights for departmental considerations which included new positions. Regarding the additional Code Enforcement Officer, the CRA will pay out of their funding. He mentioned some position shifts from Public Works to the Finance department. For instance, the Purchasing Agent and the Meter Reader. He added Ben Nelson will not be rehired, so the employee will come from the Christmas Reflections budget. The grant for the employee at the Visitors Center has run out, so we are adding that position.

City Manager M. Smigielski added the budget does not include pay increases with the exception of non-union employees under the Mercer Group Pay Study. He added the suggested increases will be added by the next meeting.

City Manager M. Smigielski stated the intent for the new City Hall, is to finance it through the sale of the current facility. He added we will float a General Bond for 2.5 million dollars and once it is paid off, it will allow money to go to city police and fire facility.

City Manager M. Smigielski explained the fire truck needs to be included as Engine 06 has been in the shop over 65 times.

City Manager M. Smigielski said regarding IT, the migration to Microsoft 365 is \$50,000. We are also in the process of converting to Tyler, and we need new laptops, as well as networking equipment.

City Manager M. Smigielski said for water, we have been implementing over time new meter registers. We are suggesting floating a revenue bond for \$1,079,000 to finish the migration to the new technology. He said we will see an increase in customer satisfaction with the new technology.

City Manager M. Smigielski said in the Public Works department, we are adding \$300,000 for street resurfacing with the focus on Live Oak.

Discussion ensued on the positions in the budget.

Councilmember K. Crystal said the airport needs an administrative assistant, as we will have a 6,000 sq. ft. terminal which will expand our ability to offer services and become a major money maker. For clarification, City Manager M. Smigielski replied the city we will still do the hiring for the Christmas Reflections employee. Regarding the Police Department assistant, Chief J. Hurley replied this person will be cataloguing evidence and crime reports. He added we have six dispatchers, and one has volunteered to take on that responsibility. She will back up dispatch when needed. He stated over eight years ago, we lost the funding for the position and have had a lieutenant performing the work in addition to his normal responsibilities.

City Manager M. Smigielski said the department heads will bring their goals and objectives to the next workshop. Councilmember R. McKnight said making decisions is easier if we have a strategic plan with goals and objectives, as the budget is the way we implement the goals and objectives.

Councilmember R. McKnight voiced concern if we are going to be in a deficit, as the economy is not looking favorable to businesses.

Finance Director Debra Gibson replied we will in the black, and she will get that number to the Council.

Councilmember K. Crystal stated the Fire Department and Police Department buildings need to be replaced, as well as City Hall and the old Public Works building. He does not support a “Cost of Living” for the employees, as we need to focus on the environment of our employees.

Councilmember R. McKnight said last year there was a substantial pay raise. He said rather than pay raises, he said with the disruption in traveling, he would like to have adequate money for training. A good employee wants to be efficient. We want to improve their skill level related to their job. We need to do our best to strengthen their education and skill levels.

City Manager M. Smigielski said training has been increased. He added Northwest Florida State College is going to offer local training. We will also partner with them about a water well that will be owned and run by the city and training will be provided for its operation.

Councilmember T. Bierbaum agreed we have a need to focus on our facilities and buildings and holding pay increases. He does not think an employee at the Visitor’s Center will provide a return on investment. He suggested utilizing Main Street or the Chamber for that service. He noted the gas department is in the negative, as well as the sanitation and sewer department. He agrees on the importance of street improvements.

City Manager M. Smigielski replied with their direction, we will look at a service bond with an increase of a half millage rate.

Regarding the profit of \$2,620,000 on water, City Manager M. Smigielski replied the surplus is returned to the general fund, as we do not departmentalize expenses.

Councilmember R. McKnight voiced concern on the sewer bills being high, and the cemetery is operating at a loss. He suggested marketing the cemetery regarding its historic status but would prefer to sell it or give it away.

Mayor Campbell stated there was momentum on selling it, but the proposition fell through. He added Craig Drake has a team to visit surrounding cemeteries to research and hopes in the next sixty days we will get ideas on revenue options. He mentioned someone gave us \$33,000 for upkeep on their family lots. The Cemetery Board discussed placing a plaque which may encourage others who may want to give to the cemetery.

Discussion ensued on salaries and looking at employee turnover.

Councilmember W. Graham said employees are the most asset, so they should get a COLA increase.

City Marshal James Hurley said we were losing employees before he came, but since the pay increase, he only lost one. He added we are going in the right direction.

Councilmember K. Crystal left at 5:00 p.m.


City Manager M. Smigielski suggested a 1% salary increase to be divided among all the employees. Council agreed with adding the Mercer Group increase with a 1% across the board. The finance department will also come back with a 2 and 3% comparison.

City Manager M. Smigielski said Finance Director D. Gibson will present a request before the July 27, 2020 meeting to set the tentative millage rate along with the first Budget Hearing for September 8, 2020 at 5:30 p.m.

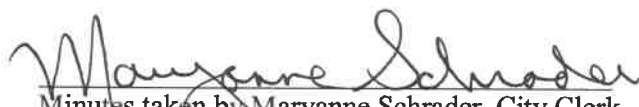
City Manager M. Smigielski announced that on next Tuesday, each department head will bring their goals and objectives and have general discussion. The following Tuesday, the non-profit organizations with rankings from Council will be addressed.

Mayor Campbell adjourned the meeting at 5:18 p.m.

Approved:


Robert "Bob" Campbell

Attest:


Minutes taken by Maryanne Schrader, City Clerk
Proper notice having been duly given

