

**CITY OF DELTONA, FLORIDA
CITY COMMISSION WORKSHOP MEETING
MONDAY, JUNE 29, 2009**

A Workshop Meeting of the Deltona City Commission was held on Monday, June 29, 2009 in the City of Deltona's 2nd Floor Conference Room at 2345 Providence Blvd., Deltona, Florida.

1. CALL TO ORDER:

The meeting was called to order at 4:31 p.m. by Mayor Dennis Mulder.

2. ROLL CALL:

Mayor	Dennis Mulder	Present
Vice Mayor	Michael Carmolingo	Present
Commissioner	Zenaida Denizac	Present (arrived 4:35pm)
Commissioner	Janet Deyette	Present
Commissioner	Michele McFall-Conte	Present
Commissioner	Paul Treusch	Present
Commissioner	Herb Zischkau	Present (arrived 4:55pm)
City Attorney	George Trovato	Present
City Manager	Faith G. Miller	Present

Also present: Planning & Development Director Chris Bowley and Finance Director Bob Clinger.

3. BUSINESS:

A. VGMC Rules:

Chris Bowley gave a brief update on the VGMC Rules and the interpretation of the rules at the request of the Commission at the last workshop meeting. He stated VGMC interprets the actual rules of the County Charter, Section 202.3 allows the VGMC to interpret the Citizen Standing rule. He stated VCOG has representation which proposes a rules change to further define implementation of what is citizen standing within the VGMC. He stated VGMC is looking to local governments to issue a resolution or a letter. He stated a resolution as requested by the VGMC is for an objective unified approach from a jurisdiction which is independent of one or more individuals on a Commission. He stated staff recommends issuing a letter as a request for clarification which should come from VGMC legal counsel. He stated there were three possible choices: support current status on citizen standing, support changes to citizen standing or make a statement the City has no official position. He stated the purpose today was to get direction on how to proceed. He stated the City could issue this letter back to VGMC stating of the three positions the Commission agrees with VGMC as they define other directly related duties

allowing for citizen standing or state the City agrees with VCOG's position that citizen standing should be clearly defined or state the City does not have an official position.

Commissioner McFall-Conte stated the Commission has discussed this issue before and the way it is now is the way it needs to stay.

Vice Mayor Carmolingo asked if VGMC was having meetings at this time to decide whether they are going to change it or not. Mr. Bowley stated that last week the VGMC Committee met and they did have their counsel present to give an interpretation of Mr. Simpson's memorandum which defined what other related duties are. Vice Mayor Carmolingo asked if the Commission should wait for that decision or make a decision at this time. Mr. Bowley stated that was the reason for not having the resolution. Vice Mayor Carmolingo agreed. Mr. Bowley stated VGMC has given all communities until July 31st to respond in writing.

Mayor Mulder stated the City doesn't have to put anything in writing as the City had already drafted something that addressed the issue and the City should stay out of that fight; the City has said its piece and it is unknown how much influence the City has over the changes. He asked if VGMC is voting. Mr. Bowley stated they will vote for a rules change.

Commissioner Deyette stated she was happy with what the City had sent and believed what is happening now is VGMC wants more feedback as she gathered at the meeting that not a lot of the VGMC Members were in agreement with their attorney. She stated the Commission has their opinion that it should stay the way it is using the Thornby property for an example. She stated she had copies of DeBary's resolution if anyone wanted it.

Mayor Mulder asked if anyone felt the City should do more than has been done already. Commissioner Treusch asked if any decision had been made. Mr. Bowley stated no, that VGMC had basically passed it back to the communities.

Mayor Mulder asked Mr. Bowley to pass along that the City Commission had already sent a response in writing; the ball is not in the City's court at this time.

B. Discussion re: FY 09/10 Budget.

Ms. Miller gave a brief update stating the Department Heads had been asked to look at cutting 10% from their operating expenses; some were able to make the cuts while some were not. She stated since the beginning of this budget process there have been two additional sets of meetings with each Department Head and she feels the operating expenses have been reduced as far as can be and still maintain the levels of service. She stated at the last workshop the Commission asked to be more involved with the budget process and asked staff to identify options for additional cuts to provide a balanced budget. She stated at that time the budget was showing a deficit of approximately \$1.3 million between requested expenditures and anticipated revenue so the purpose of this workshop is to review the options with the Commission. She gave a list of assumptions used in preparing for the budget which included assuming adoption of a rollback

millage rate to provide the same amount of revenue from the ad valorem millage rate as in the past of \$12.1 million, a 27.18% decline in taxable property value over last year and next year's non-ad valorem revenues are anticipated to decline in the 5% – 8% range from this year's resulting in the loss of another \$1 million. Mr. Clinger stated the final valuation will take place on July 1st. Ms. Miller stated the numbers being presented today do not include the fire special assessment district as the Commission has not made the decision to go with that district or not. She stated Burton & Associates has completed their study and one on one meetings have been set up with the Commission Members to review the findings.

Mr. Clinger handed out a summary which showed the revenues in two broad categories of ad valorem and non-ad valorem. He stated the ad valorem revenue numbers shown assumes rollback as it stands and the non-ad valorem assumes a 5% - 8% decline. He stated it indicates the current budget submissions for personal service costs and operating expenditure and replacement of equipment costs results in a deficit of approximately \$911,000. He stated the summary shows reserves opening with just over \$12 million and ending reserves of \$8.6 million.

Ms. Miller stated there were other assumptions used including no funds provided for merit increases, cost of living adjustments or step increases for any City employees including bargaining unit employees making this the second year for no merit raises or cost of living adjustments for non-bargaining unit employees.

Commissioner McFall-Conte asked if Ms. Miller had confirmed whether the Commission Members had to accept a raise according to the Charter. Mr. Trovato stated the Commission did not have to accept the raise. Ms. Miller stated staff had already called around to get the average and the City normally does it again in September.

Commissioner Denizac asked if \$3.4 million had been used out of the \$12 million in reserves and what was it used for. Mr. Clinger stated the \$3.4 had not been used and including the \$911,000 deficit on the operating side shown the City would use \$3.4 of the reserves in the 09/10 fiscal year. Mayor Mulder stated part of that amount would be the cost of the new fire station.

Mr. Clinger stated the items set forth today are there to address the \$911,000 deficit. Ms. Miller stated this budget also includes no funding for tuition reimbursement programs for the second year, no funding for construction of new sidewalks for the second year, assumes the initial annual payment of \$250,000 for operating costs associated with the new amphitheatre and an increased contribution of \$250,000 to fund the Firefighters Pension Plan, assumes a 5% increase in health insurance costs and 10% increase in property, liability and automobile insurance costs. She stated the items being reviewed today represent only General Fund savings but some of them if adopted will cross over into the Enterprise Funds. Ms. Miller stated some cuts could be considered a one year moratorium or could be discontinued. She gave a detailed review of the areas of suggested savings for the Commission to consider.

Commissioner Zischkau arrived at 4:55 p.m.

Mayor Mulder stated he had a couple of questions and comments asking Commissioner McFall-Conte about her cost for healthcare and the cost for dependent coverage through the School Board. Commissioner McFall-Conte stated her cost was \$5.00 per month for herself. Commissioner Denizac stated she had dependent coverage and it was very expensive. Mayor Mulder stated he understood the City extended to all employees dependent coverage that is abnormal. Ms. Miller stated the City pays 50% of the dependent coverage. Mayor Mulder stated the other issue is with the City's liability insurance understanding that the City is self insured in some areas. Ms. Miller stated we had gone out to bid a couple of years earlier and received substantial savings on the premium and that she could look at possibly raising the deductibles. Commissioner McFall-Conte stated Volusia County self insures and asked if the liability insurance could be put back out to bid to see if there could be a lower premium. Ms. Miller stated that could be done. Mayor Mulder stated he would like the City to look at what other jurisdictions are doing and what the programs are costing.

Ms. Miller stated at one time the City was looking at charging the employee \$250.00 per year or \$10.00 per pay period for coverage which would result in \$54,000 in possible savings; if the City went to \$500.00 per year it would result in a \$208,000 savings. She stated at present the City pays 50% of dependent coverage and if you went to 25% that would be a savings of \$156,000; if the employee paid all it would save the City about \$312,000. She stated the down side is that the employees did not receive any pay raises this current year and will not next year and then you would be adding additional costs to the employee. Mayor Mulder stated there is a lot of money there but if the Commission is not comfortable with it that is fine but the Commission needs to know.

Ms. Miller stated each year the insurance coverage is looked at to see what the costs are to keep it the way it is; that is where the anticipated 5% additional cost is. She stated the insurance carrier offers different plans with different deductibles or co-pays to come in at a 0% increase. Ms. Miller asked Mr. Gene Gizzi if he knew how much the premium cost is for a spouse. Mr. Gizzi stated it costs \$249.06 per month for employee plus spouse for HMO, employee plus children is \$216.21, employee plus family is \$447.81. Ms. Miller stated if the City did not pay half the employee would pay double these amounts. Commissioner Zischkau asked if this was before tax. Mr. Gizzi stated there is an option for what the employee pays to be before taxes but is not sure how health reform will affect this. Mr. Clinger summarized the issue by stating if the employee contributes \$500.00 for insurance which is tax deductible it is the same as reducing the employee's salary by 5%. Mr. Gizzi agreed but pointed out there could also be a pitfall in doubling the cost of dependent coverage; you then will lose the dependents who are healthy therefore you will increase the claims ratio at the end of that year which will increase the rates once the claims start showing up. Mayor Mulder asked if at some level do we believe there should be a cost to the employee associated with the employee's healthcare whether single or not. Commissioner Denizac suggested since the employees had not received any pay increase this year and will not next year healthcare be left the way it is, however, she did recommend eliminating the optional coverage which would save at least \$60,000.

Ms Miller asked if the Commission wanted to go through and discuss each of the suggestions.

After discussion, the following represent the consensus of the Commission:

- Travel and Training: eliminate non-essential travel and training - approximate savings of \$105,000, keep City-wide memberships such as MPO, VCOG and Fl. League of Cities.
- Charitable Contributions: eliminate monetary donations of \$66,000 for now, leave Council on Aging at \$16,000 and use whatever City receives from recycle to fund William Harvey Scholarship for - approximate savings of \$75,000.
- Fire Operations: keep operating Engine 65 as a rescue unit for nine months and leave one vacant position saving on overtime – approximate savings of \$55,000.
- Fire Inspectors: eliminate the two civilian fire inspectors and use firefighters who are certified fire inspectors - approximate savings of \$90,000.
- City Events: keep 4th of July Fireworks and Spooktacular but try to lower cost, keep Christmas decorations – look at option of maybe asking other Cities to contribute, ask VCSO to lower price, fireworks will be going out to bid and can look at cost of 15 minute versus 20 minute show.
- Volunteer Appreciation Luncheon: keep but do at a lower cost – cut by 50%: approximate savings of \$2,000.
- Permitting: (reduction in staff by two) try to move to other positions if possible: approximate savings of \$95,000. City Manager was asked to work on this one.
- Employee Benefits – Non-health Related: eliminate funding, keep programs but do differently – approximate savings of \$34,900.
- Health & Other Insurance Benefits: eliminate or make voluntary – approximate savings of \$60,000.
- Promotional Activities: (Fire Department) keep but try to cut costs.
- City Newsletter: keep quarterly; reduce advertising excluding the required legal ads and display ads for events such as Eggstravaganza, 4th of July, extra meetings, etc.
- Staff Reductions: 4 positions have been identified – options are to offer other positions that are open at this time or open up possible severance package offer to see if any employees are interested - consensus is to send out survey to non-essential departments to see if there is any interest in any employees voluntarily accepting a severance package of three months of salary and benefits: approximate savings of \$220,000.

- Health Benefits: leave benefits as they are for this year.

Mr. Clinger stated he had calculated that totaling the possible cuts discussed today he is showing approximately \$128,000 short of the \$911,000 that is needed assuming rollback. He stated he would have to go back and check the numbers page by page.

Other suggestions:

- Parks & Rec.: option to pass cost of lighting sports fields in the amount of \$106,000 to the leagues: consensus is to leave as is but have staff to try to manage lighting better.
- Code Enforcement: eliminate 4 pro-active officers: consensus is to keep officers.
- Outsource permitting: not recommended; consensus is no.
- Inspectors intermittent instead of full time: not recommended; consensus is no.
- Employee Life Insurance: consensus is to a one time reduction in life insurance to 1 times employee annual salary from 1 ½ times salary – approximate savings of \$19,000.
- Furlough: offer day off without pay, could possibly save as much as \$24,209 per day: not recommended as it would not include all employees: consensus is no.
- Cut work week to 37½ hours: not recommended because it would cost more in overtime: consensus is no.

Ms. Miller stated staff would go back and look at the numbers.

Commissioner Treusch asked if staff had looked at doing away with consultants. Ms. Miller stated consultants had been eliminated throughout the departments where possible.

Commissioner Denizac asked how the City planned to pay for the Public Safety Building. Ms. Miller stated the City was looking at a fire assessment fee and other components to be discussed at a later time. She stated one-on-one meetings would be scheduled for this week; then this issue will be brought before the full Commission.

C. Discussion re: status of Daytona State College's lease for space within City Hall.

Ms. Miller stated staff approached the Commission previously about possibly taking back the space inside City Hall used by the College so the City could reduce the amount of rental fees paid for space needed for storage at other facilities. She stated the Commission at that time directed staff to give the College the space for three additional years; the City Attorney revised the lease and it was presented to the College. She stated the College has now come back and asked for 10

years and do not want to sign the original agreement. Mayor Mulder asked if there was anything else they were asking for other than the 10 years. Mr. Trovato stated he spoke with the College's CFO and the CFO stated the agreement the City approved was not acceptable that he had emailed all of the Commissioners the College's version of the agreement which had not been presented at a meeting nor was it provided to Ms. Miller or himself so he did not know what the agreement looks like. He stated he spoke with Dr. Sharples and Dr. Sharples said he felt the original agreement that was signed by the City and the College to build this building was something he would have never recommended or approved had he been the person representing the College at that time and since the City got such a great deal the City should give the College at least a 10 year or longer agreement at no cost or \$1 per year and if the College needed more space in the near future the City should be amenable or agreeable.

Mayor Mulder asked how that could be done if there is a 10 year contract for space; could it be amended. Mr. Trovato stated the College wants an agreement that would give the College at least 10 more years in their current space with an option to ask for more space because there are more enrollments. He stated the College also wants to have in the agreement that the College does not want to pay for any maintenance, electrical costs or other issues regarding the facility. Mayor Mulder asked how much the College pays now. Ms. Miller stated the College pays nothing and one of the suggestions included in the agenda memo to the Commission is to ask the College to pay for a percentage of the cost of the utilities.

Commissioner Denizac stated she believed the City was facing the consequences of a damaged relationship with the College as a result of actions taken by the Commission and the City should try to reach out to Dr. Sharples favoring face to face meetings to keep the relationship alive.

Mr. Trovato stated he wanted to disclose what Dr. Sharples had said. He stated Dr. Sharples had referenced the Partnership Center and other issues that had not gone the way he had thought they would and so he felt the City had gotten a tremendous benefit from the use of this land and the City should at least give back. Commissioner McFall-Conte stated every time she sees Dr. Sharples he mentions it to her and she does feel the City should try to do something to repair the relationship as there are a lot of students from Deltona who attend Daytona College but, she does not agree with 10 years. She stated she would support the three years and the opportunity to expand to more space if needed and space was available; the key is if the City had the space.

Commissioner Zischkau stated he would support Commissioner Denizac's proposal to have a face to face meeting because this is a real estate deal and the City should know what Dr. Sharples really wants specifically and explore options on both sides.

Commissioner Deyette asked if this was a contract renewal that has to be done. Ms. Miller stated the current lease is up the end of June. Mr. Trovato stated this is a separate lease agreement with the College for space and staff gave them a renewal which expires tomorrow. He stated there is no provision for an option to renew nor is there any obligation. He stated Ms. Miller had contacted the College six months ago to let them know the City had a use for that space and remind them they had not responded that they wanted anything. He stated at that time he and Ms.

Miller had met with one of the Vice Presidents from the College who told them the College was well funded to construct additional buildings because of the increased demand but were choosing not to do so. Commissioner Deyette stated she agreed with Commissioner McFall-Conte that three years is the most. Mr. Trovato stated the agreement that was proposed was for three years at no cost and the College said no. Commissioner Treusch agreed with Commissioner McFall-Conte on the three years.

Vice Mayor Carmolingo asked Mr. Trovato if the original agreement included anything stating the City would be liable if the City did not agree to 10 years. Mr. Trovato stated no. Vice Mayor Carmolingo asked Mr. Miller if there were separate costs for utilities for the College part of the building. Ms. Miller stated she had looked at the total bill for the 40,000 sq. ft. of which the College occupies 4,000 sq. ft.; taking 10% of the total cost of the electric, water, janitorial, landscaping and pest control the College's cost would be approximately \$23,000 per year. She stated the City was suggesting charging the College \$1,900 per month for the use of the space. Vice Mayor Carmolingo stated the City was paying \$147,000 to rent property that could be housed in the space here at City Hall if it was available. Ms. Miller stated the cost for rental space has changed as the City will not be renting the space next to Station 61.

Mayor Mulder commented he is not against having a meeting with the College but feels staff should meet with them and if we want to reach out individually it would be fine. He stated the programs that are offered by the College are important and of benefit to the community. He stated he was not comfortable with 10 years and is happy with the agreement the City proposed.

Commissioner McFall-Conte asked what will happen after June 30th as the College has not signed the agreement. Mr. Trovato stated the College will be a tenant at will and there is no real benefit to the City to lock in that space with a tenant. Commissioner McFall-Conte asked if it would affect the City if by State law the land City Hall is located on had to be used for educational purposes if the College is no longer using space in the building. Mr. Trovato stated he would have to look into that. Commissioner McFall-Conte stated if the College agreed to pay for the utilities she would be willing to go 5, 6, or 7 years.

Mayor Mulder asked for staff to forward the Commission's comments. It was the consensus of the Commission to offer an agreement of up to five - seven years if the college is willing to pay some utilities or three years if they don't pay. Commissioner McFall-Conte asked Mr. Trovato to find out about Section 16 and if the City may be forced to offer 10 years.

Mayor Mulder asked staff to look at these issues and get back to the Commission.

4. PUBLIC COMMENTS:

Susan Young of 2014 Laredo Drive asked the City to please support the current status on citizen standing at VGMC; they are moving to take away citizen's rights. She made several comments regarding the budget suggesting not buying bottled water, layoff proactive code officers, apply for grants and sponsors for events, include State, County or businesses' ads in the City newsletter, turn

up temperature in the conference room, look into spay and neuter programs and discontinue Spooktacular as churches usually have haunted houses and activities. She also stated she respected the Commission for trying to not have any layoffs but suggested possibly moving code officers to the Enterprise Fund instead.

Ron Haenke, 2098 Gallagher Avenue, suggested mailing out the newsletter inside the water bill understanding something different would have to be done for the Deltona North water customers. He also suggested as far as the college issue nobody asked the question about what would happen if they didn't have a contract; they will still be getting what they have now and still be getting it for free so, don't worry about the college; just let it go.

Vice Mayor Carmolingo asked to make one other comment stating he would like the Commission to think about moving the workshops back to Monday nights like they once were. Commissioner Denizac stated it had been changed to accommodate some on the Commission because of other meeting conflicts. Commissioner McFall-Conte agreed it had been changed due to MPO and VCOG. Commissioner Deyette stated MPO went back to the second Monday so she would not be able to make the second Monday. Mayor Mulder stated he has been called by Ms. Oertli in the past and asked which day is okay. Commissioner McFall-Conte stated as a Commission they had agreed to the second Tuesday of each month at 4:30 P.M. Ms. Miller stated the second Tuesday at 4:30 P.M. is scheduled; if there isn't a topic, there isn't a meeting and if there is a need for an additional meeting Ms. Oertli calls to ask if the Commission is available. The consensus of the Commission was to leave the workshop schedule as it is.

5. ADJOURNMENT:

There being no further business the meeting adjourned at 7:25 p.m.

Janet Day, Admin. Assistant II
Recording Secretary