



APPROVED 8/17/2023

MINUTES

City Commission Budget Workshop

5:30 PM – Thursday, June 29, 2023 – City Hall

CALL TO ORDER: 5:38 P.M.

ACKNOWLEDGEMENT OF QUORUM AND PROPER NOTICE

PRESENT: Commissioner Gary Ashcraft, Commissioner Nan Cobb, Commissioner Willie Hawkins, Vice Mayor Emily Lee and Mayor Michael Holland

1. WORKSHOP ITEM WITH DISCUSSION, PUBLIC INPUT AND DIRECTION

1.1 Budget Overview

Tom Carrino, City Manager, introduced Mike Sheppard, Finance Director, who presented a broad overview of the draft budget. Mr. Sheppard reviewed revenues for the remainder of the current fiscal year and estimated revenues for the following year.

Mr. Carrino noted the early estimates from the Property Appraiser's Office are conservative based on comments by the Property Appraiser at a recent League of Cities meeting.

The Commission asked if more is being projected for the Sales Tax Fund following Covid with Mr. Sheppard indicating it appears to be more normal. He confirmed that, currently, the City is spending more than anticipated revenues. He explained that the balance in the Sales Tax Fund is meant to be spent. He stated they are not overspending that fund since there are monies in reserve.

Mr. Carrino explained the City collects sales tax revenue from both the Lake County one cent sales tax and also through the State from shared revenue. He added they budget conservatively to avoid over estimating.

Mr. Sheppard explained that the City only budgets at 95% of estimated property tax revenues.

The Commission questioned the percentage change among the Lake County cities between 2022 and 2023. It was noted that Eustis has the third lowest in percentage change but is also the third highest on the other end.

Mr. Carrino explained the City's estimated total valuation of the City's tax base has gone up almost 11%; however, the 108% increase is the value of new construction year over year. He stated it is the measure of what new construction the City had current year over last year. He noted that new construction the previous year was \$12 million and in the current year it was over \$25 million.

Mr. Sheppard reviewed the Community Redevelopment Agency (CRA) revenues and stated they received \$797,000 from the City. He commented on the small benefit to the individual property owners if the City were to implement the roll back rate. He then cited some adjustments to the General Fund. He noted an error in the Water/Sewer Fund which shows Umatilla utility billing as \$50,000 which should have been \$500,000.

Mr. Carrino commented on the current rate study and some possible adjustments that may be required due to inflationary increases. He stated his belief that the rate study will come back recommending a higher increase than 2%. He indicated staff would have to bring back a discussion regarding how to address that and whether to do a mid-year increase rather than waiting until June.

Discussion was held regarding how the rates are computed by the consultant based on planned improvements and other factors.

Mr. Sheppard reviewed other General Fund highlights including the following: 1) health insurance possible decrease; 2) Police pension contribution increase; 3) Fire pension contribution decrease; 4) School Board contribution increase; 5) Mr. Sheppard's retirement costs and overlap with new Finance Director; 6) Proposed salary increase of 3% with flat increase of \$1,000.

Mr. Carrino noted that most of the figures will change as they go through the process. He indicated that, currently, they are showing revenues over expenses in the General Fund of approximately \$800,000. He cited the possibility of providing a higher increase for employees. He indicated that in the previous year employees received from 4 to 6% increase depending on longevity.

The Commission asked where the City is with the minimum wage with Mr. Carrino responding that with the 3%, plus \$1,000, and eliminating the lowest pay band, would bring the lowest paid employee to at least \$15 per hour.

Mr. Sheppard reviewed the summary of revenues and expenditures for all funds. He stated they will need to review the Street Improvement Fund. He stated that either the General Fund or Stormwater Fund will have to supplement that due to it being \$3,000 in the hole.

1.2 City Commission

Mr. Carrino reviewed the City Commission budget. He noted that the City Commission salaries would increase 3% and \$1,000 for each Commissioner to match employee increases. The Commission suggested using the 3% but budgeting the \$1,000 each for the Commissioners for them to individually award to a charitable organization.

Mr. Carrino indicated those funds could be moved to another line item within the City Commission budget such as for marketing. It was a consensus for the \$5,000 to be moved to another line item.

Mr. Carrino stated Commissioners are eligible for health insurance and they would need to contact the City regarding whether or not they want the coverage. He then cited an increase to Travel and Per Diem. He explained they increased the funds for Legislative Days to \$1200 per Commissioner. He stated they have budgeted some funds for possible events with Commissioners. He cited a decrease in Books, Publications, Subscriptions. He explained that the Lake County League of Cities dues are due in September. It was previously double budgeted due to it being paid in a previous year. That has now been corrected.

The Commission noted the \$3,000 budgeted under Charity and Organization Donations and asked if that is where the \$5,000 would be budgeted with Mr. Carrino indicating that was something he put in the budget the previous year and Commission directed that it be removed. He agreed that is where the \$5,000 could be added.

Mr. Carrino then discussed whether or not the Commission would be interested in budgeting for lobbyist representation. He noted a number of bills of interest to the City that came about in the current fiscal year. He questioned whether or not the Commission would be interested in hiring a lobbyist on a retainer basis. He explained the firms have indicated the City can't pay on a case-by-case basis but would have to pay a monthly retainer. He indicated that they would probably have to budget \$50 - \$60,000 but, if they were successful it could possibly pay for itself.

The Commission discussed the possibility and expressed an interest in inclusion in the budget and for it to be budgeted under the City Manager's budget.

Mr. Carrino noted a procurement process would have to be utilized and it would be placed under the Contractual Services line item. He cited the possibility of piggybacking on another entity's contract.

The Commission requested that the firms make a presentation to the Commission.

1.3 City Manager – including Events, Economic Development, City Clerk, City Attorney

Mr. Carrino noted the three subdivisions within the City Manager's budget - Administration, Events and Tourism and City Clerk.

The Commission asked how much the city managers in other area cities make with Mr. Carrino noting that the contract stipulates that the Commission conduct his annual review each August. He indicated that a formal review was not done in the previous fiscal year; therefore, he did not get a salary increase at that time. He added that a formal review should be done in August.

Mr. Carrino reviewed specific line items under Executive and explained any significant changes including the following: 1) Decrease in Professional Services of \$50,000 due to the strategic plan being a one time project; 2) Increase in Travel and Per Diem for Legislative Days; 3) Increase in Promotional Activities for promotional materials and events; and 4) Increase in Books, Publications, Subscriptions for miscellaneous memberships.

The Commission discussed funding for entertainment with Mr. Carrino expressing concern regarding spending taxpayer funds on those types of expenses. He confirmed that if he takes a prospect out to lunch or dinner he will use the City credit card. The Commission directed Mr. Carrino to increase the line item to \$1,000.

The Commission confirmed that there are funds budgeted for the City Manager to attend conferences and continuing education.

Mr. Carrino cited the Other Contractual Services in the City Clerk budget. He indicated a savings under that due to switching from iCompass to Civic Plus and reduction in cost for code of ordinances supplements.

The Commission confirmed that staff is happy with the change from iCompass to Civic Plus.

Mr. Carrino explained that the reduction in Travel & Per Diem is due to the conference registrations being shifted to Employee Study Expense.

The Commission questioned the expense for Public Records Request software with Christine Halloran, City Clerk, explaining that is not something the City currently has. She stated that currently they are tracked using an Excel spreadsheet. She

explained how the software would be utilized and the current process. She commented on how it would help improve efficiency and transparency.

Mr. Carrino then reviewed the Economic Development budget. He explained staff is proposing to split the public relations position into two positions. He cited the various duties Kristina Allen was responsible for. He indicated the proposal is for one position that would provide tech management and the other would be a high level corporate communications position. He stated that is not reflected in the current draft budget. He further explained how the two positions would be utilized. He confirmed that both positions would be under Economic Development.

The Commission discussed whether or not the City could find one person to handle all of the responsibilities and what level of salary should be budgeted.

Mayor Holland suggested that one of the Events and Tourism staff members who has a lot of technological skill could be shared and tasked with some of the website and other technical duties. He commented on the need for better public relations.

Mr. Carrino stated that the community relations position would be housed under Economic Development but would be available to other departments to assist with public relations. He noted that Kristina Allen attended a lot of City events and assisted that division with those events.

Mr. Carrino stated staff's recommendation for two positions.

Bill Howe, Human Relations Director, explained that the proposal is to increase the salary range for the Community Relations Manager who would also have supervisory responsibility for the Communications Specialist. He explained the expected duties for the two positions and stated the specialist position would be budgeted at \$43,000.

The Commission requested that the Economic Development budget be updated to reflect the two positions and those proposed salaries.

The Commission asked funding for Economic Development for taking prospects to dinner or similar activities with Mr. Carrino indicating there is funding under Travel & Per Diem for miscellaneous events and that he has utilized in the past the Community Relations line item under Promotional Activities. He indicated that line item is \$500.

Discussion was held regarding budgeting for the Economic Development Director for promotional activities with Mr. Carrino indicating he would add \$1,000 to the budget for that.

Al Latimer, Economic Director Development, noted that with the additional new position there would be a corresponding increase in supplies and similar line items. He added that he had also requested an increase to the Professional Development and Training budget so his staff can improve their skill sets.

The Commission asked about the line item for the Commission's head shots and requested it be reduced to \$1,000.

Mr. Latimer commented on the the upcoming projects and expressed support to have a professional photographer on call to take pictures for some of those projects.

Discussion was held regarding the quality level required for marketing and website purposes and the seasonal marketing funding.

The Commission asked about the plan for the Duke Energy marketing grant with Mr. Carrino indicating the intent to look at the strategic plan and master plan and develop a corporate communication strategy. He noted a suggestion that the City consider advertising on a billboard. He stated he would prefer to have a marketing communications professional provide a report on the various media and a strategy for reaching the appropriate audience.

Mr. Latimer added that the Duke Energy marketing grant would also be used to look at the City's content, brochures, etc. and make recommendations.

Further discussion was held regarding photography with a suggestion that the City purchase better photographic equipment with Mr. Carrino noting the expense for that type of equipment. He indicated that the City does have a higher quality camera for better photos.

The Commission confirmed there was a duplication of the costs for lights and decorations with Mr. Carrino stated he is recommending that holiday decorations be moved from Economic Development into Events and Tourism. He explained how it got budgeted under Economic Development initially.

The Commission confirmed that the maintenance for the downtown tree lights is \$21,000 for the year, not monthly.

RECESS: 7:01 p.m. RECONVENE: 7:12 p.m.

The Commission discussed the public relations positions and pay ranges. It was suggested that the salary for the higher level position be increased.

Mr. Carrino recommended they allow staff to review the job description and the pay bands and look at other positions within those pay bands and come back with a recommendation.

Mr. Carrino began the review for Events and Tourism and explained that the Events and Tourism and Finance department want to partner for the purchase of a shared golf cart. He indicated that it is duplicated in the budget under Operating Supplies and Machinery & Equipment. He noted that item also includes replacement of the electronic sign on the corner. He explained that sign was putting out an electronic signal that would kill the ignition on various models of cars. He added that the sign is outdated and pixilated and can no longer be serviced. He then noted that they are also proposing a canopy which would be used to park the golf cart.

Miranda Muir, Events and Tourism Manager, explained she would be looking into sign replacement options and would look at replacing the sign in Ferran Park in the FY2024-2025 fiscal year rather than in the next year.

Discussion was held regarding parking for the golf cart.

Ms. Muir stated that the division has exceeded their estimated revenues in the current year. She explained it is primarily due to growing vendor revenue which is increasing at each event. She stated she is requesting another full-time person to assist with additional events. She commented on the difficulty in utilizing part-time staff. She explained the increase under Contractual Services is due to the expanded Georgefest and the addition of VetFest.

The Commission asked about her taking over Arbor Day rather than Public Works with Ms. Muir indicating that was possible.

The Commission suggested including the Busker's Festival as part of Georgefest with Ms. Muir indicating it is being discussed. She stated they are already considering adding the Miss Eustis Pageant to Georgefest. She noted they have discussed joining with the Villages regarding the Busker Festival to help the out-of-town buskers to have more opportunities to win money.

Discussion was held regarding various events and scheduling possibilities including the comedy show, Buskers Festival, Amazing Race for Charity and other events.

Ms. Muir continued the department budget review. She explained the increase in Travel and Per Diem due to the requested new position. She cited the increase in Rentals and Leases and explained that the Christmas lights were moved to that line item. She noted that it also includes the sound equipment for Georgefest. She added that the event was expanded from three days to eight days.

The Commission asked about the cost of the Christmas Tree and decorations and whether or not it would be cost effective to purchase the tree and decorations.

Mr. Carrino explained the City previously owned the tree but it was smaller and cited the difficulty in storing everything so it was determined it was better to rent them. He commented on the better quality in the rented decorations versus what can be purchased locally.

The Commission inquired about the \$5,000 for port-o-lets for the car show with Ms. Muir indicating they also spend an additional \$1500 for posters for the Car Show.

The Commission discussed the amount that the City is contributing toward the car shows with Mr. Carrino indicating that the restaurants probably receive a benefit but not the retail merchants. It was noted that it is run by a private organization and the City does not contribute to other private organizations for their events.

Mr. Carrino explained that City staff design the posters and produce them but the car show organizers distribute them. He stated that the attendees do not pay to participate. The car show organizers get sponsors that pay for the prizes.

Mayor Holland cited the need for a meeting of the City Commission and the downtown merchants regarding the Car Show. He asked Mr. Latimer to put together a joint meeting with the downtown merchants and including the Events Department.

Discussion was held regarding the possibility of getting the car show to reschedule to the Saturday after First Friday so that the cost of the port-o-lets could be reduced. Discussion was also held regarding the possibility of them charging the car owners for participating.

CONSENSUS: It was a consensus for Al Latimer to schedule the joint meeting and to look at the possibility of the car show rescheduling their date.

Ms. Muir discussed advertising with Mayor Holland suggesting they advertise in The Villages with Ms. Muir citing the expense.

Discussion was held regarding those City events that could be advertised in The Villages and tracking attendance from the Villages. It was recommended that the requested \$9,000 be included in their budget for the time being.

The Commission discussed the affect on the City and how conservative the City has been with its budgeting.

The Commission discussed the Arbor Day sponsorships with expenses and revenue to offset expenses. It was explained that the expense has to be budgeted in the department with the expected sponsorships budgeted in the General Fund revenue. It was agreed to leave the expense at \$10,000 in the budget.

Discussion was held regarding budgeting for the Panther Pride event.

Mr. Carrino reported that he made no changes to the City Attorney budget.

1.4 Finance – including Customer Service

Mr. Sheppard reviewed the Finance Department budget. He explained a recommended staff change of one of the Staff Accountants to Budget Manager with a \$10,000 increase to \$67,000. He noted the staff member has been with the City approximately 15 years.

Mr. Sheppard then stated his willingness to work part-time once a new Finance Director has been hired. He stated that he would recommend allowing the new Finance Director to hire a new Deputy Finance Director rather than filling the position immediately.

Mr. Carrino proposed hiring the new Finance Director and allowing Mr. Sheppard either serve as the Deputy Director or work part-time at the pleasure of the new Director. He explained that the previous Deputy Director is now going to serve as the Accounting Manager. He noted that in early 2024, the City will have to proceed with the RFQ for waste management services.

Mr. Sheppard reviewed Contractual Services and noted the Gravity software which is being utilized for production of the budget, the CIP and the annual audit. He cited the benefits of the automated software.

Mr. Sheppard discussed changes in various line items including Transportation, Repairs and Maintenance, Personnel and purchase of a new copy machine for upstairs. He then reviewed the IT expenses and explained that is divided up between the General Fund and Water/Sewer. He indicated that the IT expenses would be going up significantly due to security issues including ransomware, the cost of doing business and making sure the City's system is secure and it is not attacked. He explained the issues with ransomware and cited the contract with Verteks under Other Contractual Services.

Mr. Sheppard then reviewed the Communications line item including the cost for Comcast.

Greg Barron, IT Manager, explained the planned move to Office 365 and its benefits and the addition of Teams software. He stated they will be adding a new SPAM filter that has artificial intelligence and will be able to better block malicious emails. He noted that once they move to the cloud the email retention will be unlimited. He cited other features the City will receive.

The Commission asked about the security through Verteks with Mr. Barron responding everything is multi-factor and patch. He stated that Office 365 will allow multi-factor identification for the cell phones as well. He explained some of the issues with security, hacking and storage.

Mr. Sheppard continued his review. He noted a slight reduction in Purchasing due to the previous buyer retiring. Under Water Customer Service, he indicated a staff member is being moved to Collections Supervisor which will allow them to give a

customer another opportunity to pay before they are shut-off and increasing collections revenue.

Mr. Sheppard explained there are three meter reader positions where there used to be four; however, they were able to reduce to three due to using electronic reading.

The Commission asked if the electronic readers provide an indication if someone's bill is going up drastically due to a leak or something.

Mr. Sheppard responded that the readers can do that. He indicated the City can put in a range and it will alert if there is a significant increase. The Commission confirmed that staff would then notify the customer.

1.5 Development Services – including Building Department

Mike Lane, Development Services Director, indicated their big expense is the purchase of a new copy machine. He noted there would be an additional expense for a new Edmunds module for land management. He explained staff will be able to do cataloguing of the development projects rather than tracking through Excel spreadsheets.

Mr. Lane then reported they are proposing to hire an additional front counter person for Building Services. He noted they are currently missing a permit clerk. He indicated there would be four persons in Building Services in the new budget.

Mr. Carrino commented on the Building Permit Fund and how it must be used. He indicated that Fund is close to exceeding the state limit on fund balance. He stated they would be hiring someone for the front office from that Fund. He added that there are some planning functions that may be attributable to the Building Permit Fund.

The Commission was agreeable to adding an entry level planning person which could be paid for through the Building Permit Fund.

The Commission confirmed that they discussed having someone monitor the site plans for the trees with Mr. Carrino responding that the Building Official has indicated his willingness to take on that responsibility. He added that if it becomes overwhelming then his company can send someone to take care of that function.

Discussion was held regarding monitoring the subject properties prior to development beginning.

1.6 Human Resources

Bill Howe, Human Resources Director, reported they are not requesting any new personnel. He noted they also need a new copier and stated they have increased the labor attorney costs due to upcoming union negotiations for police and fire and possibly fire lieutenants. He added they increased the Promotional Advertising to provide funding for more advertising. He cited the hiring of a new Finance Director and others.

The Commission confirmed that the amount of increase on the labor attorney is sufficient.

The Commission requested that staff provide a rundown of all the requested additions to the budget.

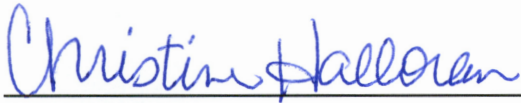
Mr. Carrino confirmed staff would provide an update on the budget and noted there would be also some reductions due to the duplications.

The Commission commented on how the City is having to spend funds on things that should have already been done and how hard that has been on staff. They commented on the difference in the number of staff members the City has versus other cities in the County.

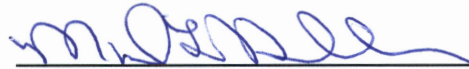
Mayor Holland noted the upcoming regular Commission meeting and stated there would be another budget workshop on July 11th. He added there would be the 4th of July celebration on Saturday.

2. ADJOURNMENT: 8:32 P.M.

**These minutes reflect the actions taken and portions of the discussion during the meeting. To review the entire discussion concerning any agenda item, go to www.eustis.org and click on the video for the meeting in question. A DVD of the entire meeting or CD of the entire audio recording of the meeting can be obtained from the office of the City Clerk for a fee.*



CHRISTINE HALLORAN
City Clerk



MICHAEL L. HOLLAND
Mayor/Commissioner