

**CITY OF DUNNELLON
SPECIAL CITY COUNCIL MEETING**

MASTER

DATE: September 26, 2016
TIME: 6:00 p.m.
PLACE: City Hall
20750 River Dr., Dunnellon, FL 34431

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Whitt called the meeting to order at approximately 6:08 p.m. and led the Council in the Pledge of Allegiance. Mayor Whitt asked if a citizen would volunteer to open with prayer. Valerie Hanchar provided the invocation.

ROLL CALL

The following members answered present at roll call:
Nathan Whitt, Mayor, Seat 1
Larry Winkler, Councilman, Seat 2
Walter Green, Vice-Mayor, Seat 4
Richard Hancock, Councilman, Seat 5

COUNCIL ABSENT

Chuck Dillon, Councilman, Seat 3

STAFF PRESENT

Dawn Bowne, Interim City Manager/City Clerk
Jan Smith, Finance Officer
Troy Slattery, Fire Chief
Lynn Wyland, Staff Assistant

STAFF ABSENT

Mike McQuaig, Police Chief

LEGAL COUNSEL

Absent

PROOF OF PUBLICATION

Mrs. Bowne announced for the record the agenda for this meeting was posted on the City's website and City Hall bulletin board on Friday, September 23, 2016.

Mayor Whitt's comments

Mayor Whitt stated he applauds the tremendous effort this Council and staff has put forth during the budget process.

PUBLIC COMMENTS

There were none.

REGULAR AGENDA

AGENDA ITEM NO. 1 – PUBLIC HEARING – FINAL MILLAGE RATE, FY2016-2017 BUDGETS (ADVERTISED IN THE RIVERLAND NEWS ON 9/22/2016)

Mayor Whitt stated, “This is a public hearing on the final millage rate and final budget for the City of Dunnellon for the 2016-2017 budget year. The final millage rate for the City of Dunnellon is 7.5000, which is 1.94% greater than the rolled back rate of 7.3574. The final budget proposed is \$3,267,028.00.”

Mayor Whitt gaveled down and said, “It is now 6:12 p.m. and I close the regular meeting and open the public hearing for staff to first make a presentation and then to anyone wishing to address the City Council on either, the proposed millage rate or 2016-2017 budget.”

Mayor Whitt called upon staff to make a presentation.

Mrs. Smith reviewed the following message:

“Budget Message

September 26, 2016
Honorable Mayor and City Council

Pursuant to Part 1, Section 20 of the City Charter, the proposed budget for Fiscal Year (FY) 2016-2017 is submitted for review and adoption by the City Council.

The first document is the FY 2016-2017 Proposed Budget Summary. This document provides a line item review of FY 2013-2014 and FY2014-2015 actuals, FY 2015-2016 budget, actuals as of July 31, 2016 and projected year-end 2016. There is also a schedule of reserves reflecting where we are at July 31, where we expect to be September 30, 2016 and anticipated reserves at September 30, 2017. This document is designed to provide the reader the opportunity to make a comparison to previous results and the proposed budget for FY 2016-2017.

The second document, the FY 2016-2017 Detail Line Item Budget, provides the individual items that make up the total dollar amount of each line item. These two documents combined comprise the City’s plan for the upcoming fiscal year.

**Fiscal Year 2015-2016 Budget Highlights
General Fund**

Revenue is projected to come in at \$130,864 more than budget. This is primarily due to a \$74,000 Technical Assistance grant from The Florida Department of Economic Opportunity to assist the City with the update to the Comprehensive Plan and collection of code enforcement fines in the amount of \$28,041.

A new revenue source was implemented this year with the City charging a fee of \$75 for each lien search requested by title companies. It is projected approximately \$6,000 will be realized at September 30.

Under the leadership of Councilman Chuck Dillon, the City is in the early stages of planning and designing a new park to celebrate its 125th Anniversary celebrated on April 21, 2016. Funding is primarily from donations. \$10,758 has been received as of July 31, 2016.

Expenses for FY2015-2016 are projected to be under budget \$55,487. This is primarily due to vacancies over the course of the year in the Garage Department, Police Department and Roads and Streets Department.

Utilities Water Fund

Revenue is projected to come in under budget \$17,904. During this fiscal year the City received a \$650,000 Community Development Block Grant from the Florida Department of Economic Opportunity to extend a water line to enhance fire protection to the Comfort Suites Hotel. This project was completed this year. However, the grant extends into FY2016-2017 for the hotel to complete compliance requirements associated with the employment of low income personnel. This project enabled the City to acquire 3 new customers just north of the City limit: Kwik Food Mart, The American Legion-Post 58 and Carolina Dentures of Dunnellon.

Expenses are projected to come in under budget \$188,494. This is primarily due to the carry forward of installation of electronic read meters to FY 2016-2017. A used crane truck was purchased for use by the water and sewer departments at a cost of \$29,349.

Sewer Fund

Revenue is projected to come in over budget \$52,505. This is primarily due to the collection of connection fees for the Comfort Suites Hotel.

Expenses are projected to come in over budget \$4,961. This is primarily due to the postponement of the collection of Rio Vista property owner's portion of the wastewater plant decommissioning. The City must adopt an ordinance establishing a capital charge to be added to each customer's utility bill. The ordinance will be adopted in FY2016-2017.

Utilities Debt Service

The City made the final payment on the SRF loan that partially funded the City's septic tank removal project. The \$5.4M BB&T revenue bond, for the purchase of Rainbow Springs Utility system, was set to mature December 1, 2016 with a balloon payment of \$5.54M. Through the guidance and leadership of Councilman Rick Hancock, the City refinanced the bond for 10 years, at a reduced interest rate of 2.54%, with no balloon payment at maturity in 2025.

Utility Advisory Board

The City's system provides water and wastewater service to customers both within and outside of the city's boundaries. The City's Utility Advisory Board gives customers a voice in the decision-making process regarding the utilities as it affects them and provides a forum of communication between the city and its utility customers. A significant number of customers live outside of the city's boundaries, and affording such customers representation on the Utility Advisory Board recognizes that non-resident customers can provide valuable input to the city.

The City's Utility Advisory Board was formed in FY 2015. The nine member board represents the City's combined service territory of Dunnellon, Chatmire, Rainbow Springs, Rio Vista and Juliette Falls. The members bring varying backgrounds of experience to assist staff and Council. The cooperative effort between board members and staff allows for detail review of revenues, expenses, reserves, general operations and acquisition of capital items in order to operate the system in the most prudent way and in the best interest of our customers. Staff has enjoyed the cooperative working relationship with the board and looks forward to continuing to work together for the good of the system and our customers.

Tax Increment Financing District (CRA)

Revenue is projected to come in under budget \$5,253. This is due to the 2015 final certified property value from Marion County. This final value was the result of adjustments made by the Marion County Value Adjustment Board.

Expenses for the year are projected at \$34,315. This results from no planned projects leaving a projected surplus of \$117,224 going to reserves.

Fiscal Year 2016-2017 Budget Highlights

The millage rate for FY 2016-2017 is 7.5 mills, which is 1.94% greater than the rollback rate of 7.3574 mills. Property values have increased approximately 2% citywide. The City will realize an increase of \$24,188 in ad valorem proceeds by maintaining the same millage rate as FY 2015-2016. The proposed millage rate for the Certification of Taxable Value was approved at the July 11, 2016 council meeting.

Budget workshops were held August 2nd, August 10th and August 24th to review the departmental budgets. Two public hearings with regard to the millage rate and the budget will be held on September 12th and September 26th at 5:30 pm.

General Fund

The proposed FY 2016-2017 General Fund Budget is \$2,710,561 an increase of 7.7% over FY 2015-2016. The FY 2016-2017 General Fund Operating Budget contains the following percentages of the total budget: Personal Services 50.8%, Operating Expenses 28.8%, Capital Expenses 10.3%, Debt Service 6.5%. It is anticipated that 3.7% of budget will be retained

and deposited into various reserves at September 30, 2017. These reserves consist of *General Fund Unrestricted* \$11,724, *Police Automation* \$1,104, *1% Infrastructure Surtax* \$35,035, *Cemetery Perpetual Care Reserve* \$4,618 and *5th Cent Gas Tax Reserve* \$48,371.

New revenue sources in the proposed budget are: \$4,500 CPR Certification by Fire Rescue personnel, \$8,740 rental income from the old library building, advertising on the City's website \$5,000 and an increase in the monthly Sanitation Admin Fee from \$2.50 to \$4.50 for a total admin fee revenue generated of \$20,808.

Marion County will implement a 1% Discretionary Sales Surtax effective January 1, 2017. The proceeds the City will receive in FY 2016-2017 are anticipated to be \$182,798. These proceeds must be used to fund capital items for the Police, Fire Rescue and Roads and Streets departments.

Staff and City Council are both committed to continue the pursuit of additional revenue opportunities and cost savings in an effort to enhance the General Fund.

Operating expenses have been held close to FY 2015-2016 with a few major notable items; \$12,500 for a fire assessment study, Capital items; Public Services building new roof, new computer servers for City Hall and Police, Three Police vehicles, Three sets of Bunker Gear for Fire Rescue, ADA compliance items for the Fire Rescue building, Cemetery road resurfacing and construction of a sea wall to reduce erosion of the City beach.

The new 125 Anniversary Park is anticipated to be completed this fiscal year funded primarily from donations.

Utilities Water Fund

The proposed FY 2016-2017 Water Fund budget is \$1,977,195 a 1.5% decrease over FY 2015-2016 budget. The Water Fund operating budget consists of the following percentages of the total budget: Personal Service 14.7%, Operating Expenses 15.4%, Capital Expenses 28.7%, Debt Service 26.4%. It is anticipated that at year-end 14.8% will be deposited into Water Fund reserves.

There are no anticipated base or usage rate increases for FY 2016-2017 with revenues projected at approximately the same as prior fiscal year. Likewise, expenses are proposed at the same level as FY 2015-2016. Most notable in the proposed budget are anticipated capital expenditures: a SCADA system for the water plants \$40,000, replacement of the remaining manual read meters to electronic read meters \$520,000, Water Fund portion of Public Services building new roof \$4,000 and shared City mainframe server \$2,563.

Sewer Fund

The proposed FY 2016-2017 Sewer Fund budget is \$1,794,399 an increase of 9.2% over FY 2015-2016. This is primarily due to capital items funded with bond proceeds. The Sewer

Fund operating budget consists of the following percentages of the total budget: Personal Service 19.7%, Operating Expenses 29.5%, Capital Expenses 2.8%, Debt Service 31.4%. It is anticipated that at year-end 16.6% will be deposited into Sewer Fund reserves.

There are no anticipated base or usage rate increases for FY 2016-2017 with revenues projected to be approximately the same as prior fiscal year. Likewise, expenses are proposed at the same level as FY 2015-2016. Most notable in the proposed budget are anticipated capital expenditures: Valve replacements \$35,000, lift station #11 pump \$8,900, Sewer Fund portion of the Public Services building new roof \$4,000 and shared City mainframe server \$2,563.

Tax Increment Financing District (CRA)

The proposed FY 2016-2017 Tax Increment Financing District (TIFD) budget is \$556,467 an increase of 254.9% over FY 2015-2016. This is due to the multiple capital projects that are funded from monies that were deposited into reserves from prior fiscal years. The TIFD Fund operating budget consists of the following percentages of the total budget: Personal Service 3.9%, Operating Expenses 6.5%, Capital Expenses 63.5%, Grants & Aid 9.3%, with 16.8% new revenue anticipated going into reserves for future capital projects.

Capital projects funded in the proposed budget are:

- Permanent restrooms at Blue Run Park. This project is being funded by an anticipated Florida Recreational Development Grant through the Florida Communities Trust Program \$150,000, Marion County Parks and Recreation Department \$120,000 and the City \$30,000 for a total project cost of \$300,000,
- City Entry Signage - \$20,000
- 125 Anniversary Park - \$23,400

A new item in the proposed budget is Grants & Aid. The CRA advisory board is in the developmental stage of a program to provide funding for building improvements to property owners.

At the August 10th budget workshop City Council obligated remaining existing TIFD reserves and FY 2016-2017 projected reserves: \$200,000 Parking & Meters, \$50,000 bike path through the City, \$12,087 Park improvements, \$10,000 landscaping, \$10,000 benches and \$10,000 for lighting.

Other Highlights

A comprehensive employee benefits analysis was performed comparing all of the City's life, health and retirement benefits to that of many other cities and counties in our area and of comparable population. Staff found that all cities, except the City of Leesburg, offered a single coverage health plan at no cost to the employee. Our retirement plan proved to be average. Not excessive nor the least beneficial when compared to other plans. However, the city did make the following changes provided as follows:

Council has opted to reduce the City's General Employee retirement plan. The current plan provides a 6% employer contribution and up to 6% match for every 1% the employee contributes. This plan has been reduced to a 5% employer contribution and up to 5% match for every 1% the employee contributes. This has effectively saved the City \$17,378. In addition, the step vesting has been amended from 100% vesting at 5 years to 100% vesting at 6 years for employees hired after September 30, 2016. The potential cost savings is realized over time as employees leave prior to vesting.

The City was initially facing the possibility of a 13% increase in health insurance. Single coverage is currently provided at no cost to the employee so there was a major concern the employee would be required to bear some of the cost increase. Through the RFP process the City realized only a 1% increase and continued single coverage at no cost to the employee.

The City has 37 full-time employees, 2 part-time employees and multiple pooled and volunteer Fire Rescue personnel in the proposed budget. The position of City Mechanic has been eliminated. A Utilities Director position is funded in the Water and Sewer Fund budget for the upcoming year. However, it was determined more education is needed in order to fully evaluate our utility system. It is anticipated that a portion of these funds will be used to contract for a system-wide evaluation. Based on the result of the analysis, the City will decide whether or not to hire a Utilities Director, contract for management of the system, contract on an as-needed basis for projects and long-term planning or dispose of the utility in its entirety.

Earlier in FY 2015-2016 Councilman Walter Green brought before City Council the issue of the repayment of \$1.4M that was transferred from Water and Sewer reserves to help fund the City's failed communications system. As a result, City Council directed that the General Fund absorb the cost of all administrative services until the \$1.4M has been repaid in full. In FY 2016-2017 the General Fund is funding the entire cost of Water and Sewer Administration (City Manager oversight, IT, City Clerk and Finance functions totaling \$142,212).

In Closing

Special thanks is given to all City staff who worked very hard to maintain expenditures for the new year at or very near the same level as FY 2015-2016. Sacrifices were made by all without any sacrifice to the level of service provided to our taxpayers, residents and customers.

The Council's cooperation, understanding and support assisted greatly with completing a timely budget and discussing major policy issues. Your insight in working together with staff for solutions is recognized and greatly appreciated.

Respectfully submitted,

Jan Smith
Finance Officer"

Mrs. Bowne noted the "Budget Message" was updated due to Fred Fox's presentation regarding grants from CDBG and FRDAP. She said Mr. Fox provided some options to obtain grants and bring revenues into the City. She explained the City budgeted funds for improvements at the City Beach and can also apply for a matching FRDAP grant for additional improvements.

Mrs. Bowne stated Council has expressed interest in selling the City owned property located at 12008 Delaware Street. She explained the first step was to present proposed resolution #RES2016-26 to the CRA Advisory Board. She said the advisory board recommended the CRA Board declare the property as surplus property. She stated the next step will be adopting the Resolution by Council.

Mayor Whitt called on members of the public wishing to address the City Council on either the proposed millage rate or budget.

Connie Bryant, 18507 SW 31st Street, asked why the original seawall at the City Beach was removed.

Mrs. Bowne explained the beach was reconstructed to meet requirements for handicap accessibility.

Council and staff engaged in brief discussion regarding the proposed comprehensive utility analysis.

Mayor Whitt gaveled down and stated, "It is now 6:52 p.m. and I close the public hearing held to discuss the proposed millage rate and 2016-2017 budget and reopen the regular council meeting."

AGENDA ITEM NO. 2 – PROPOSED RESOLUTION #RES2016-23, SETTING FINAL 2016 TAX MILLAGE RATE

Councilman Hancock moved Resolution #RES2016-23 be read into the record. Councilman Winkler seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

Mrs. Bowne read the following into the record:

"RESOLUTION #RES2016-23

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DUNNELTON, FLORIDA, ADOPTING THE FINAL MILLAGE RATE FOR THE CITY OF DUNNELTON FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2016 AND ENDING ON SEPTEMBER 30, 2017.

WHEREAS, the City Council for the City of Dunnellon met on September 12, 2016 at 5:30 p.m. at City Hall, 20750 River Drive, Dunnellon, Florida, 34431, to consider the tentative

amount of the tax millage to be collected on all real and personal property in the City of Dunnellon, Florida for the year 2016 in the amount of 7.5000 mills; and

WHEREAS, the City Council of the City of Dunnellon, Florida does hereby adopt its final millage rate of 7.5000 mills to be levied for the General Fund upon all real and tangible personal property located within the boundaries of the above named taxing authority; and

WHEREAS, the final levy of 7.5000 mills is 1.94% greater than the rolled-back rate of 7.3574 mills; and

WHEREAS, the final millage rate of 7.5000 is for the calendar year 2016 to fund the expenses for the fiscal year commencing October 1, 2016 and ending September 30, 2017.

DULY ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING HELD ON THE 26th DAY OF SEPTEMBER, 2016.”

Councilman Winkler moved Resolution #RES2016-23 setting the final 2016 tax millage at 7.5000 mills be approved as read. Councilman Hancock seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

AGENDA ITEM NO. 3 – PROPOSED RESOLUTION #RES2016-24 SETTING THE FINAL FY2016-2017 GENERAL FUND BUDGET

Vice-Mayor Green moved Resolution #RES2016-24 be read into the record. Councilman Hancock seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

Mrs. Bowne read the following into the record:

“RESOLUTION #RES2016-24

A RESOLUTION ADOPTING THE BUDGET FOR THE CITY OF DUNNELON FOR THE FISCAL YEAR COMMENCING ON OCTOBER 1, 2016 AND ENDING ON SEPTEMBER 30, 2017

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DUNNELON, FLORIDA THAT:

The proposed expenditures in the final budget are \$3,267,028.00. The budget is based upon taxable value of real property of \$131,125,855.00, personal property of \$13,416,056.00, centrally assessed property of \$195,383.00 and anticipated non ad valorem revenues of \$768,929.00.

The final budget is approved and shall become effective at the beginning of the 2016-2017 fiscal year, and the taxing authority funds may be expended commencing on October 1, 2016 and ending on September 30, 2017.

Funds of the 2016-2017 final budget not expended during the fiscal year 2016-2017 may be used and expended during subsequent fiscal year(s).

DULY ADOPTED BY THE CITY COUNCIL AT THE REGULAR MEETING HELD ON THE 26th DAY OF SEPTEMBER 2016.”

Councilman Hancock moved Resolution #RES2016-24 setting the final FY2016-2017 General Fund Budget in the amount of \$3,267,028.00 be approved as read. Councilman Winkler seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

AGENDA ITEM NO. 4 – APPROVAL OF FINAL TAX INCREMENT FINANCING DISTRICT BUDGET

Councilman Winkler moved the final FY2016-2017 Tax Increment Financing District budget in the amount of \$556,467.00 be approved as presented. Vice-Mayor Green seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

AGENDA ITEM NO. 5 – APPROVAL OF FINAL WATER AND SEWER BUDGETS

Councilman Winkler moved the final FY2016-2017 Water Fund Budget in the amount of \$1,977,195.00 be approved as presented. Councilman Hancock seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

Councilman Winkler moved the final FY2016-2017 Sewer Fund Budget in the amount of \$1,794,399.00 be approved as presented. Councilman Hancock seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

AGENDA ITEM NO. 6 – PROPOSED RESOLUTION #RES2016-25, WATER AND SEWER RATES

Councilman Winkler moved Resolution #RES2016-25 be read by title only. Vice-Mayor Green seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

Mrs. Bowne read the following into the record:

“RESOLUTION #RES2016-25

A RESOLUTION OF THE CITY OF DUNNELLO, FLORIDA PROVIDING THAT THE WATER AVAILABILITY CHARGE, WATER USAGE RATES, THE SEWER AVAILABILITY CHARGE, AND THE SEWER USAGE RATES FOR THE FISCAL YEAR 2016-17 SHALL REMAIN THE SAME AS THOSE CHARGES AND RATES FOR FISCAL YEAR 2015-2016 ESTABLISHED BY RESOLUTION 2014-37 AND THEREFORE SUCH CHARGES AND RATES SHALL REMAIN UNCHANGED; PROVIDING FOR CONFLICTS, SEVERABILITY AND PROVIDING AN EFFECTIVE DATE.”

Councilman Hancock moved Resolution #RES2016-25 be approved. Councilman Winkler seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

AGENDA ITEM NO. 7 – RESOLUTION #RES2016-18, AMENDING THE GENERAL EMPLOYEE RETIREMENT PLAN

Councilman Winkler moved Resolution #RES2016-18 be read by title only. Vice-Mayor Green seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

Mrs. Bowne read the following into the record:

“RESOLUTION #RES2016-18

A RESOLUTION OF THE CITY OF DUNNELLON, FLORIDA; AMENDING THE DEFINED CONTRIBUTION RETIREMENT PLAN FOR THE GENERAL EMPLOYEES OF DUNNELLON, FLORIDA; PROVIDING FOR CONFLICTING RESOLUTIONS; AND PROVIDING AN EFFECTIVE DATE.”

Vice-Mayor Green moved Resolution #RES2016-18 be approved. Councilman Winkler seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

AGENDA ITEM NO. 8 – RESOLUTION #RES2016-19, INCREASE SANITATION ADMINISTRATION FEE

Councilman Winkler moved Resolution #RES2016-19 be read by title only. Councilman Hancock seconded the motion. The vote was taken and all were in favor. The vote was 4-0.

Mrs. Bowne read the following into the record:

“RESOLUTION #RES2016-19

RESOLUTION OF THE CITY OF DUNNELLON AMENDING RESOLUTION 97-19 REVISING THE MONTHLY SOLID WASTE ADMINISTRATION FEE; PROVIDING FOR CONFLICTS, SEVERABILITY AND, PROVIDING AN EFFECTIVE DATE.”

Vice-Mayor Green moved Resolution #RES2016-19 be approved. Councilman Hancock seconded the motion.

Mrs. Bowne stated there has been no increase to administration fees since 1997 when first imposed. She said the proposed increase is consistent with the management cost. The vote was taken and all were in favor. The vote was 4-0.

Mayor Whitt asked for Public Comments.

Connie Bryant, 18507 SW 31st Street, discussed the hazards of the proposed Sabal Trail.

Janet Barrow, P.O. Box 370, Dunnellon provided a handout and information on the proposed pipeline.

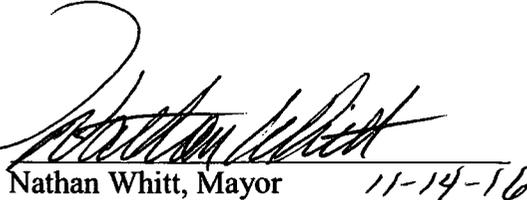
Council and staff engaged in lengthy discussion regarding the Sabal Trail Pipeline.

AGENDA ITEM NO. 9 – ADJOURNMENT

At approximately 7:40 p.m. Vice-Mayor Green moved the September 26, 2016 Special City Council meeting be adjourned. Councilman Hancock seconded. All members voted in favor. The motion passed 4-0.

Attest:

Dawn Bowne, MMC *11-14-16*
City Clerk/Interim City Manager


Nathan Whitt, Mayor *11-14-16*