

CITY OF APOPKA

Minutes of a special City Council meeting held on September 13, 2017, at 5:05 p.m., in the City of Apopka Council Chambers.

PRESENT: Mayor Joe Kilsheimer
Commissioner Billie Dean
Commissioner Diane Velazquez
Commissioner Kyle Becker
Commissioner Doug Bankson
Glenn Irby, City Administrator

PRESS PRESENT: John Peery - The Apopka Chief

INVOCATION & PLEDGE OF ALLEGIANCE: Mayor Kilsheimer called for a moment of silence, then led in the Pledge of Allegiance.

PUBLIC HEARINGS

1. ANNOUNCE AND ADOPT MILLAGE RATE OF 3.7876, WHICH IS 7.42% ABOVE THE ROLLED BACK RATE OF 3.5260.

Mayor Kilsheimer said this was a public hearing to consider comments and questions regarding the City's tentative millage rate and tentative annual budget for FY 2017/2018. He said Glenn Irby, City Administrator, recommends the City Council set September 27, 2017, as the final public hearing date and approve the tentative rate of ad valorem taxation for the fiscal year commencing October 1, 2017, and ending September 30, 2018.

Mayor Kilsheimer announced the City of Apopka hereby proposes for FY 2017/2018 a millage rate of 3.7876 per \$1,000 of non-exempt assessed valuation. Said rate is 7.42% higher than the rolled-back rate of 3.5260 per \$1,000 of non-exempt assessed valuation as computed by Florida Statute 200.065.

Mayor Kilsheimer said we probably have fewer people present for the budget public hearing due to the recent Hurricane Irma. He stated the City of Apopka was not unscathed by Hurricane Irma, but considering what has been on the news, we should consider ourselves blessed. He declared he has seen herculean efforts by City of Apopka staff from the Fire Department, Police Department, and Public Services both prior to and after the hurricane.

A budget presentation was given by Finance Director Pam Barclay, showing an overview of the proposed Fiscal Year 2018 Budget. She stated it was a time consuming and difficult task we went through that started in March when the Finance Department delivered budget worksheets to each department director asking for requests to be submitted. Requests were due April 15, 2017, and during May and June, the Mayor, City Administrator, and Finance Director met with each department to review the submittals. In July, the budget books were delivered to the Council. She said there were six workshops held in July to discuss the contents and today the final product is being presented from all of this hard work.

Ms. Barclay reported the FY 2017-2018 Total Budget is \$124.67 million, an increase of \$20.6 million (19.8%). The General Fund Budget decreased by \$1.3 million (-2.7%) and is at \$47.9 million. Taxable values increased \$298 million (11.2%). She affirmed the proposed millage is unchanged from last year at 3.7876 mills which is 7.42% above the roll back rate of 3.5260. General Fund Unrestricted Reserves are sufficient to cover expenses for at least two months which is the GFOA bench mark, 18% of the current operating expenses. She advised this budget expands the current level of public safety. There have been 30 new personnel positions added, 10 for the General Fund and 20 for Public Utilities. Performance based pay raises are included and the General Fund Capital Outlay totaled roughly \$3 million, which is a decrease of \$3.2 million from last year. She pointed out the larger section of the citywide budget are from the other financing sources and this is predominantly made up of the \$35 million FRS loan for the wastewater plant expansion. She reviewed a millage rate comparison and pointed out the City of Apopka remains the second lowest from our neighboring cities. A copy of her presentation is on file in the City Clerk's office.

Commissioner Bankson said 18% is only the base amount for our reserves. He reiterated according to the GFOA and professionals he has spoken with, have said the bench mark of two months is the base and you add to that amount. He expressed concerns of going down in certain areas. He said reserves are for times like this, having just gone through a storm, and he wants to make sure we have enough for that.

Glenn Irby, City Administrator, said there will always be philosophical differences in opinion, and stated we have to go by what is put out to us from GFOA, which is 18%. He said this may not be comfortable, but that is where we are. There are a few ways to keep from using reserves, and raising the taxes was turned down for no discussion this year, or we could provide less services.

Commissioner Bankson reiterated the GFOA states two months expenditures, and it continues to state to add to that for other contingency issues. He said he wanted the City to have some type of plan over the next several years to begin to build the reserves.

Mr. Irby said they have to take into account the City has some heavy hitting projects that are going on and these projects will stop. He stated one thing was certain, the City is going to grow. Ms. Barclay mentioned in her presentation that the trend line is moving upwards with the growth of the City, and if we provide the services that are expected, it is going to trend upwards and has to be paid for.

Commissioner Bankson said another concern he has is our debt service, stating this trend is going to get us behind the curve. He reiterated having a goal of getting to a healthy reserve and having to do what is necessary to get there and hold ourselves to a standard.

Mayor Kilsheimer said the majority of what will be spent on Hurricane Irma will be reimbursed by the Federal Government, stating Orange County has been declared a disaster area. He advised staff is working to document all expenses on the storm recovery. He stated with regards to the debt service, there are three loans that will be paid off next year, bringing the debt service down. He said having this goal of 25% is not a bad idea, but with the obligations in front of Apopka at

this time, it is simply not possible to move in that direction. He spoke of Winter Garden having a millage rate of over 5 mills for some time and Apopka is holding under 4 mills. Mayor Kilsheimer said this was a responsible and balanced budget. He stated no one wanted to raise taxes, but we have to meet the needs of the residents of Apopka. He said there will be realized real estate development growth in Apopka over the next few years where we will have additional revenue, as well as economic development efforts that could prove to be very lucrative.

Commissioner Bankson said we were not planning for our future when it comes to savings and said we were unsustainable in the current path. He reiterated they needed to add to the base number stating this cannot be ignored. He said he was simply stating to consider setting a goal as a standard.

Commissioner Becker said to Commissioner Bankson's point, we don't want to continue in the path of reserve spending. He stated when you look at the graphic in Ms. Barclay's presentation, the fact is that there is evidence of flow on this reserve balance showing there will be years it will go down and others where it will come back up. He stated efforts have been put in play this past year to allow building the reserve back up. He stated he did not object to setting a percentage goal, but his struggle is how to get to that number. He declared you have to either have a millage increase, significant reduction in cost, or debt service.

Mayor Kilsheimer opened the meeting to a public hearing.

Suzanne Kidd thanked Council for their hard work during the budget workshops. She said although she did not agree with everything they came up with, at the end they had a lot of progress in making some important compromises. She stated Council made some forward progress for the City and satisfied some of the longer overdue items that have to be taken care of so that the residents can have the services they expect and the quality of life they are looking for. She said they made decisions that will allow us to be competitive with Ocoee and Winter Garden who have higher millage rates, and with the other 80 cities in Central Florida we have to compete with for business and economic development. She stated we obviously need some more police vehicles and the Fire Department is coming up to where it needs to be at this point, but said she was concerned about all the other departments that have to share 40% of the general fund budget that is not set aside for public safety. She spoke of the need for additional Planners, Inspectors, and an Economic Development Director in order to have enough people to deal with the growth. She asked that Council have the courage of their convictions when people ask them to cut back on what they have agreed to do, and stand up for this City.

Ray Shackelford applauded the City Council for going through a long budget process and giving the opportunity for the public to have input. He said based on his experiences in strategic planning, the assessment of programs and services can create an effective and efficient budget. He called upon taking steps to have a 25% reserve fund balance. He stated that based on his understanding, all cities have a bond rating.

Mayor Kilsheimer advised the Apopka has a AAA Bond rating which is the best you can get.

Dr. Shackelford said he knows we do a lot with less and he applauded staff for this, but stated at the same time that does not give us the opportunity to just spend money and there must be

respect for the fiscal integrity of the City. He said Apopka needs to continue to reach out and work in partnership with the private sector and other entities that want to do business with the City like they are doing. He inquired if borrowing from enterprise funds, was he correct in that you still have to pay those funds back.

Mr. Irby said it is prudent to pay back, but there is no law that says it has to be paid back.

Dr. Shackelford reiterated as moving forward, to continue to respect the fiscal integrity of the City. He applauded Council for keeping the millage rate low and for working to give staff resources. He said he supported the rolled back rate due to property values going up.

No one else wishing to speak, Mayor Kilsheimer closed the public hearing.

MOTION was made by Commissioner Becker, and seconded by Commissioner Velazquez, to approve a tentative millage rate of 3.7876, which is 7.42% above the rolled back rate of 3.5260 and set September 27, 2017 at 5:01 p.m. as the final public hearing date.

Commissioner Bankson asked if there was any consideration to giving themselves a goal on the reserve rate.

Commissioner Backer asked what the implications of that were, stating it will take extra consideration and efforts, stating when making critical decisions, will it impede their ability to make efficient decisions in terms of the budget.

Commissioner Bankson said when a new ladder truck was needed, they knew it was not in the budget, and the decision had to be made to spend reserves on this, stating he was not against that as it was required. He reiterated they need to look at increasing the reserves as an expenditure that is important for the future health of the City and fiscal responsibility.

Commissioner Becker said he was fine with having this as an aspirational goal or will of the Council, but he did not see clear actual steps to get to that 25% number. He said this budget is sound and they do not have frivolous spending. He stated they were on the right path with setting the impact fees to help offset. He said it would be more prudent to talk about setting a firm number after next budget year.

Commissioner Velazquez said with all of the growth, both residential and commercial, there should be more revenues for next year.

Motion carried by a 4-1 vote, with Mayor Kilsheimer and Commissioners Dean, Velazquez, and Becker voting aye, and Commissioner and Bankson voting nay.

Mayor Kilsheimer announced The City of Apopka has approved the tentative rate of ad valorem taxation at a millage rate of 3.7876 mills for fiscal year 2017/2018. The said rate is 7.42% higher than the rolled-back rate of 3.5260 per \$1,000 of non-exempt assessed valuation as computed by Florida Statute 200.065.

2. ADOPT PROPOSED BUDGET WHICH INCLUDE THE BUDGET ADJUSTMENTS

RESULTING FROM WORKSHOPS.

Mayor Kilsheimer said the City Administrator recommends that City Council set September 27, 2017 at 5:01 p.m. as the final public hearing date, and approve the first reading of the tentative revenues, expenditures and fund balances for the City's fiscal year budget commencing on October 1, 2017, and ending September 30, 2018. He reviewed the FY 2017/2018 tentative revenues, expenditures, and fund balances for the City's fiscal year budget commencing on October 1, 2017, and ending September 30, 2018 as follows:

GENERAL FUND	\$ 47,978,759
STREET IMPROVEMENT FUND	3,776,001
TRANSPORTATION IMPACT FEES FUND	1,766,700
LAW ENFORCEMENT TRUST FUND	100,000
RECREATION IMPACT FEES FUND	126,000
FIRE IMPACT FEES FUND	200,050
POLICE IMPACT FEES FUND	200,050
STORMWATER FUND	646,651
GRANTS FUND	12,000
SPECIAL ASSESSMENTS FUND	67,150
COMMUNITY REDEVELOPMENT FUND	1,926,775
UTILITY OPERATING FUND	19,857,041
SANITATION FUND	4,566,602
AIRPORT FUND	386,930
UTILITY IMPACT FEE FUND	43,062,000
TOTAL BUDGET	\$ 124,672,709

Mayor Kilsheimer opened the meeting to a public hearing. No one else wishing to speak, he closed the public hearing.

MOTION was made by Commissioner Velazquez, and seconded by Commissioner Becker, to approve the first reading of the proposed FY 2017-2018 Budget, and set September 27, 2017 at 5:01 p.m. as the final public hearing date. Motion carried by a 4-1 vote with Mayor Kilsheimer and Commissioners Dean, Velazquez, and Becker voting aye, and Commissioner Bankson voting nay.

3. ANNOUNCE FINAL BUDGET MILLAGE RATE HEARINGS

Mayor Kilsheimer announced the City of Apopka has approved the tentative budget for FY 2017/2018 and sets September 27, 2017 at 5:01 p.m. as the final public hearing date.

Mr. Irby announced the CRA's budget will also be heard right before the final hearing on the budget and the millage rate on September 27, 2017.

ADJOURNMENT - With no further business to discuss, the meeting was adjourned at 6:21 p.m.

ATTEST:

_____/s/_____
Linda F. Goff, City Clerk

_____/s/_____
Joseph E. Kilsheimer, Mayor