

**LONGWOOD CITY COMMISSION**  
**Longwood City Commission Chambers**  
**175 West Warren Avenue**  
**Longwood, Florida**

**WORK SESSION**  
**MINUTES**  
**July 23, 2020**  
**1:00 P.M.**

**Present:** Mayor Matt Morgan  
Deputy Mayor Brian D. Sackett (via Webex)  
Commissioner Abby Shoemaker  
Commissioner Richard Drummond  
Commissioner Ben Paris  
Clint Gioielli, Acting City Manager  
Michelle Longo, City Clerk  
David P. Dowda, Police Chief  
Mike Peters, Fire Chief  
Chris Kintner, Community Development Director  
Shad Smith, Public Works Director  
Chris Capizzi, Leisure Services Director  
Craig Dunn, Information Technology Director  
Judith Rosado, Finance Director

- 1. CALL TO ORDER.** Mayor Morgan called the meeting to order at 1:05 p.m.
- 2. REVIEW AND DISCUSS PROPOSED BUDGET FOR FISCAL YEAR 2020-2021.**

Deputy Mayor Sackett moved to suspend the rules. Seconded by Commissioner Shoemaker and carried by a unanimous voice vote.

Mr. Gioielli started the meeting by thanking the Commission for electing to have a Budget Workshop, allowing executive staff to demonstrate their hard work, and meeting goals of having a fiscally responsible budget which continues to support the needs of our community. He also thanked the Directors, the new Finance Director Ms. Rosado, and her staff for preparing this work. He said our Directors have been very focused on being diligent in meeting our goals. We are excited to present this budget which is more in line with the standard municipal accounting practices

than in the past and has been completed in an easier to read format. Additionally, the staff has shared internal work sheets which I think offers more transparency and justification for where our thoughts were when we proposed this budget. He acknowledged inconsistencies in these work sheets as a result of them being discontinued last year and the Directors not being made aware in advance of the changes that were made in the final budget for the previous budget workshop. He said those inconsistencies are only to the previous fiscal year cost. He said before I proceed with the presentation I would like to highlight the negative impact of COVID-19. It has not only created a negative financial impact in the current year but also will create an anticipated negative impact in the next fiscal year. Everything is based on an estimate and we hope our estimates are wrong and end up being more positive than what was estimated. He said the City is already working diligently to position ourselves to seek out CARES Act funding provided by the State and Federal Government to supplement this loss. Additionally, we have contracted a FEMA consultant who is going to help the City to realize some of their losses. Staff is working hard to seek out additional revenue sources to better position the City for the unknown ahead. Recognizing the financial impact of this pandemic, the Directors have taken several steps to help ensure our City is best prepared for the unforeseen future. During this current year, Directors have reduced any discretionary spending and paused new hires allowing there to be some savings to help us carry some cash forward. Additionally, we have tried to focus on essential needs and knew what needed to be documented to help reapproach the budget should the forecast be more positive than our estimations. In comparison to the current budget, some examples include removing all contingency spending helping us to demonstrate a lean budget for the Commission and our citizens. I have asked all of the Directors to remove anything from the budget that was not an obvious, immediate need. At some point during the budget, it may be necessary for the Directors to ask for some budgetary transfers. Another savings we planned on is the suspension of a vacancy of a School Resource Officer Program for the Police Department. This benefits our budget preparations and there is going to be an anticipation of reallocation of State reimbursement for that position. This will not affect the service we provide to the schools. This aggressive budgetary approach has yielded positive results in the proposed budget, one being the overall expenses are over \$200,000 less than our current year. This is great news considering we are not proposing any reductions or have not changed any of the services we offer our residents or staffing levels. Every member who has demonstrated proper performance during the current year will receive the proper pay adjustment. The staff is not recommending any type of tax increase. We propose to you an 18% reserve higher than last year. This is great news considering we were

anticipating an impact from COVID of over \$300,000, an increase of our health insurance cost to the City of over \$100,000, and identifying and collecting discrepancies listed in the current budget.

Mr. Gioielli turned the presentation over to Ms. Rosado to give an overview of the budget revenues and expenditures and said we will then open the floor for questions and input from the Commission.

Ms. Rosado began her presentation on the Proposed Budget of the Fiscal Year 2021. She said the budget process began on February 18, 2020, with a budget update, March 11, 2020, with a budget workshop #1 presentation, May 29, 2020, departmental budgets were due to Finance, and on June 1, 2020, the City received the preliminary estimate of taxable value. Between June 16 and 18, departments, Finance, and the City Manager conducted budget review meetings. On July 1, the City received the Certification of Taxable Value and on July 14, the proposed budget was submitted to the Commission.

Ms. Rosado said the Ad Valorem Taxes for the fiscal year 2020-2021 are estimated to generate over \$6.6 million dollars. This is an increase of \$390,000 or 6.25% from the prior year, with a millage rate of 5.500.

Ms. Rosado said the fiscal year Citywide total budget is over \$47.5 million including \$18.4 million for the General Fund, \$2.5 million for the Special Revenue funds, \$8.3 million for the Capital Project funds, \$13.3 million for the Enterprise funds, and \$5 million for the Fund Balance.

Ms. Rosado said the budget outlook for the General Fund Revenues shows the adopted budget for the fiscal year 2020 compared to what we were proposing for the fiscal year 2021. It also shows the difference between the two budgets and the percentage of change. All of the revenue sources are forecasted to be higher than the adopted budget of 2020 except for intergovernmental revenues. She said the overall reduction in revenues was \$334,000. The difference with intergovernmental revenues is we are not including \$95,000 of the COPS Grants in 2021. We are having a reduction of \$497,000 for FEMA revenue. Last year the budget for FEMA revenue was almost \$700,000. In 2021, we are only expecting to receive \$301,000. Ms. Rosado directed the Commission to the proposed budget on page 42 which details each source of revenue under this classification. We have budgeted only \$301,000 in 2021 for FEMA. Today we received \$107,000 related to Hurricane Dorian and are expecting \$5,000 more. As of today, we have received almost \$200,000 from FEMA. We have yet to receive around \$300,000 for Hurricane Irma and that is the budgeted amount for 2021.

Ms. Rosado said another item we are not budgeting for in 2021 is the Police and Fire Retirement State money because this is a passthrough amount that we must send to the Florida Municipal Trust Fund to be deposited within five days as per State Statute. It is not a revenue source for the City. Lastly, another reduction in revenue is the School Resource Office for \$67,000.

Deputy Mayor Sackett asked why are we just realizing this is a passthrough.

Mr. Gioielli indicated there were some accounting issues that our current staff realized. This is one of them along with the \$95,000 grant. Unfortunately, it is from the past but has been corrected this year.

Ms. Rosado said the General Fund Expenditures show what was adopted for fiscal year 2019-2020 and what was proposed for 2020-2021. The overall reduction is \$334,000.

Ms. Rosado said the General Fund Major Revenue shows the percentage change of last year. All items including ad valorem taxes keep moving upward with positive percentage changes except for intergovernmental revenues and charges for services which has a small reduction due to the impact of COVID for services like the Community Building Rental, Summer Camp, and attendant fees.

Ms. Rosado said we are projecting \$6.6 million in property tax for fiscal year 2020-2021. The most recent preliminary taxable value from Seminole County's Property Appraiser includes an increase of \$70 million in gross taxable value which is 5.88% from fiscal year 2019-2020.

Ms. Rosado said the General Fund balance history shows us proposing an 18% fund balance for budget 2020-2021.

Ms. Rosado said the 5-year forecast for the General Fund assists management in the planning and allocation of resources to achieve the Commission's goals of maintaining a financially secure City government. These projections are based on past and current trends with a very conservative percentage increase. We are projecting a fund balance of 21% currently, 18% in fiscal year 2020-2021, and 17% moving forward. This is subject to change as these are just projections.

Ms. Rosado said the Sales Tax history shows actuals from 2010 through 2019, an estimate for 2020, and projection for 2021.

Ms. Rosado said the next step to complete the budget process is on August 3. It is the last meeting to approve the tentative millage rate. On August 4, the DR-420 is submitted to the Property Appraiser. August 10 will be the final day to receive changes to the budget if any. September 10 will be our first public hearing to adopt the proposed millage rate and budget, and September 21 will be the second and final public hearing to adopt the final rate of millage and budget.

Mr. Gioielli opened the floor for questions, comments, and feedback.

Commissioner Paris thanked the staff for being here and is very impressed with their work considering the times. This is my sixth or seventh budget work session and we generally address concerns and questions early on. I have had my book for over two weeks, had a lengthy phone call with the City Manager, and discussed a couple of my questions, one of which was the million-dollar loss to our intergovernmental budget. It made a lot of sense when discussed. It also makes sense that hopefully, we will be getting some more hurricane money.

Mayor Morgan said the addition of Steven Bryce, FEMA Consultant, has been very good. He has helped the City get this money back. He thanked the staff and asked about pay increases for 2021. He said a 4% increase for someone who gets paid less money is not that great of a change for someone who gets paid a lot more. He thinks there is money we can use to tighten this up.

Commissioner Paris said some pay increases are contractual. We work with two unions for three different groups.

Mayor Morgan clarified this was not for Police, Fire, and Public Works.

Commissioner Paris said this is more of a cautionary conversation to have. He cautions that when you start treating one group differently than another it can cause in-fighting. A 4% raise for five years is a 20% raise and that is substantial. He said the idea is to work harder. I think a more interesting thing to think about instead of raises is making more positions available so there can be an actual increase in responsibility, and that could come along with a merit increase rather than giving someone a raise for being in a position for X amount of time. Let's give them raises for taking on more responsibility and more difficult positions. We have roughly between 150-160 employees and around 16-17 thousand citizens. We have one of the best employee-to-citizen ratios in the county, if not the lowest. All of our employees wear a lot of hats. He suggested getting into the idea of instead of worrying about raises, worry

about increasing their responsibility and education to help them turn something into a career rather than give up arbitrary raises.

Deputy Mayor Sackett said you always want someone to be able to step into a position when someone retires or leaves. He said he agrees with Commissioner Paris.

Mr. Gioielli said our Human Resources (HR) department has recognized some positions that were not receiving appropriate pay for an industry standard, and they have made some recommended adjustments that I have approved to put into this proposed budget.

Commissioner Drummond said he has brought up previously the 4% pay increases. He said it was explained to him that they were trying to get everyone on an even playing field with the contracts we have with the unions and the employees being guaranteed those raises. He said he has not heard complaints as far as what their pay grade is. One time we talked about doing a thorough comparison with other cities of the comparable size to see where the pay fell. With everything that is going on right now, I am happy with leaving it at 4%. Next year, when we have a better idea of what is going to happen with our income and tax base, we can fine-tune it.

Mr. Gioielli pointed out that last year the Commission approved an overall adjustment based on salary surveys that were completed on our positions. He said we have had a compounding 4% raises over the last year or two. Some adjustments averaged at about 8%, which brought those paid positions to be comparable to other cities.

Commissioner Shoemaker said she also agrees with the 4% raise across the board. She said she knows that 4% is higher based on different salaries but guessed their mortgage and car payments are higher as well. Everything is relative.

Deputy Mayor Sackett asked what the additional pension costs of insurance and salaries were.

Mr. Gioielli said approximately \$235,000 is the total increase of the 4% raise included in the proposed budget. It includes all associated payroll costs.

Deputy Mayor Sackett said he did not know he had a phone stipend and asked about this.

Mr. Gioielli said it is a benefit available to our Commissioners considering you use your personal phone for your position. He told Deputy Mayor Sackett that if he does not have it we can get the paperwork to get that finalized.

Ms. Ricci noted Deputy Mayor Sackett had opted out of it.

Deputy Mayor Sackett asked about the contingencies that had gone down to zero.

Mr. Gioielli said we felt like it was necessary to show that the money was going to be kept in the reserve and remove the money, attempting to streamline and make our budget lean for our proposal to the Commission.

Deputy Mayor Sackett asked about the City Manager's \$28,000 contingency fund.

Mr. Gioielli said there were several things I removed from the City Manager's budget as a result of having no reason for that cost. Even if there was a cost for a major repair, it would not come out of that department anyway.

Deputy Mayor Sackett directed his question to the attorney about open cases and if they are ending soon.

Mr. Gioielli said he can ask. With those cases, we would have no way to know when they will be resolved. There was an anticipated increase because of the funds anticipated to be considered necessary. One of those steps was moving it over the Building Fund since some of those bills were used for Building. We were able to move it around the General Fund.

Deputy Mayor Sackett said 10% of the Police Department is on overtime and holiday pay, and the Fire Department is 20%. He asked for the Fire Department's overtime to be worked on.

Mr. Gioielli said for some time now our Fire Chief has been interested in finding a way to document the things that are being charged to the overtime line as a result of the schedule which is industry standard in the Fire industry. The Fire Chief was being charged overtime to the City budget, but it was the firefighters' normal working scheduled hours. We can ask for a breakout line to show the delineation between that which is normally worked hours and truly not extra hours worked reflecting as

actual overtime, poor planning, or budgeting, but is a baseline for what we know is going to be spent each year based on their schedules.

Deputy Mayor said some people are paid overtime but are not doing overtime.

Mr. Gioielli replied yes, their schedules are automatically built-in with overtime even if they do not work one minute extra. It is almost as if there is a conflict between the industry standard, the practice of the fire department, and how our budgeting system tracks it. One of the things they did last year was to budget less overtime. This decision was based on two points. The first was they had proper staffing and did not foresee having six vacancies. The second was if they did have vacancies resulting in extra money in the regular salary line, this could be transferred to compensate for the loss, but if they did not have any shortages they would have saved the City money by budgeting less in the previous year.

Deputy Mayor Sackett asked about seeking grants for the Fire Department.

Mr. Gioielli said we have a new grant writing company, Merchant McIntyre, and they have been working closely with several departments including Community Development, Fire, and Police.

Mayor Morgan pointed out the proposal included justification forms for each line item. It is an incredibly transparent process. He thanked everyone for doing that.

Deputy Mayor Sackett said this is the easiest report he has read in the 17 years he has been here.

Commissioner Paris said he appreciates the breakdown of the individual employees within each department. Anyone taking a look at this can understand how a City functions and operates. It also helps give justification for each one of these positions and explains the cost for each one. He agrees with Deputy Mayor Sackett in that this is the best budget book he has seen.

Commissioner Drummond said he would like to see a reclassification in the overtime line being called something other than overtime because every time we look at that, the same questions come up. Otherwise, it looks like we are being frivolous, not tracking time, and paying a bunch of overtime. He thanked everyone for putting together the budget.



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