MINUTES

BUDGET WORKSHOP
KEY BISCAYNE, FLORIDA

TUESDAY, JUNE 29, 2010

COUNCIL CHAMBER
560 CRANDON BOULEVARD

The meeting was called to order by the Mayor at 7:00 p.m. Present were Councilmembers Michael W. Davey, Robert Gusman, Michael E. Kelly, Jorge Mendia, Vice Mayor Enrique Garcia and Mayor Robert L. Vernon. Councilmember Thomas Thornton was absent. Also present were Village Manager Genaro "Chip" Iglesias, Village Clerk Conchita H. Alvarez and Village Attorney Stephen J. Helfman.

The Manager addressed the Council giving a brief introduction to the budget presentation.

The following staff was also present: Director of Building, Zoning and Planning Jud Kurlancheek, Director of Parks and Recreation Todd Hofferberth, Executive Assistant to the Manager Jennifer Medina, Chief of Police Charles Press, Chief of Fire Rescue John C. Gilbert, Deputy Chief of Fire Rescue Eric Lang, Public Works Director Armando Nunez, IT Administrator Michael Fleming and Acting Finance Director Beatrice Galeano.

The Manager reported that the preliminary roll assessment provided by the Miami-Dade County Property Appraiser's Office reflects a decrease of 8.6% compared to our decline of 7.7% for the current fiscal year. The reduction in revenue from property taxes will be approximately $1.5 million. Property taxes are approximately 68% of our total revenues.

The following residents addressed the Council: Ed Stone, 145 Hampton Lane on behalf of the ASK Club; Charles Viscito, 141 Crandon Boulevard, on behalf of the K-8 Advisory

Board; Jane Morris, 575 Crandon Boulevard, on behalf of the 4th of July Parade Committee; Betty Sime Conroy, on behalf of the K-8 Advisory Board and ASK Club; Michele Estevez, 799 Crandon Boulevard, on behalf of the Key Biscayne Chamber of Commerce and Ed Meyer, 798 Crandon Boulevard.

The Manager also reported that the State of Florida will be providing their projection of state shared revenues at the end of June (not available at the time of creating the agenda). Minimal increases, if any, are anticipated therefore providing for a third consecutive year of declining total revenues.

The property tax revenue estimated is with the current 3.2 millage rate. Millage rate will be a key point of discussion during our budget deliberations due to pressure on the operating budget, lack of investment for capital needs this budget year and next fiscal year and recent discussion on land acquisition. Some assumptions included within this budget are: 1.) COLA tied to CPI, which is at 1.3% and reflects labor negotiation direction; 2.) Step of up to 5% for eligible Fire Department employees only current employees; 3.) Funding for a Finance Director within Manager's budget. This would be a third person for our Budget and Finance functions; 4.) $25,000 allocation to Parks for 20th Anniversary of Village of Key Biscayne.

Labor negotiations are ongoing with Police Officers/Sergeants and General Employees. Negotiations have also begun with the Police Lieutenants. The Village has requested commencement of negotiations with the Firefighters since their contract expires September 30, 2010. These negotiations will also impact the outcome of our budget deliberations.

Staff has been working for a couple years now to be able to manage a budget that is responsive to the needs of the community, reflects Council's policy direction, this at the same time that revenues have substantially been reduced. Operating expenditures have been lowered and staff continues to seek cost-cutting measures. Last year expenditures were reduced by over $600,000. Additionally, staff has worked hard towards reducing expenses within the last two fiscal years to generate additional surplus for purposes of creating additional working capital. I commend all employees for their hard work and sacrifice during this difficult period. The ability to continue to reduce non-personnel expenses is greatly diminished.

Upon further deliberations and community input, staff will continue to prepare a budget for the September budget hearings. On July 6th, we will preliminarily set our millage rate at the Council meeting. We may want to consider setting a rate that is above the current 3.2 to allow some flexibility in our budget preparation and discussion. This rate can always be lowered and set at the current rate, if so desired, after a full and complete discussion and analysis.

Acting Finance Director Galeano addressed the Council regarding General Fund Revenues; the Manager addressed the Council regarding the Administration Budget; the Attorney addressed the Council regarding the Attorney's Budget; the Clerk addressed the Council regarding the Clerk's

Budget; Director Kurlancheek addressed the Council regarding the Building, Zoning and Planning Department Budget; Chief Press addressed the Council regarding the Police Department Budget; Chief Gilbert addressed the Council regarding the Fire Rescue Department Budget; Director Nunez addressed the Council regarding the Public Works Department Budget and Director Hofferberth addressed the Council regarding the Parks and Recreation Department Budget, the Community Center Budget and the Athletics Division Budget.

The 2009-2010 Fiscal Year was the first year of the new 5 year Capital Improvement Plan (CIP). Staff has been executing the approved projects. During the budget preparation process, we will need to review the 2010-11 Fiscal Year CIP and decide the prioritization of projects given available funding. This fiscal year no funds were allocated from our revenues over expenditures of $1.8 million due to the need to utilize these funds as fund balance carryover to augment the 2010-11 fiscal year and thereafter.

Based on the new revenue projections at a 3.2 millage rate, we will not have excess capacity to invest in our CIP plan for the 2010-11 Fiscal Year. Additionally, there will be minimal, if any, surplus funds from the 2009-10 CIP. The current projected funding need for CIP Fiscal Year 2010-11 is $1,124,451 million. At the budget hearing, we will also discuss the current FY 2010-11 project list and prioritize and identify the sources of funding. During the budget hearings in September, final action will be taken on our CIP.

A schedule of future meetings and events was presented to the Council.

The meeting was adjourned at 10:15 p.m.

Respectfully submitted:

_____

Conchita H. Alvarez, MMC
Village Clerk

Approved this 6th day of July, 2010:

_____

Robert L. Vernon
Mayor

IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE VILLAGE COUNCIL WITH RESPECT TO ANY MATTER CONSIDERED AT A MEETING OR HEARING, THAT PERSON WILL NEED A RECORD OF THE PROCEEDINGS AND, FOR SUCH PURPOSE, MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.