

July 11, 2011

The City Commission of the City of Plant City, Florida met in a workshop session pursuant to laws and rules of said Commission at the City Hall of said City, the regular meeting place of the Commission at 4:04 p. m. on Monday, July 11, 2011.

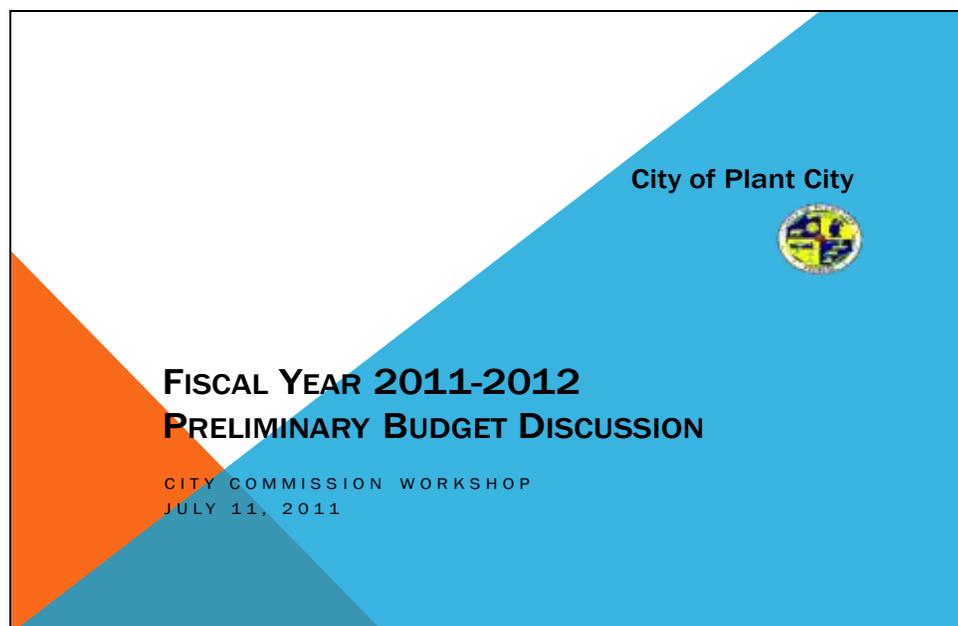
The meeting was called to order by the Mayor-Commissioner and present were the following: Mayor-Commissioner Daniel D. Raulerson and the following named Commissioners: Vice-Mayor William D. Dodson and Mary Y. Thomas Mathis. Commissioners Michael S. Sparkman and Rick A. Lott were absent.

Also present were: Gregory Horwedel, City Manager; Kenneth W. Buchman, City Attorney; Kerri J. Miller, City Clerk; Martin J. Wisgerhof, Finance Director; Frank Coughenour, Utility Operations Director, Michael S. Karr, Assistant to the City Manager; Sanders Bush, Human Resources Director; George Shiley, Fire Chief; Jack Holland, Recreation and Parks Director and Bill McDaniel, Police Chief.

Other citizens were present.

WORKSHOP – PRELIMINARY BUDGET 2011-2012:

City Manager Horwedel gave introductory remarks and presented the following PowerPoint presentation outlining reductions and changes to the preliminary budget:



OVERVIEW

General Fund gross revenue continues to decline overall.

▪ FY 07/08 = \$28,259,344	
▪ FY 08/09 = \$27,530,740	↓ 2.6%
▪ FY 09/10 = \$24,666,645	↓ 10.4%
▪ FY 10/11 = \$24,045,555 [†]	↓ 2.5%

[†]Data as of 7/5/11

Reasons for decline:

- Poor local, state, and national economies
- Falling residential & commercial real estate valuations
- Lower State revenue-sharing due to lower sales tax collections
- State-mandated property tax reform
- Lower interest rate on City funds

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OVERVIEW (CONTINUED)**Water Utilities Fund net revenue declined in 2 of last 3 years.**

- FY 07/08 = \$27,725,473
- FY 08/09 = \$19,154,699 ↓ 30.9%
- FY 09/10 = \$21,981,787 ↑ 14.8%
- FY 10/11 = \$15,834,415[†] ↓ 28.0%

[†]Data as of 7/5/11

Reasons for decline:

- Fewer industrial customers (water & wastewater)
- Lower water use overall due to SWFWMD conservation efforts
- Lower interest rates on Water Utilities Fund

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OVERVIEW (CONTINUED)**Ad valorem receipts continue to decline.**

- Original FY 10/11 = \$7,179,637
- Projected FY 11/12 = \$6,709,679
- Reduction of \$469,958 ↓ 6.5%

Collection of franchise fees has increased.

- Original FY 10/11 = \$3,040,000
- Projected FY 11/12 = \$3,280,000
- Increase of \$240,000 ↑ 7.9%

Increase in franchise fee collections helped offset lower property tax receipts.

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OVERVIEW (CONTINUED)

Proposed FY 11/12 GF revenue budget will be lower than the amended FY 10/11 GF revenue budget, which contains the most current budget information.

- FY 10/11 Amended General Fund Revenue = \$25,693,895
- FY 11/12 Proposed General Fund Revenue = \$24,373,671
- Budgeted revenue reduction of \$1,320,224 ↓ 5.1%

However, when using the original FY 10/11 GF revenue budget in comparison to the proposed FY 11/12 revenue budget, a slight increase in revenue is projected.

- FY 10/11 Original General Fund Revenue = \$24,045,555
- FY 11/12 Proposed General Fund Revenue = \$24,373,671
- Expected revenue increase of \$328,116 ↑ 1.4%

Difference is current-year grants are included in amended FY 10/11 budget. Those typically are not budgeted until awarded.

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OVERVIEW (CONTINUED)

Revenue declines are not as dramatic as they were 2 years ago.

Public Safety pension expenses have not increased as rapidly as 3 years ago, and future increases will be reduced further once poor 2008 results are factored out.

- Increase in FY 09/10 public safety pension from prior year = ↑ 44.5%
- Increase in FY 10/11 public safety pension from prior year = ↑ 22.8%
- Projected increase for FY 11/12 = ↑ 18.2%
- Public Safety Pension Board is considering measures to boost pension funds

“Back to the Future” – staffing & budget levels in upcoming FY 11/12 are similar in many respects to FY 03/04.

Further reductions in staff will require outsourcing or cessation of current programs.

In general, City finances are sound and staff is committed to maintaining that status.

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FACTORS IN CREATING FY 11/12 BUDGET

In last two budget years no millage increases or new programs (other than those funded by grants) have been proposed.

City's current millage rate of 4.7157 is close to historical average.

- Millage rate was reduced to 4.1653 in FY 08/09 as a result of State-mandated property tax reform
- Roll back rate of 4.7157 was implemented for FY 09/10 budget to address shortfall in property tax revenue
- Because property values have declined, a roll back millage rate of 5.0573 would be needed to generate the same revenue in the upcoming FY 11/12 budget year

No wage increases for staff in the past 2 budget years.

Health care cost increases have been passed along to staff for last 4 budget years.

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KEY BUDGET FEATURES

- No increase in ad valorem millage rate – remains at 4.7157.**
- No fee increases for Parks & Rec, Building, Planning & Zoning, Engineering.**
- Waive 3% Sanitation fee increase scheduled for 10/1/2011.**
- Limit Water Utilities fee increase to 3% as established by ordinance.**
- Higher pension costs absorbed in departmental budgets.**
- Staffing reduced by 3 positions (Police Dept. restructuring; Building & Library retirements).**
- No wage increase for 3rd consecutive year.**
- Increase in City’s contribution toward employee health care.**
 - \$50 per month
 - Cafeteria plan would need to be adjusted
 - Total impact of \$246,000 on budget
 - Before-tax contribution helps those at lower end of wage scale



KEY BUDGET FEATURES (CONTINUED)

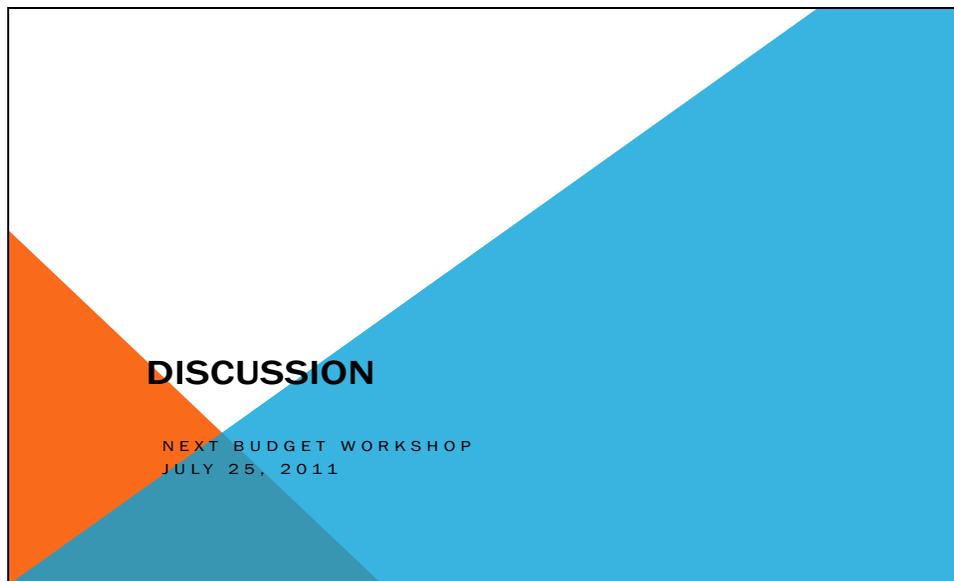
- Multiple RFPs currently underway for sanitation, communications, property insurance.**
 - Staff seeks to ensure City is getting best deal possible
 - Final cost estimates will not be available until September
- Computer servers and Enterprise Management Software will begin installation later this year, with final implementation in 22 months.**
 - More up-to-date, efficient software will streamline business processes
 - Initial hardware & software costs are already funded
 - Staff has negotiated excellent terms for both hardware & software
- Fund a “community branding” initiative.**
 - Ties in with City’s economic development efforts
 - Will differentiate Plant City for site-selection consultants
 - Estimated to cost \$65,000-\$85,000



LOOKING AHEAD . . .

- Local, state, and national economic doldrums likely to continue into 2012.**
- Next year’s budget also likely to be difficult, but manageable.**
- Water Utilities Fund will continue to maintain revenue/operating costs in line with the 1.10 debt coverage ratio (DCR) as required by bond covenants.**
- Staff will track County’s outsourcing efforts to determine if “piggyback” contract(s) will provide equivalent services at lower costs.**
- Efforts to reduce operations & maintenance costs for stadium are ongoing.**
 - If current discussions do not result in a maintenance agreement, staff will regroup
 - Other options will be considered & presented for Commission direction





The City Commission presented a series of questions relating to the budget and the strategy methods used, to which City Manager Horwedel and Finance Director Martin Wisgerhof responded and elaborated.

Vice-Mayor Dodson requested to see reports from the Chamber of Commerce and the Public Safety Employees Pension Trust Fund as to the management and allocation of City funds provided. He also requested that staff look into the possibility of further outsourcing ground maintenance within the Recreation and Parks Department for further cost savings.

City Manager Horwedel stated he would request the reports and have them available for future review by the Commission.

Mayor Raulerson commented that there was no reduction within the Commission Budget and would like the Commission to consider reductions at the next workshop.

Commissioner Mathis requested from staff a copy of the Commission Budget for review at the next workshop meeting.

In conclusion, the City Manager thanked the Commission for their feedback and stated will provide copies of the Commissions Budget for further review at the next meeting.

There being no further business to legally come before the Commission, the meeting was adjourned at 4:58 p.m.

Daniel D. Raulerson
Mayor-Commissioner

ATTEST:

Kerri J. Miller
City Clerk