AGENDA MINUTES
CITY COMMISSION MEETING
CITY HALL, 501 W MEADOW STREET
THURSDAY, JULY 13, 2023 5:30 PM

1. CALL TO ORDER

The City of Leesburg Commission held a budget workshop on Thursday, July 13, 2023, at Leesburg City Hall. Mayor Burry called the meeting to order at 5:30 p.m. with the following members present:

Commissioner Allyson Berry
Commissioner Jay Connell
Commissioner Mike Pederson
Commissioner Alan Reisman
Mayor Jimmy Burry

Also present were City Manager (CM) Al Minner, City Clerk (CC) J. Andi Purvis, City Attorney (CA) Grant Watson, the news media, and others.

INVOCATION

Mayor Burry gave the invocation followed by the Pledge of Allegiance to the Flag of the United States of America.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. PRESENTATION

CM Minner began the meeting by saying this was the third and final budget workshop for FY 2023-24. Tonight we will finish with the enterprise funds, a few in-house funds, and civic funding. There are a few budget changes based on some of the discussions. The millage rate has been adjusted to the rollback rate of 3.4752 mills. After recalculating some numbers, that would give about $175,000 extra dollars to the budget.

There was a conversation during the CBA negotiations pertaining to police officers where they had frozen some positions. He thought the magic number to get everything to work was unfreezing seven officer positions. That number had changed and he did not present that change during that conversation. The final change was for three officers, using the Carver Heights CRA money. He asked them to forget everything he said other than the concept of shifting the CRA contributions for the three police officers to the general fund. They figured out after the tax numbers came in, from the Property Appraiser's office for June and July, that they had started funding those positions in the general fund. They actually had four repaid. So, by the time the commission saw the budget and had that discussion on the Carver Heights concept, there were only three officer positions that were unfunded (or frozen) for FY 24. If they choose to unfreeze the three positions in FY 24, the police department would be fully funded at seventy-three officers. Whether it is funded through Carver Heights money or general fund money, the police department would be fully unfrozen. **Commissioner Connell** wanted to know more about the additional three positions. **CM Minner** said the department would have a total of seventy-three officers, and that is a typical number. There are no new positions being requested. **Commissioner Connell** inquired about the three positions because, previously, that number was four. **CM Minner** answered that the magic number they need is seventy-three, but he previously misspoke because he thought they needed seven positions. Right now, the police department has seventy officers fully funded. If we fund the other three positions, that would make the seventy-three funded positions. **Commissioner Connell** wanted to know about the expenses for funding the three positions. **CM Minner** replied it would be $239,876. **Commissioner Connell** wanted to clarify that the funds are being projected to come out of the CRA. **CM Minner** answered that it was proposed to come out of the CRA and Commissioner Pederson talked about shifting that back to the general fund by using the rollback rate. **Commissioner Connell** asked about the rollback rate and what that does for the overall average property tax. Will it remain about the same? **CM Minner** said they discussed the rates at a previous workshop. **Commissioner Connell** mentioned that with more value on a home you save more. **CM Minner** replied, referring to a slide. The average house was set at $175,000 and if we adjusted the rate to 3.4245, a $175,000 house would break even. If the house is below that rate, it would be about a dollar less. **Commissioner Pederson** said at the proposed rate of 3.4245 at $75,000, including the increase for fire assessment fee of $165, that household would save eight dollars. If they do the rollback rate, the increased cost for that house would be one dollar. **Commissioner Connell** asked if that included the additional fire assessment? **CM Minner** said yes, that includes the fire assessment fee and the roll back rate of 3.4752. **Mayor Burry** mentioned that the property taxes would be lower, but the fire assessment fee is going to take them just over a dollar. They almost breakeven. **CM Minner** stated with the rollback rate, it would be breakeven for a house assessed at $175,000. The higher the value, the more you save. The lower it is, the more expensive it is. **Commissioner Reisman** wanted clarification on the police officers' funding. For the first year, that would come out of the CRA fund and after that they would use new village money to cover that. **CM Minner** stated that was what they proposed. **Mayor Burry** wanted to be clear if they were using the CRA fund or the general fund. **CM Minner** stated that is to be determined. **Commissioner Pederson** remarked that he thought it would come out of the CRA fund for the first year. **Commissioner Reisman** said it would only be the first year and every year thereafter it would come out of the general fund. **CM Minner** stated that based on their discussion, the proposal would be to shift it over into the general fund, but remember if we put it in the general fund, we have to use the rollback rate. That was the discussions they had about the DR-420 form, which was sent to the county using the rollback rate. They still have time to discuss that and kick it around. However, the three positions would be funded and the department would be fully staffed with seventy-three officers.

They were also asked to look at the credit card billing issue and they found that they could start charging for that and the cost would be three dollars per transaction. That fee would cover the costs and save the city between three and four hundred thousand dollars. Most of the savings would end up in the utility fund, not the general fund. However, it is a savings nonetheless. They would start moving in that direction based on the discussions they had. There will be some computer software issues and they will get with the billing folks and credit card folks to get that implemented. They are looking at October 1st for a start date. **Commissioner Reisman** wanted to make sure the fees would only be for the use of a credit card. **CM Minner** agreed and said there had been some internal discussions about this and it could create more internal traffic at city hall. People may choose to come in to pay their bills, versus using a credit card online. They could also use bank information. **Mayor Burry** wanted to verify that it would save the city between three hundred and four hundred thousand dollars by implementing this. **CM Minner** answered yes, it would save about $424,000. They did a quick survey and most everybody in our region charged three dollars. The only city that does not charge a fee is Mount Dora. They absorb it like we currently do. Examples are, Tallahassee charges $3.95 per transaction, Ocala charges 2.5% on the total transaction, and Orlando Utility Company charges a flat rate of $2.50, so three dollars is a reasonable charge. **Commissioner Reisman** asked if they charged a flat fee per transaction or if it was a percentage of the transaction. **FD Williams** said it varied. **Commissioner Reisman** asked if that needs to be set at a higher rate so the city does not absorb any of the fee to use a credit card? **FD Williams** replied a utility account would not be over three dollars per transaction. Right now, the average the city pays is $2.30 per transaction. They have to renegotiate that deal with the credit card company and three dollars may not cover it. If that is the case, they will bring that back to the commission. However, right now, the average is around three dollars. **CM Minner** added the angle here is to save money. **Mayor Burry** stated that as long as the public is aware of that charge, it is okay, because a charge happens almost everywhere. **FD Williams** mentioned the reason they did not charge was so people did not have to come into the office. They already get enough foot traffic with new customer setups and those types of transactions can take up to half an hour. **CM Minner** said originally it was a good trade-off because they were paying less for personnel, but that number has grown.

CIVIC FUNDING:

Leesburg Partnership	$38,710
Leesburg Art Festival	$10,670
Boys and Girls Club	$5,000
Leesburg Area Chamber of Commerce	$5,000
Community Development Corporation	$3,880
Melon Patch Players Community Theater	$5,500
Leesburg High School Band	$1,455
Cemetery	$161,760

CM Minner stated civic funding is paid from the solid waste fund. They are the same organizations and same levels. That total for civic funding is about $232,000. He recommended that if the commission decides to move into an agreement with The Partnership their $38,710 civic fund goes away. The same thing for the Boys and Girls Club if they decide to pay student-tuition, that fund goes away too. That would save $43,710 in the solid waste fund. **Commissioner Pederson** inquired about the $3,880 for the CDC. **CM Minner** responded that has always been paid, but he did not know what it was used for. **Commissioner Pederson** said he did not realize they were on the list. He only picked on them because they received $750,000 last year in ARP funds. He would support pulling that one too. He thought they removed the Leesburg High School Band last year. That was for a one-time thing, but it accidentally stayed in the budget. That was for a specific request. However, he remembers talking about it a year ago and thought that they took that one away. **CM Minner** said if they want to remove the CDC and the High School Band from that list, that money would be returned to the fund too, along with The Partnership and the Boys and Girls Club. **Commissioner Reisman** said when it comes to the Leesburg Area Chamber of Commerce he would like a breakdown of what they use that fund for because, from his calculations, $5,000 should be enough to cover everything. With this organization, we should be listed as a head sponsor because we sponsor all their events. **CM Minner** said if they want to work it like that, he would have to propose the changes to the Chamber because that would change the deal. **Commissioner Reisman** said we currently give them five thousand dollars for civic funding, they also receive five thousand dollars for the teacher event, three thousand dollars for their trustee program, we give two ninety-five dollars for airport dues, we sponsor a team for the golf tournament and pay city dues of five hundred and forty-nine. He believes the five thousand dollars in civic funding should cover all of that. Civic funding comes from taxpayers, and the events need to be free, for all-purpose events. This is a club and it is ticketed. If an organization does not do anything for the community that allows people to come for free, they should not get additional funding. **Commissioner Berry** wanted to know more about the additional funding. **CM Minner** answered there are different events that the Chamber holds and the city provides them with five-thousand dollars in civic funding. **Commissioner Reisman** explained again

what the five thousand dollar civic funding covers. In addition to that, we give them three thousand dollars for a trustee program and we pay the airport dues of two ninety-five and five forty-nine. He was not sure why the city was doing that because that is considered membership dues. The city also pays for a golf tournament sponsorship, but every other trustee in the Chamber has that included in their annual funding, so why does the city pay additional money for that? He also saw other funding in previous years that the city paid for. He does not have a problem with civic funding, but it needs to be open to the public. It needs to be open to everyone. It should not be a ticketed event and there should not be a membership fee. **CM Minner** asked how much the total funding was on his list. **Commissioner Reisman** stated in 2022 the city paid $65,612 and that included the ARPA funding. In the 2023 budget, it is $13,670. **CM Minner** said $13,670 was the magic number for them. However, they could take that $13,670 out and have it set at five thousand dollars. **Commissioner Reisman** wanted to know more about the teacher appreciation event and if it was coming up? Are we funding that again or were we asked to fund it? **Commissioner Berry** said that the event would be held at the Lake Square Mall. **CM Minner** stated they had already paid for that in the current fiscal year's budget. **Mayor Burry** mentioned that it is a good event. **Commissioner Connell** wanted to know if any other cities contributed to that event. **Commissioner Reisman** said no, we are the only municipality that helps fund that. **Commissioner Connell** felt that Lady Lake and Fruitland Park should be contributing something to that event in the future. **Commissioner Reisman** said if it was already paid for this year, it was not included in the spreadsheet. **BD McDaniel** stated the check was cut back in June.
Commissioner Reisman stated that going forward, it should be five thousand dollars. They should not be nickel and diming for everything else that should be included in the annual civic funding. The city should be listed as a sponsor for all of the organizations because we provide them with civic funding. Non-profit organizations need to be aware of how much the city eats when it comes to building rent and utilities. He would like a monthly or quarterly report on the non-profit organizations letting them know how much the city taxpayers are paying. That is a lot of money spent on utilities, rent, building repairs, and other payments. They need to know what the taxpayers are paying for. He would also like to know what the mission statement is for each of these organizations, because some of the organizations are becoming intertwined. He would like to see their mission statements going forward. **Mayor Burry** mentioned that since they were talking about it, what is the difference between the Melon Patch and the Center for the Arts? Why are they not under the same umbrella? **Commissioner Berry** said those are two different entities. The Melon Patch is a theatre. **CM Minner** stated there are two different organizations. The Melon Patch Theatre does not operate under the umbrella of the Center for the Arts. They have always contributed to the Arts Center. Former Commissioner Dennison added the Melon Patch to the civic funding. **Commissioner Berry** wanted to know what that funding was for. **CM Minner** replied it was for operations at the Melon Patch. They put on a series of plays every year. They average between five to eight plays and that helps fund their utility bills, operations, skits and crafts. **Commissioner Reisman** added that the Melon Patch and the Center for the Arts have two different missions; one is art and the other is theater. **Commissioner Berry** wanted to know if the ticket sales went to the Melon Patch. **CM Minner** answered that the ticket sales that stem from the plays at the Melon Patch are Melon Patch revenue. **Commissioner Reisman** said when this comes back for approval, he would like the organizations to come and present a budget for what they will use that money for. **CM Minner** answered that he would proceed with whatever the commission requested. This has been commission driven ever since he started here with the city. **Commissioner Berry** inquired about the Leesburg CDC. Is that $3,880 split between both CDCs? **CM Minner** replied that it was just for the West Leesburg CDC. **Commissioner Berry** said she would like them all to provide information as to why they need the funding before approving the civic funding. **Commissioner Reisman** remarked that they could make this reimbursable, so if they spend money we can reimburse them. **Commissioner Berry** was curious about that too. If they showed them what it was for, they could come back and ask for reimbursement. However, right now she does not know what the funds are being used for. **Commissioner Pederson** said the Melon Patch is struggling financially. He would leave that where it is. He did not want to spend a lot

of time on the Melon Patch. However, if the commission wanted more information on the other organizations, he was fine with that. **Commissioner Reisman** stated the organizations need to remember they do not only represent their organization, they also represent the city. They need to be mindful of their events and the things they do because of that. **Mayor Burry** wanted to clarify which organizations were being pulled for non-funding. **Commissioner Reisman** wanted to pull the Leesburg High School Band and the Leesburg CDC funding. **Commissioner Berry** suggested that they find out what the funding would be used for and then they can make a decision. She does not know what the Leesburg High School Band is for, but she understands the Melon Patch needs it. **Commissioner Reisman** pointed out that the Leesburg High School Band was a one-time fund, so students could go to Washington, DC or New York to be in a parade. **Mayor Burry** remarked that once they were on the list they just stayed on the list. Now is the time to clean that up. **CM Minner** summarized that they will review the general expenses for the requests. The High School Band and the CDC's funding will be pulled. If the commission agrees to strike a deal with The Partnership and the Boys and Girls Club, those funds would also be pulled. **Mayor Burry** added that the cemetery fund last year increased quite a bit for some new equipment. **CM Minner** said that it was operating expenses and new equipment. The new equipment was not part of that. It is the same number as last year when they increased from the $130,000 level to the $160,000 level. They gave them $25,000 of ARPA money for new equipment. **Commissioner Reisman** wanted to know if they were still requesting the full $161,000. **CM Minner** answered yes, they requested $161,000 but no additional equipment was requested. **Mayor Burry** remarked that they should get more mowing done, since they purchased new tractors. He wanted to know if that money would be spent on personnel? **CM Minner** answered that the tractors were purchased and they were ready to go. The $161,000 is for operational support. **Commissioner Pederson** said he remembered this debate well and his position was, if we do not fund this it will fall to the city and it would cost well more than $161,000 to do in-house. **Mayor Burry** agreed, but we funded it at $161,000 because they needed equipment and now that they bought that equipment, why are we still funding at this number? **CM Minner** pointed out that there were two separate numbers. They had broken down equipment that needed to be changed and their operational expenses went up. The $161,000 covers operational expenses. **Commissioner Berry** asked which cemeteries they cover. **CM Minner** replied Lone Oak and Shady Oak. **Commissioner Pederson** added that the cemeteries are run by volunteers. It would cost the city more money bringing that in-house.

<u>ENTERPRISE FUNDS</u>

CM Minner stated the enterprise funds consist of; water, sewer, solid waste, stormwater, and the airport. Most of the enterprise funds are nucks and crannies and they all remain the same. The cash levels are okay, but the airport has the best cash position.

<u>Water</u>:
He continued by saying the water fund hangs in there with cash level expense. Everything else in that fund is pretty much the same. There is an operations increase and personnel remains the same. There are no new personnel requests. With capital issues, there are a number of water projects on the books. The projects have been allocated in various ways, and some have not been accomplished yet. They went back and freshened up the numbers. The first project is the US Highway 27 Main Replacement (Middlesex to CR 48) at $3,800,000 and then they have the Highlands Lake Storage Tank at $3,600,000. They have updated the numbers to reflect higher costs. With the US Highway 27 Main Replacement, they had to shift some stuff around to get the 3.8 million dollar budget. They are about sixty (60) days from going to bid. They are currently 20% complete on the design. They are looking at going out to bid on that project towards the holidays or the first part of the new year. The Highlands Lake Storage Tank is 3.6 million and they are about sixty (60) days away from going to bid on that too. The Public Works Director is very optimistic that the number is high based on Wharton Smith's estimates. When it came in with the

Construction Manager at Risk, they felt that number was too high, so they wanted to do a design, bid, and build on this. They needed to finish off some designs, so that was a delay. If the Public Works Director is correct, they should see some savings. They are working on a Treadway Road Loop which is budgeted at $1,000,000 and that will get a water main looped from Radio Road across Treadway and down CR 473 to where the County Firehouse is located. The Fluoride Project is at $730,000. That number represents engineering as well as the $650,000 that was estimated for the construction project. To accomplish that, they will take about two million dollars from cash, which leaves around one million dollars above the reserve. The water fund is becoming a little tight. However, it is not a red light, but it is a yellow light for sure.

<u>Wastewater</u>:
Referring to a chart, **CM Minner** stated in the wastewater fund he added a new color (yellow) which represents debt. They have been sitting on 30 million dollars of cash that they borrowed and that will be used on the sewer plant project. They also freshened up the numbers of the major projects in this fund. The Turnpike 6 MGD expansion is estimated at $42,642,000. It is really a 1.5 MGD expansion, but that gets us to 6 MGD. The estimate includes some design monies that have already been spent. They are optimistic that it will come back around $40,000.000. This is about thirty (30) to sixty (60) days out from Wharton Smith, bringing back a guaranteed maximum price (GMD). They will still go with the Construction Manager at Risk in this process because it worked into the efficiencies of the expansion. He would not recommend changing that. They are being delayed on that but he anticipated having the GMD by the end of this month. There were some issues with electrical as far as prices. That slowed it down some along with finishing up the design for that. Then they will break ground. He was not concerned about the delay. They are looking at mid 2025, by the time that is at 6 MGD. The Lift Station 72 project budget is set at 4.2 million dollars. They are a couple of months out on that. This is the number one project on the list. With the Southern Corridor Forcemain Bypass, they are still working on that. They have been working with a couple of different partners due to changes. However, the BarKey Subdivision in South Leesburg is stepping up. They are working on an agreement where they will build a big chunk of that main. They are in rough draft form in discussions about how that gets done and paying that back with impact fees that come in. That project has been broken down into three phases. They are about sixty (60) days out from bringing in a design contract. They are currently working with BarKey because there are some easement issues that need to be worked out with Duke. Lastly, there is a Generator Grant Project for $350,000. In all, there are about 48 million dollars in projects. When we break that down, everything looks about the same. One big number for the sewer expansion was for odor control elements and that costs about half a million dollars per year. Hopefully, that price will come down because part of the 42 million dollars was to find a way to better manage odor control. **Commissioner Pederson** was curious about Lift Station 72. Is that for The Villages, or would that go south on US 27? **CM Minner** replied that Lift Station 72 is for south US 27 growth. That will cover the growth of CR 48. The McElyea development, which is now Eagle Tail, and the Windsong development that comes up to US 27. They can catch that once Lift Station 72 is done. That will give us about 3,500 to 5,000 more units, but that will be about it. When they talk about the numbers of units on the south side, we definitely need the bypass option. Lift Station 72 will get us by for a while. When they talked about the expansion, they decided to purchase that property. Now we are getting into the final design for building the lift station expansion and construction. **Commissioner Pederson** asked, as we have more growth down US 27, will the pipe get bigger or do we add a second pipe? **CM Minner** responded that we would have enough and we would have a second pipe. Everything from Windsong north will go to Lift Station 72 and everything from Windsong south will use the big giant pipe cut across the Duke easement. It will then be dumped into the plant. There is various equipment, tools, and pumps included in the miscellaneous stuff. That is all needed for when things break down. We can fix it.

<u>Solid Waste</u>:

Continuing, referring to a graph, **CM Minner** said with solid waste the graph looks a little scary and that is because there is not as much cash in the solid waste fund. They saw that in the gas fund when they paid civic funds out of there, then we switched it to solid waste. He was not overly worried about solid waste because it gets a breather and, as we see other revenues increase, like ad valorem with The Village's, they will shift the civic funding back to gas. They will see the profitability of solid waste grow in out years. There really is not a lot to elaborate on in the solid waste fund other than the rate stays the same. **Mayor Burry** inquired that since we started using one truck instead of two for recycling, are we seeing better numbers? Has that affected solid waste in a positive way? **CM Minner** answered that he did not have the numbers readily available, but he would report back on that. **Commissioner Pederson** remembered about a year or two ago there was a discussion about either water or wastewater, because our rates were lower than most other municipalities. We talked about maybe bumping that up a bit because of the pressure on electric rates. **CM Minner** said there really was no relationship between water and sewer and the electric fund. **Commissioner Pederson** remarked that he realized they were different, but he asked from a transfer standpoint. **CM Minner** said there is a CPI increase of three percent scheduled in those revenues. **Commissioner Pederson** thought they bumped one of them up a year or two ago. **CM Minner** said last year they made an increase in water and in the other accounts they had a CPI. **Commissioner Pederson** said he did not want to get bogged down on it, he just wanted to bring it up. **CM Minner** said he did not want to raise the rates yet because we were hanging in there. **Commissioner Berry** asked if he could explain the advantage of not having two trucks for the recycling and regular trash. **CM Minner** stated the theory behind going to one truck was because the recyclables and solid waste both end up at Covanta. We were able to get green credit because the recyclables go into the incinerator and the incinerator burns and creates a green energy source. That was deemed a good use for the waste stream and we were able to meet the requirement for going green. They did not need to continue the recycling program. Recycling started to become an issue because costs started to rise and there was no place to take the recyclables. We saw other organizations do away with their recycling and they are doing the same type of thing we are. With impending growth in the south, it reduces the number of additional trucks and we were able to combine routes. Now, we do need to have additional trucks or personnel because the same level of service can be managed. We will report back on this and it will include the finance, personnel, and equipment aspects. **Commissioner Berry** wanted to know, as we continue to grow, is it the more the better? **CM Minner** replied that as we continue to grow, that is where they will see the savings by not having the dual stream for solid waste and recycling. **Commissioner Pederson** said even with fuel costs and not having two transport trucks helped eliminate some of that fuel charge.

<u>Stormwater</u>:

CM Minner stated the storm water fund is pretty much the same. There is not a lot to report on. However, they will be busy with the Center Street project. There is nothing major to report. Referring to a slide, he showed the drainage improvement projects and Center Street being the big one. They also have Beverly Shores and South Street and some miscellaneous stuff.

<u>Airport</u>:

Continuing, **CM Minner** said the airport fund continues to do pretty well. It continues to have a nice reserve. They came up about six months ago with a plan and they reported back on ways to spend-down that cash. Now, because of cycle funding, all the projects are grant-driven. When they started out, they added some stuff, but they are finishing up three items now. The infrastructure for the hangar sites, which was in last year's budget. This year's budget they are going to knock out a hangar or the Veterans Road construction project; one with cash and one with a grant. The Airport Manager applied for some more funding cycles because other airports did not use the funding. They think they will be able to get a grant for the hangar project as well as the Veterans project. If that happens, they will come back because of the way they designed the hangar project and it will save money because one hangar will be paid for with grant money and another hangar will be paid for with cash. He will report back on how that goes. That would be a mid-year adjustment. There is the potential that one hangar could become two hangar buildings for the same amount of money. They would then rob the cash to pay for one of the other buildings. There is about four million dollars in the budget for those improvements. They will try to get as much grant money as possible. If we get the grant money they will come back and add some extra hangar buildings. Other than that, the airport pretty much remains the same. **Mayor Burry** said last year the issue was with mowing. Did that get taken care of? **Commissioner Reisman** replied that the new contractor was doing a great job. **Commissioner Pederson** asked about the fuel farm. **CM Minner** said with the fuel farm they are looking at FY 25. The airport board recommended the Cadillac fuel farm, so it was kicked into FY 25. They made hangars the number one priority. **Commissioner Pederson** said when reading the minutes from the airport it was in design. **CM Minner** said ye`s, it was in the design phase.

PENSION TRUST FUNDS

The City has three:

1. Police 89.7% Fund ratio at October 1, 2022
2. Fire 84.75% Fund ratio at October 1, 2022
3. General Employees 98.3% Fund ratio at October 1, 2022

CM Minner said the pension has a separate fund. The rule of thumb is that public pensions are 80% funded. There has been talk about that number being 100%, but that will never happen. All of the funds are funded by over 80%. He thinks they will see the general employees' fund continue to increase as folks retire or pass away because it will bring the liability down. **Mayor Burry** asked about the rates going up. **CM Minner** answered that he was going to get to that in a second and specifically focus on the general employees' pension fund. The police and fire pension funds have funding sources from insurance premiums and tax money that comes from the state. For the police fund, when you pay your cell phone bill there is a tax included that helps fund police pensions. That tax money goes to the state and it then gets shifted back to everyone who has a recognized retirement plan based on a certain formula. The City of Leesburg gets $260,000 and that money goes into the police pension fund. There are interest revenues from what we make in the market and we have actuaries, that kind of stuff. When that number goes down, another number goes up. However, employer contributions are the one that fills in the bucket. The market has not been doing great, so that number is starting to tank. Employee contributions are 5% and that number goes up based on payroll, but that is a fixed cost. He explained that taxes and interest cause the fixed cost to go up and down and that is out of their control. However, at the end of the day, the employer contribution holds the bucket. When interest is good, we can nip down on the contribution, but when they see interest being bad, they have to go up. In the police fund last year they contributed 10.1% and now they are contributing 10.5%. That directly correlates with interest money. Even though we see interest monies going up, that does not necessarily mean it is good, because liabilities grow as well, and that all goes into the mix. He thinks they are in good shape and 10.5% on a police pension fund is a good number. If you look at most cities, it is 17% to 22% for police. **Commissioner Pederson** wanted to know how the state justifies paying the police pension from a cell phone bill. **CM Minner** said he did not have an answer to that. However, the easy answer is that it is state law. That is what the collective wisdom of the state legislature's people decided.

The fire pension has the makeup of the police pension except the only difference is the insurance premium tax. This tax is on your homeowner's insurance. When you pay taxes on your cell phone, that goes to the police pension fund and when you pay your homeowners' insurance, that goes to the fire pension fund. Most people do not even see that because they have an escrow on their mortgage. However, there is a tax on the homeowner's insurance that goes to firefighters' pensions. **Commissioner**

Pederson said he was proud of the fact that they do a better job of matching revenues to departments and so forth. **CM Minner** stated the city's contribution increased from 32.26% percent to 38.59% of payroll. They are going up a little bit in the fire pension. Typically, we see discrepancies with fire pensions because they are typically a little more than the police pension. It is close to the 40% range, which is where we see most fire pensions. When you start getting between 45% and 50%, that is big, but that is pretty typical across the state. **Commissioner Pederson** asked why that one was so much more than police. **CM Minner** said that goes with the different liabilities and fire pensions are different from the police.

The general employees' pension is the most interesting one because this is a closed pension fund. It only covers those who were involved in the pension prior to September 30, 2008, when they froze the fund. They had to be a member of this fund prior to that date and be in it before they shifted to deferred comp. This pension covers all employees of the city other than police and fire. If you were in the fund before that cutoff date, you are still in this pension fund. This year they saw the contribution levels in police and fire going up and go down, but this one is steadily going down because liabilities have gone down. This year, the contribution decreased from 13.54% to 7.28%. The earnings and liabilities are good enough that they could possible reduce this funding from 1.1 million to $500,000. However, at this point, he recommended leaving that fund at 1.1 million. That is double the requirement, but there is a concern about the market and interest numbers going down. That means contributions will go back up. If they cut it to save half a million dollars, we will need to go back and increase it again. There is a bit of a decrease in payroll earnings from 13.54% to 7.28% and that is reflective of the 1.1 million. We are over funding this by half a million dollars. If the commission decided to save that half a million, we would be riding a roller coaster, with it going up and down. He recommended staying at that number and, hopefully, we will see the number drop quicker. There are about eighty employees who still work for the city who are on the employment plan. We pay out benefits to this plan for thirty or forty employees who are retired. Every year this number will go down. **Commissioner Connell** said with this fund and the cutoff date in 2008, the employees also had to be invested with the city for five years or they would not be included in the pension plan. **Mayor Burry** remarked that the pool was shrinking. That is what we are saying. **CM Minner** mentioned it was a big benefit cut for the employees. Some folks still complain about it, but we made that decision in 2008 and we had not seen a financial benefit from that decision until last fiscal year. It took almost fifteen years to see the benefits of freezing the plan.

INTERNAL SERVICE FUNDS

Health Insurance:

Referring to charts, **CM Minner** said the healthcare fund is hanging on. He showed the growth and claims experience that we have. We expect standard growth but we were hit in 2020 and 2021. He was not sure if that was covid related but that was where it spiked up. Referring to a chart, he showed where the spike was and where they saw a steady increase which was anticipated and planned for. This year they are back to where they estimated to be. With all things staying the same, as long as we stay on a slow, steady trajectory, we will be okay. One important thing in the budget that has not been underscored enough is the cost to employees remains the same. With the pay increases, the employees will not see that being taken right back with associated health insurance increases. That is a big benefit. This year the monthly magic number is five hundred thousand dollars. We do not want more than five hundred thousand dollars in claims a month. There were good from October to January and then there were a couple of big claims in the second quarter and beginning of the third quarter (January, February, and March) and then they came down and they are starting to drop off again. Fingers crossed that amount stays around $400,000. If it does, we should break even. There was that spike, but that was paid back with stock gap insurance. That was about $800,000 and that leveled it off. If we stay between four and five hundred thousand for the rest of the year, including the stop gap, we will break even.

Workers Comp:
Continuing, **CM Minner** said the workers' compensation fund is just the opposite. We borrowed from the workers' compensation fund when they grabbed that one million dollars to put in the health care fund. As soon as we did that, the worker's compensation claims went up. Right now, it is in the hole and the magic number they want is to keep the fund at 2 million. It sits at about one and a half million dollars. That is why he talked about it throughout the budget process and that is why we are charging ourselves more for workers' compensation to get that number back up.

Fleet Services:

Gas (1 Truck)	$75,000
Police (1 SUV, 5 Chargers, 2 Cars)	$455,000
Fire (2 SUVs)	$90,000
Water (2 Trucks)	$90,000
Wastewater (4 Trucks, 1 Pipehunter)	$576,000
Solid Waste (1 Front Load Truck)	$340,000
Public Works (2 trucks, 2 tractors)	$171,000
Recreation (1 tractor)	$30,000

CM Minner stated that the magic number for buying vehicles is in the neighborhood of one and a half to two million dollars per year. If we stay at that number, we will be okay and that will replenish the fleet. They have slowly reduced that balance each year. This fund is a little like the building fund where each year they kick the can down the road. He did think kicking the can would stop in either FY 25 or 26. Referring to a chart, he explained that the green line is the fleet reserve level, and the blue line represents the lease level. That is the money that we bring in. It represents one hundred percent depreciation for all vehicles. When we were at that one hundred percent number, we brought in a bit over two million dollars. That number dropped in FY 15 to save money. It was dropped by half, and that is referred to as a 50% lease payment. They kicked it back up in FY 17-18 to 75% and they have been rolling at 75% since. This is money in versus a purchase request. That is a gap, so if the red line was below the blue line, that means we are making money on our leases. We would put that lease money back into the green line. They have been peeling off the green line to use a little cash plus leases. It shows that we would be out of cash in FY 26. We would be at zero and that needs to get fixed. The way we fix it is, we need to keep a tight review on what we are adding to the fleet. We need to stay in the one and a half to two million dollar range. They may have to look at kicking up the fleet lease (the blue line) back to the 100% level. Then they will see the green line flatten out. That will happen either this year or maybe next year. Now, what are we buying? A truck for gas, a few police vehicles, two fire SUVs, two water trucks, four wastewater trucks, a solid waste truck, trucks for public works, and a tractor for recreation. The fleet division of public works manages all the vehicles. We have over one thousand vehicles and every vehicle has an inspection and we rate them at a certain number. The magic number is 39. When it hits that number, it gets a point and that point is bad. When it hits a level of 39, we circle that vehicle and say it needs to go. They match the fleet inventory review versus the department head requests. They do receive requests asking to change out trucks, but if that truck scores 24, they have to keep it. There are some vehicles that have over 39 points that need to be changed out. There are a couple of cars in the fleet that are above that changeout level, and they are reviewed on an annual basis. The planning and zoning director drives an older vehicle, but it does not get beat up like police cars or fire trucks. There are a few vehicles that do not get a lot of use, so they have not been changed. Each year they are reviewed, and they use a formula to score them. The total for this year is 1.8 million. There are some bigger inventory items, like fire trucks and bucket trucks, because there is a delay in getting them. They were programmed but they have not come in. **Commissioner Reisman** asked if they had applied for the grant for one of the trucks. **CM Minner** answered that they applied for a grant for the ladder truck. **Commissioner Reisman** asked if he thought we would receive that grant. **CM Minner** replied that he did not know yet.

Commissioner Berry asked if there was a disposal process for the vehicles and if the city received anything in return. **CM Minner** said yes, and that money goes into the reserve account. They auction off vehicles and equipment. He signs off on the titles and then they go to auction. The money they receive from that goes into a revenue line. **Commissioner Berry** wanted to know the average number for when they start getting points. **CM Minner** stated he would get back with her on that. He could not say what the overall condition was, but he would get that number for her. We are consistent with trying to live within our means, but this year there is 1.8 million dollars worth of new stuff.
Commissioner Pederson said it is a compliment that they can hold it below two million dollars, especially with growth and the cost of vehicles and equipment going up. He was surprised to see it was held down. **CM Minner** commented that the big takers of the fleet fund are police and fire, but those are funded by DST money. **Commissioner Pederson** remarked that he wondered how long this would last with all the new growth. **CM Minner** said we would be good for FY 24. He did not recommend an increase in the lease payments.

Mayor Burry asked if there were any further questions. **Commissioner Pederson** remarked that on the first night he complimented everyone for doing a great job on the budget. It is nice to see all the positive numbers. **CM Minner** wanted to close by saying he appreciated that. There have been a lot of positive comments about the administration and what we do. They did a good job on the budget, but it really starts with the budget director. She did an awesome job on the budget. The finance director helped them with doing some ancillary type stuff and researching projects. They beat the department heads up pretty well, but all in all, the department heads did a good job of bringing in budgets. He would say over the last ten years not much is left on the floor before it goes to the commission. He gave a big thank you to the budget director and the finance team along with the department heads because a lot of work goes into that document every year. **Commissioner Reisman** thanked the Budget Director and all the department heads.

3. ADJOURN:

PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they 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." The City of Leesburg does not provide this verbatim record.

With a motion made by Commissioner Reisman and seconded by Commissioner Connell, the meeting adjourned at 6:33 p.m.