

City of Gulfport Florida
Special City Council Meeting Minutes
Thursday, September 9, 2010

The Special Meeting of the Gulfport City Council was held on Thursday, September 9, 2010, in the City Hall, City Council Chambers, 2401 53rd Street South, Gulfport, Florida.

Michael J. Yakes, Mayor, called the meeting to order at 7:00 p.m.

Roll Call:

Present were Councilmembers David Hastings, Jennifer Salmon and Samuel Henderson; Vice Mayor Michele King; Mayor Michael J. Yakes; City Manager James O'Reilly; City Attorney Andrew Salzman, and City Clerk Lesley DeMuth.

1. Ordinances:

- a. 2010-12, First Reading and Public Hearing: An ordinance of the City of Gulfport, Florida, providing for the Ad Valorem Tax Levy for the Fiscal Year beginning October 1, 2010 and ending September 30, 2011; and providing for an effective date.

City Clerk DeMuth read Ordinance No. 2010-12.

Mayor Yakes opened the Public Hearing.

Margarete Tober, 5013 59th Avenue S., spoke on her concerns of the City wiping-out funds in particular the Marina Fund, and her concern that the City is not making any strategic decisions to insure that it is in a sound fiscal condition over the next few years. In response to a question by Ms. Tober on how the City will balance the Marina Fund if the anticipated rental revenues are not met, City Manager O'Reilly stated if the City did not reach that revenue, Marina Fund balance would be utilized.

Neither hearing nor seeing anyone else who wished to speak, Mayor Yakes closed the Public Hearing.

Motion by Vice Mayor King, second by Councilmember Henderson to approve Ordinance No. 2010-12.

Councilmember Salmon brought up again that the difference between the millage rate and the roll forward rate is not major and provides a cushion, and although the City does have a healthy reserve, she is nervous that it is too close for comfort. Councilmember Salmon explained that when property values go down that is the time when it makes sense to increase the millage rate so that you can keep a stable budget over time. She asked if Council does not take advantage of the roll forward rate which Amendment One permits them to do, what happens the next year.

City Manager O'Reilly spoke on the constitutional catch-up provisions. He stated the City is using Fund Balance from our profits in our PILOTS; over \$1 million is being transferred. The City has not transferred General Fund Reserves, but we are taking funds that are available to not have to impact services.

Councilmember Salmon stated she would like Council to go with the roll forward rate which will maintain our overall revenues to give us a cushion. The revenues could be allocated to all of these expenditures rather than wiping out our fund balances

In response to a question by Councilmember Salmon, City Manager O'Reilly stated the money for the payment of the recycling truck has been encumbered, and he spoke on how spending is cut-off approximately on September 1.

Councilmember Hastings stated the State mandates that the City have a 25% reserve and we have a 41% reserve as a result of this budget; 16% more than the State mandates. He explained that a reserve is only established because we have overcharged our residents over the years and we have accumulated their money that we did not spend. He thought that in times of the economic scenario that we are facing now that we need to give back some of the money that we have taken from our residents that we did not need to take in the first place. He did not see a reason this year to decrease the reserves less than we are doing, but next year is a different year.

Councilmember Salmon stated on average we would get the same amount of revenue as we did last year and that is the thing we are losing sight on. Each year we are going further and further back in terms of our funds.

Councilmember Henderson stated the City is definitely scaling back and running a tighter ship. The bottom line is we have a budget, we have 41% in reserves, we have discussed this and at this point he thought Council can move forward. He did not see a need to move the millage rate up at this point.

Vice Mayor King stated she thought at one point the Councilwoman talked about giving a senior citizens tax credit. She thought if Council moved the roll back rate then that tax credit would become moot.

Councilmember Salmon explained that the roll back rate because of the property values going down essentially on average means that people's taxes will be about the same. The Senior Citizen Tax Credit is for low income seniors and they probably have the housing that is less expensive and probably have their homestead exemptions and the Save Our Homes Cap. She did not think the roll forward rate is going to be affecting them the way it would affect more people at the higher end. Even at the higher end, it is not as dramatic as you would think because on average it brings in the same amount of revenue.

Vice Mayor King felt there are people, not necessarily senior citizens, who are on a limited income who would be made to pay more money now when their home is worth less and they have less money to live on. She felt the City already has a cushion of \$4.4 million, and that the monies in the Enterprise Funds should go into the General Fund.

Councilmember Salmon stated for the record that this is not to increase people's taxes at all. On average most people will be paying the same because we will be bringing in the same amount of revenue, actually a little less, than last year and after doing that again the year before.

In response to a question by Mayor Yakes on the percentage of City Reserves, City Manager O'Reilly stated the percent is 44.

Mayor Yakes stated since the City has a reserve he had a difficult time justifying an increase. If we were entering into that reserve and coming into the next budget cycle and Staff could show that we are using these funds, he would then feel comfortable asking our residents to increase the tax.

ROLL CALL:	COUNCILMEMBER HASTINGS	YES
	VICE MAYOR KING	YES
	COUNCILMEMBER HENDERSON	YES
	COUNCILMEMBER SALMON	NO
	MAYOR YAKES	YES

MOTION CARRIED: 4 TO 1.

City Clerk DeMuth announced the Second Reading and Public Hearing would be Wednesday, September 22 at 7:00 p.m.

- b. 2010-13, First Reading and Public Hearing: An ordinance of the City of Gulfport, Florida, adopting the Operating Budget for the Fiscal Year beginning October 1, 2010 and ending September 30, 2011; and providing for an effective date.

City Clerk DeMuth read Ordinance No. 2010-13 by title only.

City Manager O'Reilly stated the proposed budget is \$9,883,572.00 and reflects a 6.3% reduction from last year's budget.

Mayor Yakes opened the Public Hearing.

Margarete Tober, 5013 59th Street S., asked if numbers have been factored into this budget for the new bargaining agreement.

City Manager O'Reilly stated he does not know the results of bargaining and would not comment on that issue.

Neither hearing nor seeing anyone else who wished to speak, Mayor Yakes closed the Public Hearing.

Motion by Vice Mayor King, second by Councilmember Hastings to approve Ordinance No. 2010-13.

Councilmember Salmon advised Council that some of the drops in the fund balances were of concern to her, and that we had to stop calling the roll forward rate a tax increase, it is not a tax increase; overall it gives us back the same amount of revenue. As a Councilmember that has another 1 ½ years she has to live with this budget and is afraid that we are going to be putting ourselves against the wall. We have been counseled from the City Manager that is unusual for this City to go into its Reserve Fund, but basically this fund has become another fund balance for us; we will use it if something comes up.

Vice Mayor King stated she thought the City is saving the Penny for Pinellas money and that is what the City has always used for those utility funds. She spoke on how she felt the profits from the Enterprise Funds should fall back into the General Fund and that the economic hardships of

the residents should be taken into consideration. The City Manager has presented a budget that balances at the 3.4 mills, and she felt we could live within this budget.

Mayor Yakes reminded Council that we have this budget on a first and a second for approval, on first reading, which has been workshopped and what we are currently doing is placing a point of view. The statement that you will be making if you support or you do not support this is in the vote; this is not a debate. Mayor Yakes stated Council will be passing this Ordinance based on the facts that have been presented by the City Manager who is tasked to bring before us this balanced budget.

Councilmember Salmon clarified that as much as the roll forward rate gets called a tax increase it is not a tax increase from the previous year because of the property values going down; except for the homes that were able to retain their values near the upper end. Council was given advice by Ken Small that our Enterprise Funds should be run like a business; you do need to have a fund to pay for major equipment, and capital improvements.

In response to a question by Councilmember Salmon, City Manager O'Reilly stated that in the Capital Plan, \$25,000 is taken to study parking in the Waterfront Redevelopment District. The Penny Money has been used in the past for capital infrastructure repair costs.

Vice Mayor King stated it cannot be said that everyone's taxes went down. Anyone that has been homesteaded for any length of time and capped at 3% even if the value of their house went down this year, their taxes did not go down; hers went up at the 3.4 millage rate. If you go to the roll forward rate then her taxes go up more and there are a lot of people who will be affected the same way. This budget takes into consideration improvements and capital improvements to be done and paid for before getting to the fund balance at the end of the year. Vice Mayor King stated the budget the way it stands has a good safety net in it, and to ask for more in this kind of economy just is not fair.

ROLL CALL:	COUNCILMEMBER HASTINGS	YES
	VICE MAYOR KING	YES
	COUNCILMEMBER HENDERSON	YES
	COUNCILMEMBER SALMON	NO
	MAYOR YAKES	YES

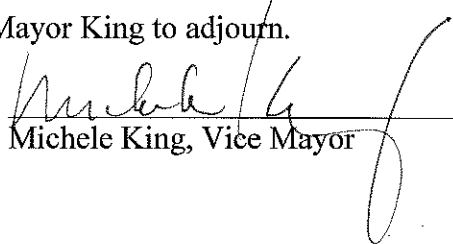
MOTION CARRIED: 4 TO 1.

City Clerk DeMuth announced the Second Reading and Public Hearing would be Wednesday, September 22 at 7:00 p.m., and the date the advertisement for that meeting will appear is Sunday, September 19.

2. Adjournment.

Motion by Councilmember Henderson, seconded by Vice Mayor King to adjourn.

Date Approved: 9-21-10


Michele King, Vice Mayor


Lesley DeMuth, City Clerk