



**CITY OF PUNTA GORDA, FLORIDA
BUDGET PUBLIC HEARING MINUTES
WEDNESDAY, SEPTEMBER 3, 2008 5:01 P.M.**

COUNCILMEMBERS PRESENT: Friedman, Albers, Wallace, Goldberg, Smith-Mooney

CITY EMPLOYEES PRESENT: Dave Drury, Finance; Rick Keeney, Public Works; Tom Jackson, Utilities; Phil Wickstrom, Human Resources; Dennis Murphy, Growth Management; Kathy Dailey, City Manager's Office; Butch Arenal, Police; Robert Hancock, Fire; City Attorney Levin; City Manager Kunik; City Clerk Foster

Mayor Friedman called the meeting to order at 5:01 p.m. He reported the City of Punta Gorda for fiscal year (fy) beginning October 1, 2008 and ending September 30, 2009 had a calculated rolled-back rate of 2.5689 mills, adding the proposed millage rate for this same period was 2.5689 which was the same as the rolled-back rate.

PUBLIC HEARING

A Resolution adopting a tentative millage rate for the City of Punta Gorda, Florida, for Fiscal Year 2008/2009 and setting a date, time, and place of Public Hearing to consider the final millage rate.

City Attorney Levin read the resolution by title.

Mayor Friedman displayed an overhead, as delineated in the agenda material, explaining the falling property rates had caused the millage rate to rise for the first time in many years. He advised many citizens were confused with increased taxes in light of decreased property values. He explained the figures provided in the Truth in Millage (TRIM) notices mailed to property owners reflected a 5% decrease in property taxes within the City limits, adding the upcoming year's proposed tax revenues were the same as this year's. He advised tax revenues had decreased 5% in both of the past two years, although gas and other costs had increased. He stated the millage rate was derived by taking the total assessed value of all properties and dividing same by the necessary tax revenues, reiterating those revenues had not increased. He stated for more than the past 10 years, real estate assessments had increased, while the millage rates had decreased, thus homesteaded properties saw little or no increase in taxes during that period. He explained same was due to the Save our Homes (SOH)

amendment which capped the assessed taxable value at a maximum of 3% per year, while non-homesteaded properties saw a rise in taxes each of those years. He stated the current downturn in economy caused property values to decrease by approximately 30% which reduced taxes for the non-homesteaded properties. He stated the SOH amendment mandated a 3% increase in assessed value even in a declining market, which resulted in a tax increase on many homesteaded properties. He advised same would continue so long as the property's assessed value remained below the just value. He maintained the SOH amendment was causing homesteaded property owners to subsidize the tax for those without a homestead. He opined in the near future as the housing market began to recover and the proposed amendments to the system came into play, a fairer system would exist for both homesteaded and non-homesteaded properties.

Councilmember Goldberg stated he had received telephone calls with regard to not understanding the columns and notes of the TRIM notice, noting Mayor Friedman had talked to the Property Appraiser.

Mayor Friedman explained Column 2 reflected a person's taxes with the maximum proposed tax rates. He stated the County had selected a high millage rate which may be reduced during their budget hearings this month. He stated Column 3 reflected a person's taxes if a taxing authority selected the roll forward rate which would provide the same revenues as the previous year, he noted the City's rate was the roll forward rate. He stated the only item the City had any control over was the one line on the TRIM notice labeled City of Punta Gorda General Fund Taxes and the two canal maintenance assessment fees which were listed individually, noting the major portion of taxes on the TRIM notice were School Board taxes.

Councilmember Wallace acknowledged some taxes were increased; however, a 5% reduction had been made over the past two years, totaling a 10% decrease. He spoke of the strong effort made by all City Councilmembers and staff to reduce costs.

Mayor Friedman added Council's task was to balance the aggregate tax revenue received by the City with the degree of service to be provided for the overall quality of life. He pointed out the other revenues received by the City were also less than in previous years.

Councilmember Albers pointed out the City collected \$7,000,000 in property taxes, which was not even enough to fund the Police and Fire Services, adding the other funds mentioned by Mayor Friedman were also down by 10% or more.

Ms. Judy Litalien asked what impact the passage of the infrastructure sales tax extension would have on millage rates.

Mayor Friedman responded same would have no impact as the purpose for the extension was to be used solely for new infrastructure in the City, adding same would mean the residents would not bear 100% of the cost of the agreed upon projects.

Councilmember Goldberg added statute required the sales funds to be maintained in a separate fund and prohibited it being added to the general fund.

Ms. Litalien opined there were line items within the budget that addressed infrastructure, thus she felt there would be an impact to the budget. She acknowledged the declining revenues; however, she felt prior to same the City recognized huge windfalls of revenue based upon the real estate boom. She recommended another look be given as to whether projects planned during that time were necessary at this time. She maintained the budget for City Council had almost doubled between 2006 and 2008, asserting this was the same for almost every other department.

Mayor Friedman advised he or the City Manager would be happy to meet with Ms. Litalien and the Finance Director to explain the line item budget.

Ms. Sharon Knippenberg, Controller, advised the two major changes in Council's budget over the past two years were related to increases in insurance costs and the fact that all Councilmembers opted to participate in the insurance program whereas this was not the case in the past. She stated their travel budget had increased as these Councilmembers were very active with the legislature and worked to bring benefits to the City.

Mr. Stan Fox stated he felt his taxes increased 18.4% because the millage rate increased the same amount. He questioned what would happen the next year, expressing concern that a similar increase may occur.

Mayor Friedman reiterated a homesteaded property would experience an increase if the property values declined again. He repeated the Property Appraiser had no choice but to add 3% to the assessed value even in the declining market. He opined values would not increase by January 1, 2009; however, he did not feel they would be reduced at the level they were this year.

Mr. Fox maintained the millage rate increased 18.4%, asking if same was going to keep occurring.

Mayor Friedman reiterated the millage rate had been reduced every year through 2007 based on the increased property values, adding if property values were to increase the millage rate would be reduced. He explained the rate was set to bring in the same amount of revenue as the previous year, thus if the millage rate increased by 18%, the property values had decreased by that same amount.

Ms. Donna Brock asked if it was possible to appeal her taxes.

Mayor Friedman responded her property values could be appealed through the Property Appraiser's office.

Mr. Frank Desguin, Property Appraiser, advised the instructions for appealing property values were located on the TRIM notice, adding the deadline was September 15, 2008.

Mr. Dennis Clark displayed an overhead denoting five non-homesteaded properties with decreased values and decreased taxes of a lesser amount. He stated his homesteaded property value decreased by 26% yet his taxes were raised by 6%. He maintained there was a significant reduction in values while the taxes were increased by much more than the 3% intended by the homestead provisions.

Mayor Friedman mentioned Amendment 1, passed in January, 2008 which provided homesteaded properties an additional 25% reduction, stating same required a millage rate sufficient to make up the difference in revenues due to same.

Councilmember Smith-Mooney inquired if the overhead reflected all taxes or only City taxes.

Mr. Clark stated same was reflective of all taxes as it demonstrated the effect to property owners across the board. He then inquired if residents of the City paid for the services provided by the County under the line item "Charlotte County General Fund".

City Manager Kunik responded residents paid for services provided by the County.

Mr. Clark noted he had one property where the amount increased by 2% and another that increased 15%, asking if any responsibility had been shifted to the County requiring the increase.

City Manager Kunik responded in the negative.

Mr. Clark asked if there was anything the City could do to protect the residents of Punta Gorda from the costs of services provided by the County such as EMS and libraries.

City Manager Kunik responded any citizen could debate with the County regarding the level of service, explaining the County performed a budget review in the same manner the City did.

Mr. Clark asked if there were services that could be brought in-house in a less expensive manner.

Councilmember Goldberg responded the services provided by the County were those that the City could not afford to provide due to lack of equipment, employees or certification.

Mr. Clark reiterated his tax increase was twice what the decrease was.

Councilmember Smith-Mooney opined many people thought the City negotiated a cost for the services provided by the County, explaining same was based on an

established formula as it was not possible to know in advance what services would be needed by the court system, for example.

Mayor Friedman pointed out the School Board was approximately 50% of the total tax bill, while the County was approximately 2/3 of the remainder and the City the remaining 1/3.

Mr. Clark acknowledged the City worked hard to keep taxes down; however, the unintended consequence was an overall increase in property taxes.

Councilmember Wallace displayed the general fund budget, reiterating they had reduced the budget during his two years on City Council. He pointed out the City was not responsible for the SOH amendment or amendment 1 nor did they have any control of same.

Mr. Jim Hoffman stated he was not clear on how the taxes were figured. He inquired what effect the market value had on taxes.

Mayor Friedman responded nothing so long as the assessed value was below same.

Discussion ensued with regard to assessed and market values.

Mr. Hoffman asserted there were instances when numerous vehicles and employees responded to perform work when it was not necessary. He questioned if every police officer required a vehicle, suggesting they be reused for subsequent shifts to reduce the number.

Mayor Friedman responded they had discussed the manner in which some work was performed with the City Manager, suggesting if citizens witnessed those occasions they should contact the City Manager. In reference to the question regarding police cars, he explained take home cars had become a part of the benefits policy, adding all surrounding departments permitted same thus the City must be competitive to retain the employees.

Ms. Rose Bronson maintained she voted to increase her homestead exemption to 50% and must now pay more taxes. She mentioned the costs she was required to pay, stating City Council determined the value of her property to enable them to change the millage rate to fund their budget.

Councilmember Smith-Mooney responded same was determined by the Property Appraiser, noting he followed the state requirements for same.

Ms. Bronson commented many houses were in foreclosure because the owners could no longer afford to live here.

Councilmember Goldberg **MOVED** to close the public hearing, **SECONDED** by Councilmember Albers.

MOTION UNANIMOUSLY CARRIED.

Councilmember Albers **MOVED** approval, **SECONDED** by Councilmember Smith-Mooney.

Mayor Friedman inquired if the second public hearing could be held on September 17, 2008.

Councilmember Albers **AMENDED** the **MOTION** to indicate same.

Councilmember Smith-Mooney **AMENDED** the **SECOND**.

MOTION UNANIMOUSLY CARRIED.

A Resolution adopting a tentative budget for the City of Punta Gorda, Florida, for Fiscal Year 2008/2009 and setting a date, time, and place of Public Hearing to consider the final budget.

City Attorney Levin read the resolution by title.

Mr. Clark noted the City's website included a listing of recommended budget reductions to balance the budget, asking which ones would be undertaken.

City Manager Kunik responded the budget message included all actions taken to reduce expenses. He cited examples such as reducing positions and reducing operating line items. He stated the projected \$1,900,000 deficit had been balanced, adding it only required use of approximately \$174,000 in reserve funds. He concluded the remainder was recurring expenses that were reduced from the general fund budget.

Mr. Clark acknowledged the amount of work that had taken place, noting as the list included \$2,400,000 in proposed cuts, all of same were not enacted. He then stated further reductions should be made to provide a lower budget, thereby enabling a lower millage rate to be adopted. He suggested the various line items included reserve funds, adding deleting same would allow a smaller budget and lower millage rate. He reiterated by utilizing the remaining budget reductions, some of the stress on the citizens would be alleviated. He recommended an overall reduction of \$3,000,000.

Mayor Friedman pointed out the cost of materials had increased, thus in order to bring in a budget with the same revenue levels, staff was required to make the reductions being discussed this date. He explained the process began in January, adding, by April, a gap of \$1,900,000 still existed due to reductions in other revenues received by the City. He further explained at that time the list of an additional \$2,500,000 in reductions and their associated penalties was presented to Councilmembers to determine which were appropriate. He cited an example of a reduction in firefighters which would have resulted in reduced response time as one that was not selected based on the adverse effect. He concluded City Council then determined which reductions would be put into place in order to balance the budget.

Mr. Clark maintained the budget should have been set at a rate that did not require raising the millage rate which would have resulted in the tax increase to homesteaded properties. He stated while the City's employees were valuable, a pay increase was not necessary at this time, adding he felt under the economic conditions it was not out of line to ask the employees to forgo their salary increase. He concluded more work could be done to reduce the budget and in turn the millage rate.

Mayor Friedman responded members had discussed freezing employee's wages; however, collectively, they made a conscious decision not to do so.

Councilmember Goldberg **MOVED** to close the public hearing, **SECONDED** by Councilmember Albers.

MOTION UNANIMOUSLY CARRIED.

Councilmember Goldberg **MOVED** approval with the amended second public hearing date, **SECONDED** by Councilmember Smith-Mooney.

Councilmember Albers assured those in attendance members would continue to watch very carefully as they had done and would strive to save and cut money from the budget as the year moved forward.

Mayor Friedman recommended interested persons get involved earlier in the process.

Councilmember Smith-Mooney stated many people had been under the perception that their taxes would be limited to a 3% increase until they received their TRIM notices.

MOTION UNANIMOUSLY CARRIED.

NOTE: City Council recessed and reconvened as the Punta Gorda Isles (PGI) Canal Maintenance Assessment District (CMAD) at 6:39 p.m.

PUNTA GORDA ISLES CANAL MAINTENANCE ASSESSMENT DISTRICT

A Resolution of the City Council of the City of Punta Gorda, Florida, as the governing body of the Punta Gorda Isles Canal Maintenance Assessment District, establishing Fiscal Year 2008/2009 assessments for canal maintenance and repairs; finding a special benefit to the owners of lots assessed; providing for collection of such assessments by the tax collector as non-advalorem assessments; and providing an effective date.

City Attorney Levin read the resolution by title.

Mayor Friedman commented the amount was \$400 for single family lots and had not been increased.

Mr. Hoffman inquired as to the assessment method for an 80' lot.

Mayor Friedman responded all size single family lots were \$400.

Mr. Dan Pacyga recalled when the assessment was \$200, noting it was raised to \$400 because of a large seawall failure, maintaining it was to be reduced when the repairs were done. He asserted he did not wish to continue paying \$400.

Mayor Friedman advised the fees had increased over time by various amounts. He stated catastrophic events were generally reimbursed by the Federal Emergency Management Agency (FEMA). He explained the amount charged was based upon the costs required to perform the anticipated work for each year.

Councilmember Goldberg provided a detailed description of the work performed by the canal maintenance districts each year, pointing out members would be remiss to reduce the rates to a level which could not fund the work, resulting in failed seawalls and reduced property values.

Mr. Pacyga reiterated he did not want to pay \$400, insisting the City cut the budget to reduce the amount. He asserted they were told it would be reduced.

Councilmember Goldberg **MOVED** to close the public hearing, **SECONDED** by Councilmember Smith-Mooney.

MOTION UNANIMOUSLY CARRIED.

Councilmember Albers **MOVED** approval, **SECONDED** by Councilmember Smith-Mooney.

MOTION UNANIMOUSLY CARRIED.

NOTE: The PGI CMAD adjourned and reconvened as the Burnt Store Isles (BSI) Canal Maintenance Assessment District (CMAD) at 6:51 p.m.

BURNT STORE ISLES CANAL MAINTENANCE ASSESSMENT DISTRICT

A Resolution of the City Council of the City of Punta Gorda, Florida, as the governing body of the Burnt Store Isles Canal Maintenance Assessment District, establishing Fiscal Year 2008/2009 assessments for canal maintenance and repairs; finding a special benefit to the owners of lots assessed; providing for collection of such assessments by the tax collector as non-advalorem assessments; and providing an effective date.

City Attorney Levin read the resolution by title.

Mayor Friedman called three times for public comment, noting the proposed assessment for single family lots was \$400.

Councilmember Albers **MOVED** to close the public hearing, **SECONDED** by Councilmember Goldberg.

MOTION UNANIMOUSLY CARRIED.

Councilmember Goldberg stated the primary cost in maintaining the seawalls and canals was related to the caps and seawalls, adding over the years the cost of materials had increased greatly. He opined a \$400 per year cost was a bargain.

Councilmember Goldberg **MOVED** approval, **SECONDED** by Councilmember Albers.

MOTION UNANIMOUSLY CARRIED.

Note: The BSI CMAD adjourned and reconvened as the City Council at 6:56 p.m.

Councilmember Goldberg commented it was good to see people attend meetings and express their opinions.

The meeting was adjourned at 6:58 p.m.

Mayor

City Clerk