

MINUTES, BUDGET WORKSHOP  
AUGUST 7, 2018 6:00 P.M.  
COUNCIL CHAMBERS, 1 S CENTRAL AVENUE, UMATILLA, FL

**Meeting called to order at 6:01 p.m.**

**ROLL CALL**

IN ATTENDANCE: President Laura Wright; Vice President Brian Butler; Council members Katherine Adams, Eric Olson, Scott Purvis; Mayor Mary Johnson; Public Works Director Aaron Mercer; Police Chief Adam Bolton; Fire Chief Shane Lanoue; Finance Director Regina Frazier; City Manager Scott Blankenship; City Clerk Karen Howard

ABSENT:

1 Budget Review

**Finance Director Regina Frazier** went over the budget options provided to the elected officials.

The first option is removing the fire department through the addition of the Fire Assessment:

Add Fire Assessment				Reserves	
	Revenues	Expenditures	Variance		
	2,994,250	3,242,784	(248,534)	241,615	Current Estimate
Fire @95%	309,521	(314,220)	(4,699)	314,220	Fire Assessment
Net	3,303,771	3,242,784		555,835	New Estimate

The next option is increasing the millage rate by 2 mills:

Add 2 Mills				Reserves	
	Revenues	Expenditures	Variance		
	2,994,250	3,242,784	(248,534)	241,615	Current Estimate
Taxes @95%	227,695	-	227,692	227,695	Increase Millage
Net	3,221,945	3,242,784		469,310	New Estimate

Five options were requested related to employees' salaries. The first option added \$1 an hour for employees under \$14 an hour. The left column shows the fire assessment and the right column shows the millage rate

Add \$1 to EE less than \$14/hr				Reserves	
	Expenditures	Salary Increase	Net		
	3,242,784	15,935	3,258,719	(15,935)	(15,935)
Only F/T		14,155			
		1,780		539,900	453,375
<b>Note: Cost of turnover for a \$10/hr employee is at least \$7,500</b>					

The next three options show Merit pay at 3%, 4%, and 5%:

Decrease Merit Max to 3%				Reserves	
	Expenditures	Salary Reduction	Net		
	3,242,784	(28,200)	3,270,984	28,200	28,200
<b>Note: FY2018 actual raises were 2.5% less than budgeted due to merit variances</b>				584,035	497,510
	36,040	Less than budgeted			

Decrease Merit Max to 4%				Reserves	
	Expenditures	Salary Reduction	Net		
	3,242,784	(14,100)	3,256,884	14,100	14,100
				569,935	483,410

Leave Merit Max at 5%				Reserves	
	Expenditures	Salary Reduction	Net		
	3,242,784	0	3,242,784	0	0
				555,835	469,310

**Finance Director Frazier** went through the various options and the effect on the estimated ending reserves, stating it is all contingent upon the Council's decision.

**City Manager Blankenship** said we believe the reserves should be three months of operating costs, or around \$700,000 to have a comfortable reserve amount.

**Ms. Frazier** said the current year the estimated use of reserves is approximately \$360,000 with the estimated reserve balance at the end of the current fiscal year close to \$500,000.

The hurricane cost was around \$92,000 using the 80% reimbursement from FEMA. The 90% FEMA reimbursement is up in the air. Half of what the County billed us has been paid. Once the percentage of the FEMA reimbursement is determined, we will pay the balance to the county. The two private partners have paid their portion.

**Ms. Frazier** provided an analysis on the \$10 an hour employees:  
Now their net annual pay take home pay is \$11,400; monthly is \$953 projected for next year with the changes in health insurance.

Currently the annual is \$1,032. Because of the change in insurance without a pay change, they would take home \$950 a month.

The take home with a \$1 an hour increase is \$13,300 annually, which is \$1,110 monthly with the deductions taken out.

There are twelve (12) under \$11 an hour employees; three of which have since resigned; three others are new and the rest the years of service are between one and five years and they are making \$11 an hour.

**Ms. Frazier** provided an analysis of employees:

Employees making between \$11 and \$12/hour:  
four (4) employees: 6 months, 1 year, 7 years, 7.7 years of service.

Employees making under \$13 an hour:  
two (2) employees: 3 /12 years and 1 year

Employees making under \$14 an hour:  
Three (3) employees: 14 years, 8.1 years, 6.5 years

For a \$10 an hour employee with a maximum of 3% it will take 10 years to get to \$13 an hour.

**Mayor Johnson** said it was a game changer for her when she learned how much it takes to train a new employee.

**Ms. Frazier** said she did a lot of research on the topic and went on the low end with \$7,500 cost. There is training and uniforms built in.

The average raises for last year there are a large number of employees who are not here any more.

**Council member Olson** noted with the lower paid employees you will always have turn over.

**Council member Purvis** asked the cost to the city for health insurance for a family of four: employee, spouse, and two children. **Ms. Frazier** responded it is just under \$25,000 annually with life insurance.

**City Manager Blankenship** said there is no question about the value of our benefits.

**Ms. Frazier** said the majority of the employees have Employee coverage or Employee/Spouse or Employee/Child. There are seven employees with family coverage, mostly police officers.

**Ms. Frazier** said general employees have FRS there is an investment plan or pension plan. If you are in the investment plan with FRS we may be paying 8.26% the employees are only getting 3% if the employee leaves prior to vesting they only get their contributions back.

Discussion focused on getting new employees into a separate, private plan and weeding out the FRS. You cannot walk out of FRS if your employee is in the plan.

If we go to a city-sponsored plan if there is unfunded liability the city has to pick up the tab. The exception is an investment plan where a certain percentage is contributed.

**City Manager Blankenship** said it is something the city can look at doing with new employees; they do not have to go into FRS. We can see how Eustis does theirs. It will take years to completely move from the FRS. It would save the city money. Existing employees cannot leave the FRS.

**Ms. Frazier** said cities that do a 401A type plan contribute between 8% and 10%.

**City Manager Blankenship** noted he wanted the Council to feel confident the vast majority of employees did not get a full merit. Every employee is based on the merit.

Discussion based on the fairness of the merit based increases as opposed to the increase to the lower paid employees.

**City Manager Blankenship** said because of the low unemployment and the turnover if you get someone good it is hard to keep them. The highest turnover is in Public Works.

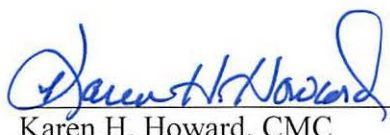
**City Manager Blankenship** noted the insurance for employee only runs around \$600 a month per employee. Our plan is a good plan. Eustis provides 100% to the employee based on the lowest federally mandated plan with high deductibles and high out of pocket. Employee only coverage is going decreasing this year and increasing the employee contributions with spouse, child, or family coverage.

Most of the family coverage is taken by Police Department employees. That is how the PD stays competitive with other departments

**Ms. Frazier** said there are employees who opt out of our plan because they have insurance through their spouse.

**Meeting adjourned 6:40 p.m.**

  
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Laura Wright  
Council President

**ATTEST:**  
  
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Karen H. Howard, CMC  
City Clerk