



City Council Chamber
735 Eighth Street South
Naples, Florida 34102

City Council Special Meeting – Tuesday, September 5, 2000 – 5:24 p.m.

Mayor MacKenzie called the meeting to order and presided.

ROLLED CALLITEM 1

Present: Bonnie R. MacKenzie, Mayor **Absent:** William MacIlvaine
Joseph Herms, Vice Mayor Council Member
Council Members:
Gary Galleberg
Fred Tarrant
Penny Taylor
Tamela Wiseman

Also Present:

Kevin Rambosk, City Manager
Beverly Grady, City Attorney
Tara Norman, City Clerk
William Harrison, Assistant City Manager

Anne Middleton, Budget/Investment Mgr.
George Archibald, Traffic Engineer
Virginia Neet, Deputy City Clerk

Media

Marci Elliott, Naples Daily News

PUBLIC HEARINGSITEM 2

City Attorney Beverly Grady made the following statements: This meeting would be a public hearing on the tentative budget and proposed millage rate for the City of Naples, exclusive of dependent taxing districts, and for the East Naples Bay and Moorings Bay Special Taxing Districts; prior to the conclusion of the hearing the Mayor and City Council would amend the tentative budget, adopt the amended tentative budget, recompute its proposed millage rate and publicly announce the percent, if any, by which the recomputed proposed millage rate exceeds the proposed rolled back rate computed as set forth. At the conclusion of any public comment the first substantive issue discussed would be the percentage increase in millage over the rolled back rate necessary to fund the budget, if any, and the specific purposes for which ad valorem tax revenues are being increased. The governing body is to hear comments from the public regarding the proposed increase and explain the reasons for the proposed increase over the rolled back rate. The general public would be allowed to speak and to ask questions prior to the adoption of any measures by the governing body. The Mayor and City Council shall adopt its tentative millage rate first, prior to adopting its tentative final budget.

RESOLUTION 00-8910 ITEM 2-a-1

A RESOLUTION ADOPTING A PROPOSED MILLAGE RATE FOR THE CITY OF NAPLES, EXCLUSIVE OF DEPENDENT TAXING DISTRICTS, FOR FISCAL YEAR COMMENCING OCTOBER 1, 2000, AND ENDING SEPTEMBER 30, 2001; AND PROVIDING AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced the proposed operating millage rate to be 1.1800 and the voted debt service millage rate to be 0.1260 for fiscal year 2000-01.

Public Input: None (5:27 p.m.) Mayor MacKenzie noted that anyone present could address the City Council at any time, either as part of an agenda item, or on any other issue.

MOTION by Herms to APPROVE Resolution 00-8910, as submitted; seconded by Tarrant and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

RESOLUTION 00-8911..... ITEM 2-a-2

A RESOLUTION ADOPTING A PROPOSED MILLAGE RATE FOR THE EAST NAPLES BAY SPECIAL TAXING DISTRICT FOR FISCAL YEAR COMMENCING OCTOBER 1, 2000, AND ENDING SEPTEMBER 30, 2001; AND PROVIDING AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced the proposed millage rate to be 0.5000, including debt service, for the fiscal year 2000-01.

Public Input: None (5:28 p.m.)

MOTION by Tarrant to APPROVE Resolution 00-8911, as submitted; seconded by Herms and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

RESOLUTION 00-8912..... ITEM 2-a-3

A RESOLUTION ADOPTING A PROPOSED MILLAGE RATE FOR THE MOORINGS BAY SPECIAL TAXING DISTRICT FOR FISCAL YEAR COMMENCING OCTOBER 1, 2000, AND ENDING SEPTEMBER 30, 2001; AND PROVIDING AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced the proposed millage rate to be 0.0500, including debt service, for the fiscal year 2000-01.

Public Input: None (5:29 p.m.)

MOTION by Tarrant to APPROVE Resolution 00-8912, as submitted; seconded by Herms and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

RESOLUTION 00-8913..... ITEM 2-b-1

A RESOLUTION ADOPTING A TENTATIVE BUDGET FOR THE CITY OF NAPLES, EXCLUSIVE OF DEPENDENT TAXING DISTRICTS, FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2000, AND ENDING SEPTEMBER 30, 2001; AND PROVIDING

AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison. Council Member Galleberg questioned the source of funding for the parks projects recently discussed. Mr. Harrison explained that should the Council enact a proposed telecommunications tax, the budget would be amended to allow such projects to move forward with funding from that source. Mayor MacKenzie then expressed concern regarding the level of expenditures represented by the budget under consideration, recommending a cap on the total number of City employees and that departments reduce their budgets for the coming fiscal year by 1%. Mayor MacKenzie congratulated the administration on decreasing the personal services portion of the budget from 73% to 58% over the past five years, but nevertheless cited an increase of 30 employees; in the same period, there had also been an increase in the per capita service delivery cost from \$756 to \$948 and an increase in revenues from \$16-million to \$20-million. Mayor MacKenzie then listed various non-budgeted needs which could occur in the coming year such as establishment of the City's cable television channel, traffic signal coordination, litigation, and potable water supply issues, all of which could significantly affect unrestricted reserves, she said. Vice Mayor Herms, however, expressed the view that the City is in the best financial condition in its history and cited the year 1991 when there had been concerns as to how payroll would be met. He said that the City provides an outstanding level of service for the amount of taxes paid by citizens, even though it is necessary to employ a higher per capita number of workers than many similar municipalities. He expressed confidence both in the City's financial and operational management and pointed out the mandated 10% budget reserve (approximately \$2-million) and approximately \$1-million in other reserves. Mr. Herms then moved approval of the budget, as submitted, seconded by Council Member Taylor; however, further discussion ensued. (See below)

Council Members Tarrant and Galleberg voiced support for Mayor MacKenzie's suggestion to institute a hiring cap. Council Member Galleberg also noted a 34% increase in revenues over the past three years due to increasing property values; he predicted, however, that this would not continue indefinitely. Council Member Taylor praised management for its fiscal conservatism and thoughtful planning, and took the position that stagnating revenues should be dealt with when they occur. When asked by Council for further input, Assistant City Manager Harrison explained that while some large unforeseen costs had been experienced in fiscal year 1999-00, the largest was a federally mandated retroactive payment of overtime to fire service employees. Other unforeseen expenses cited by Mr. Harrison included a severance package granted to the former City Manager, and unanticipated litigation. Nevertheless, fire service overtime and litigation costs are now anticipated in the 2000-01 fiscal year, he said, as have new employee positions mandated by the Council, such as one civilian employee and one police officer dedicated to the Fifth Avenue South district. Rather than arbitrarily setting a limit on operational funding, Mr. Harrison recommended that the Council engage in detailed discussions of various levels of service. City Manager Kevin Rambosk stressed, however, that departments are continually seeking more economical ways to accomplish tasks and improve service levels, although exceeding the threshold of 500 employees should be avoided. Necessity is always determined prior to filling vacancies, he added.

Council Member Wiseman cited what she described as particularly high anticipated legal expenses, such as \$300,000 budgeted for Hamilton Harbor litigation; this could instead have funded park needs, she said. City Manager Rambosk clarified that while funding had been identified by the staff as being for a particular case, it had not been the intent to earmark \$300,000 solely for Hamilton Harbor litigation; nevertheless, litigation cost estimates had been requested from attorneys representing the City on various issues with the hope that some of those funds could be diverted for other purposes. Assistant City Manager Harrison indicated that the \$300,000 estimate had been formulated from Sabal Bay litigation historical costs plus an inflation factor. Mayor MacKenzie and Council Member Wiseman, however, noted that estimates would not take into consideration any possible cases not yet been filed against the City. Council Member Galleberg also confirmed that he had associated the \$300,000 with the Hamilton Harbor litigation; he received clarification from Mr. Harrison that should litigation costs exceed that amount,

funding would be derived from reserves. Council Member Tarrant observed that the public however should not assume that the City is in legal peril since parties are currently attempting to reach common ground. Mayor MacKenzie said that the unknown extent of such items as legal expenses had been the motivation for her prior budget reduction proposals which were intended to achieve the best possible financial position to deal with such matters, particularly in light of a 34% increase in revenue over the past five years.

Public Input: None (5:59 p.m.)

MOTION by Herms to APPROVE Resolution 00-8913, as submitted; seconded by Taylor and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

RESOLUTION 00-8914.....ITEM 2-b-2

A RESOLUTION ADOPTING A TENTATIVE BUDGET FOR THE EAST NAPLES BAY SPECIAL TAXING DISTRICT FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2000, AND ENDING SEPTEMBER 30, 2001; AND PROVIDING AN EFFECTIVE DATE.

Title read by Assistant City Manager William Harrison.

Public Input: None (6:00 p.m.)

MOTION by Tarrant to APPROVE Resolution 00-8914, as submitted; seconded by Herms and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

RESOLUTION 00-8915.....ITEM 2-b-3

A RESOLUTION ADOPTING A TENTATIVE BUDGET FOR THE MOORINGS BAY SPECIAL TAXING DISTRICT FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2000, AND ENDING SEPTEMBER 30, 2001 AND PROVIDING AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison.

Public Input: None (6:00 p.m.)

MOTION by Herms to APPROVE Resolution 00-8915, as submitted; seconded by Taylor and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

ORDINANCE (First Reading).....ITEM 3-a

AN ORDINANCE DETERMINING AND FIXING THE 2000 TAX LEVY AND MILLAGE RATE FOR THE CITY OF NAPLES, EXCLUSIVE OF DEPENDENT TAXING DISTRICTS, FOR THE PURPOSE OF PROVIDING SUFFICIENT FUNDS FOR THE GENERAL FUND OPERATIONS; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced the total assessed valuation of real and personal property for fiscal year 2000-01 to be \$6,804,144,370; operating millage rate, excluding dependent taxing districts, to be 1.1800 (\$7,627,446); voted debt service millage to be 0.1260 (\$814,456); and current year aggregate millage rate of 1.1977 which exceeds current year aggregate rolled back rate of 1.0707 mills by 11.86%. In response to Council Member Galleberg, Mr. Harrison explained that the rolled back rate is that which would generate the identical property tax revenue received the prior year. Aggregate millage rate was clarified as a combination of operating millage and dependent taxing districts, not including voted debt service.

City Attorney Beverly Grady observed that the motion to approve would move the ordinances to second reading.

Public Input: None (6:06 p.m.)

MOTION by Herms to APPROVE this ordinance on First Reading, as submitted; seconded by Galleberg and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

ORDINANCE (First Reading)..... ITEM 3-b
AN ORDINANCE DETERMINING AND FIXING THE 2000 TAX LEVY AND MILLAGE RATE FOR THE EAST NAPLES BAY SPECIAL TAXING DISTRICT FOR THE PURPOSE OF PROVIDING SUFFICIENT FUNDS FOR THE OPERATIONS OF THE SPECIAL TAXING DISTRICT; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced the total assessed valuation of real and personal property in the district to be \$173,637,338 and the tax levy to be 0.5000 (\$82,478) for fiscal year 2000-01.

Public Input: None (6:07 p.m.)

MOTION by Tarrant to APPROVE this ordinance on First Reading, as submitted; seconded by Herms and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

ORDINANCE (First Reading).....ITEM 3-c
AN ORDINANCE DETERMINING AND FIXING THE 2000 TAX LEVY AND MILLAGE RATE FOR THE MOORINGS BAY SPECIAL TAXING DISTRICT, FOR THE PURPOSE OF PROVIDING SUFFICIENT FUNDS FOR THE OPERATIONS OF THE SPECIAL TAXING DISTRICT; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced the total assessed valuation of real and personal property in the district to be \$674,720,568 and the tax levy to be 0.0500 (\$32,049) for fiscal year 2000-01.

Public Input: None (6:08 p.m.)

MOTION by Herms to APPROVE this ordinance on First Reading, as submitted; seconded by Tarrant and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

ORDINANCE (First Reading).....ITEM 4-a
AN ORDINANCE ADOPTING THE FINAL BUDGET FOR THE EAST NAPLES BAY SPECIAL TAXING DISTRICT FOR FISCAL YEAR COMMENCING OCTOBER 1, 2000 AND ENDING SEPTEMBER 30, 2001; APPROPRIATING FUNDS FOR OPERATING EXPENSES OF THE CITY OF NAPLES FOR THE GENERAL OPERATION FO THE EAST NAPLES BAY SPECIAL TAXING DISTRICT FOR AND DURING FISCAL YEAR COMMENCING OCTOBER 1, 2000 AND ENDING SEPTEMBER 30, 2001; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced the special revenue fund at \$82,000 for fiscal year 2000-01.

Public Input: None (6:09 p.m.)

MOTION by Herms to APPROVE this ordinance on First Reading, as submitted; seconded by Taylor and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

ORDINANCE (First Reading)..... ITEM 4-b
AN ORDINANCE ADOPTING THE FINAL BUDGET FOR THE MOORINGS BAY SPECIAL TAXING DISTRICT FOR FISCAL YEAR COMMENCING OCTOBER 1, 2000 AND ENDING SEPTEMBER 30, 2001; APPROPRIATING FUNDS FOR OPERATING EXPENSES OF THE CITY OF NAPLES FOR THE GENERAL OPERATION OF THE MOORINGS BAY SPECIAL TAXING DISTRICT FOR AND DURING FISCAL YEAR COMMENCING OCTOBER 1, 2000 AND ENDING SEPTEMBER 30, 2001; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced the special revenue fund at \$21,250 for fiscal year 2000-01.

Public Input: None (6:11 p.m.)

MOTION by Herms to APPROVE this ordinance on First Reading, as submitted; seconded by Tarrant and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

ORDINANCE (First Reading)ITEM

4-c

AN ORDINANCE ADOPTING THE FINAL BUDGET FOR THE CITY OF NAPLES, EXCLUSIVE OF DEPENDENT TAXING DISTRICTS, FOR FISCAL YEAR COMMENCING OCTOBER 1, 2000 AND ENDING SEPTEMBER 30, 2001; APPROPRIATING FUNDS FOR OPERATING EXPENSES OF THE CITY OF NAPLES FOR THE GENERAL OPERATION OF THE SEVERAL DEPARTMENTS OF THE CITY, INCLUDING UTILITIES, AND FOR CONTRIBUTING TO THE SINKING FUNDS OF THE CITY TO PAY INTEREST ON AND PROVIDE FOR THE RETIREMENT OF THE OUTSTANDING BONDS AND OTHER FIXED OBLIGATIONS OF THE CITY AND THE UTILITY TAX FUND FOR AND DURING THE FISCAL YEAR COMMENCING OCTOBER 1, 2000, AND ENDING SEPTEMBER 30, 2001; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced total appropriations to be \$65,173,237 and total internal services funds to be \$7,647,361 for fiscal year 2000-01. The submittal of a revised ordinance was noted, the amendment being deletion of inter-fund transfers on loans which are considered cash transactions, not budgeted transactions. City auditors have confirmed this procedure, Mr. Harrison said.

Public Input: None (6:12 p.m.)

MOTION by Herms to APPROVE this ordinance on First Reading, as submitted; seconded by Taylor and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes).

ORDINANCE (First Reading).....ITEM 5

AN ORDINANCE AMENDING THE FINAL BUDGET FOR THE FISCAL YEAR 1999 – 2000; RE-APPROPRIATING FUNDS FOR OPERATING EXPENSES OF THE CITY OF NAPLES FOR THE GENERAL OPERATION OF THE SEVERAL DEPARTMENTS OF THE CITY, INCLUDING UTILITIES, AND FOR CONTRIBUTING TO THE SINKING FUNDS OF THE OUTSTANDING BONDS AND OTHER FIXED OBLIGATIONS OF THE CITY AND THE UTILITY TAX FUND FOR AND DURING THE FISCAL YEAR 1999 – 2000; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE. Title read by Assistant City Manager William Harrison, who announced original appropriations to be \$62,822,249; total budget amendments to be \$38,287,001; total final budget to be \$101,109,250; internal service funds original appropriation to be \$6,502,100; total budget amendments to be \$881,400; and total final budget of \$7,383,500. Mr. Harrison explained that this ordinance formally enacts budget amendments previously approved by the Council during the course of the current fiscal year, the largest dollar value deriving from capital projects authorized as early as 1998-99 and as yet not completed.

Council Member Galleberg questioned the transfer from the Water/Sewer Fund to cover a shortfall of approximately \$300,000. Assistant City Manager Harrison said that in the ten City of Naples budgets on which he had worked, this is the first occasion that such a transfer was necessary. Although well within the discretion of elected officials, he said, he recommended against it other than in rare occasions, citing the unforeseen expenses noted earlier in the meeting. Mr. Harrison also explained that the Water/Sewer Fund, instead of unrestricted reserves, was chosen due to Water/Sewer's strong condition and to the proceeds on hand from the sale of surplus land. This action will allow the City to retain the required 10% reserve to fund emergency needs such as storm

damage. This, he said, would also help safeguard the recently achieved AAA bond rating which could be negatively affected if undesignated reserves were drastically reduced.

Public Input: None (6:28 p.m.)

MOTION by Herms to ***APPROVE*** this ordinance on First Reading, as submitted; seconded by Tarrant and carried 6-0 (Galleberg-yes, Herms-yes, MacIlvaine-absent, Tarrant-yes, Taylor-yes, Wiseman-yes, MacKenzie-yes)

CORRESPONDENCE and COMMUNICATIONS.....

Council Member Galleberg received clarification from Assistant City Manager Harrison that loss of an AAA bond rating could result in only an approximately .25% interest rate differential since the City's bonds are traditionally highly regarded in financial markets. Council Member Tarrant commended City Manager Rambosk and Mr. Harrison for their financial management. Council Member Tarrant also received clarification that the City's Gateway project (Gordon River Bridge) would be completed within approximately six months once the State authorizes the City to commence.

OPEN PUBLIC INPUT.....

None (6:30 p.m.) It was announced that the next public hearing on the budget and millage rate adoption would be held at 5:05 p.m. Tuesday, September 19, 2000.

ADJOURN.....

6:32 p.m.

Bonnie R. MacKenzie, Mayor

Minutes prepared by:

Tara A. Norman, City Clerk

Minutes approved: 9/20/00