

**SPECIAL CALL CITY COUNCIL MINUTES  
THURSDAY, SEPTEMBER 3, 2015 5:15 P.M.  
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

**PRESENT:** Richard Winger, Mayor; Jay Kramer, Vice Mayor; Pilar Turner, Councilmember; Amelia Graves, Councilmember and Randy Old, Councilmember **Also Present:** James O'Connor, City Manager; Wayne Coment, City Attorney and Tammy Vock, City Clerk

**1. CALL TO ORDER**

**A) Roll Call**

Mayor Winger opened the meeting at 5:15 p.m. and led the Council and audience in the Pledge of Allegiance to the flag.

The City Clerk performed the roll call.

**2. PUBLIC COMMENT**

None

**3. PUBLIC HEARINGS**

**A) An Ordinance of the City of Vero Beach, Florida, Providing the Levy of Ad Valorem Taxes for the Fiscal Year 2015-2016 at a Millage Rate of 2.6437 which equates to \$2.6437 per \$1,000 of Assessed Property Value.**

Mayor Winger read the Ordinance by title only.

Ms. Cindy Lawson, Finance Director, gave a recap of the procedures being used for today's meeting. She said that the first substantive issue discussed at the hearings must be the percent increase in millage over the rolled-back rate needed to fund the budget (if any) and the reason for the increase. At both the tentative and final hearings, the millage rate must be adopted before the budget by separate votes. She said if Council wants to discuss the budget before finalizing and adopting the millage, Council can open and discuss the millage Ordinance, table it, open the budget Ordinance, discuss and table it, then re-open and adopt the millage first and then the budget. She said the governing body must take comments and the general public is allowed to speak and ask questions before the governing body adopts any measures. Before adopting the millage levy Ordinance, the taxing authority must publicly announce the name of the taxing authority, the rolled-back rate, the percent of increase over the rolled-back rate, and the final adopted millage rate. She said if the tentative or final budget is amended prior to adoption of the Ordinance, the motion should be to adopt "as amended" with specific direction as to what amendments were made. In this budget, the increased tax revenue has been used to fund the following: Two (2) new Police Officers and a part time Parking Enforcement officer

in the Police Department, as well as the replacement of a civilian CSI position with another Police Officer position; Two (2) new full time Lifeguards and a Recreation Coordinator in the Recreation Department; Two (2) new positions in Finance and Information Technology, A new position for the City Attorney's office, funded for six months of the fiscal year, a transfer of \$450,000 to the General Fund Capital and Construction Fund to support additional street paving, repair and refurbishment of recreation facilities, and Police Department vehicle replacement, A salary increase of 3% for all employees, An increase of 4.3% in health insurance rates and contributions to the new Defined Contribution plan.

Mr. Jim O'Connor, City Manager, recommended that Council discuss and table the first Ordinance, which is the millage rate and go to the second Ordinance, which is the Budget Ordinance and make recommendations to that Ordinance first.

Ms. Lawson reminded Council that the millage rate has to be voted on first and then they can go and vote on the Budget Ordinance.

Mayor Winger made a motion to table item 3-A) Ordinance (millage rate) and discuss item 3-B) Ordinance (adopting budget) first. Mr. Kramer seconded the motion and it passed 5-0 with Mr. Old voting yes, Ms. Graves yes, Mrs. Turner yes, Mr. Kramer yes, and Mayor Winger yes.

**B) An Ordinance of the City of Vero Beach, Florida, Adopting the Annual Budget of the City for the Fiscal Year beginning October 1, 2015 and Ending September 30, 2016; Appropriating funds for the Operating Expenses, Supplies, and Personnel, and otherwise appropriating funds for the Efficient and Effective Operation of the Government of the City of Vero Beach and its Departments; Such appropriations being from anticipated revenue; providing a means to amend the Annual Budget to carry forward the funding of Purchase Orders, Work Orders, and Grants outstanding as of September 30, 2015; Providing a means to amend the Annual Budget to reflect Grants received after September 30, 2015; and authorizing the Transfer of Funds Appropriated so long as the total combined appropriations shall not be increased thereby; Providing an Effective Date.**

Mrs. Vock read the Ordinance by title only.

Ms. Lawson again went over what new positions have been put in the budget this year, which has increased the tax revenue.

Mr. O'Connor made it clear that the 3% salary increase for the employees only applies if the Union contracts are voted on. However, it does apply to all non-bargaining employees.

Ms. Lawson provided Council with a spread sheet covering the recommendations of the Finance Commission, as well as proposed recommendations from Councilmember Graves (please see attached). She briefly went over both of the layouts. She said for the last few years the City has stayed very close to their original budget. She said last year their expenditures

were off by .25%. She then expressed her concerns about budgeting to erode the Fund Balance by almost one million dollars, which was a motion made at the Finance Commission in which she expressed her concerns especially since there is not a policy in place. She said if they were going to budget to use their Fund Balance it would be best to do that for a one-time expenditure and not something that is a reoccurring expenditure. She is very conservative and feels a good conversation to have is what the appropriate levels of Fund Balance should be. She told the Finance Commission that she would bring to them a Fund Balance Policy at one of their meetings in the first quarter of next year. She said that the policy should include not a single number, but layers. Such as the layers of Fund Balance that is needed for minimum cash flow given that we live in a hurricane prone area. She said a former City Council had established the number of \$2 million dollars being appropriated. She cautioned Council against spending their Fund Balance before a policy has been adopted.

Mr. O'Connor endorsed what Ms. Lawson just said. His concern is that administration has to look further than what is just going to occur this October. He said by taking this million dollars out of the Fund Balance and paying two debt service payments, those same debt service payments will come up again next year. His experience with other cities is once they start down that slope in spending from the Fund Balance it becomes a very easy place to draw from.

Mayor Winger commented that without a reserve policy any decision they have to make today is ad hoc. He said if they had a reserve policy in place they would know if there were excess funds available. He felt the better way of handling a hurricane would be to establish a one-time reserve and not keep putting money into it. He asked Ms. Lawson what was the City's Cash Fund Balance for the last couple of years.

Ms. Lawson said that the Cash Fund Balance has gone up and down through the years. She said in 2009 it was at 8.5, in 2010 it was 8.2, and in 2011 it was 7.7. She recalled in 2004, the fund dipped below \$6 million dollars.

Mayor Winger reiterated that without a policy in place today they are going to have to make an ad hoc decision.

Ms. Lawson understood that, and felt that for the future they needed to have a policy in place before they are faced with doing the same thing next year. She said even if they had a Fund Balance Policy what she is going to recommend is that once they get above the layers to numbers where they are accumulating money that can be used for something else it is not appropriate for that something else to be a reoccurring expenditure. Her recommendation would be to use the money on a one-time capital improvement, or put it into the Pension Fund to alleviate some of the unfunded liability or put it into the OPEB Trust.

It was the consensus of Council that a policy is needed.

Mr. Old felt strongly that they should not be using the cash reserve until they have a policy in place. He said if they did set a policy they would set it so it would not be used to cover deficits.

He said they need to look down the road and know that they will be borrowing sometime. He said each time you budget a deficit it would deplete their net assets. He said what you would be doing is using the cash balance reserves to pay off a reoccurring debt. He said a reoccurring debt is an expenditure and not a liability. He said from a creditors standpoint this is a bad policy to have. It is bad policy to have a deficit budget and a bad policy to use cash to cover it and they should not be doing that. He felt they should not use any of their reserves until they have a policy in place. In the policy they need to make it clear that it would not be used to pay any reoccurring expenses.

Mr. Kramer commented that they have cash earning at one half percent and debt at three and a half percent that they are paying off. He looks at this as paying off debt and gaining two points. He doesn't understand why they can't do a little smoothing here. He said they have this \$900,000 payment that will come off the books in two weeks. He said you can look at it as an expenditure or look at it as debt.

Mr. Old disagreed with Mr. Kramer and said that accounting rules tell you that you cannot look at it that way.

Mr. Kramer continued by saying it is on the balance sheet as a liability and when you take cash and pay off the liability then it is gone.

Mrs. Turner asked their Finance Director to who is the professional in this area to address the issue.

Ms. Lawson stated that from an accounting standpoint the way this will look in the CAFR is on the government balance sheet that shows their General Fund it will show a deficit of \$920,000, which decreases the Fund Balance from beginning Fund Balance to ending Fund Balance. The cash balance in the governmental statements is the only thing they have against the OPEB and pension liabilities on the government wide statements that are already negative four and a half (negative assets). It is an expenditure in the governmental fund to pay debt service.

Mr. Kramer explained they were paying the debt, but not getting rid of the liability.

Mrs. Turner stated that even though some of the Council did not agree with Ms. Lawson's definition that is exactly how it appears on the books. She agreed with Mr. Old that they should not be raiding reserves without having a policy in place. Taking reserves now just perpetuates deficit budgeting.

Mayor Winger commented that there was another way to bring down the tax increase, which is to reduce expenditures.

Mr. Kramer expressed that these reserves went up from \$7 million dollars to \$9.4 million dollars. They have taken money from the public and put it in a bank account, haven't used the

money and now they are back asking the public for more money. He said this does not make sense to him.

Mrs. Turner agreed that once they have a policy in the place that the reserves could be utilized to diminish the burden on the taxpayers. She said there was no question that it is taxpayer's money. She said she still objects to raiding that money without having a policy set. She said this was not a good time to be reducing reserves when the City has so much litigation pending.

Mr. Old felt that the wise way to use reserves is to reduce liabilities plus to increase cash flow. He said they could do this by contributing to the pension liability, or contributing to OPEB, or reducing other long term debt.

Mr. Kramer explained what he was trying to do was pay off the 2012 debt. Mr. Old told him that is a reoccurring expense.

Ms. Lawson made it clear that the City could not refinance that 2012 debt. However, she said this is a policy decision and it would not be the first time the CAFR showed revenues that were not sufficient to cover expenses.

Mr. O'Connor stated that having a Fund Balance policy could force the administration to spend money whether they need something or not because the money will not be carried forward. He said this budget is a Council policy statement and staff will do whatever the Council wants to do to execute the budget.

Ms. Graves explained her issue was that she did not want to spend money out of reserves and certainly did not want to spend out of reserves if they were not cutting in addition to it. The idea that they would spend and not cut anything would make next year's budget atrocious. Her suggestion would be to cut the \$450,000 funding for capital projects that was going to be put into the General Fund.

Mr. Peter Gorry, Chairman of the Finance Commission, clarified that the City Council asked the Finance Commission to review ways to approach reduction in the budget. On the issue of the reserves there is no question that there is not a policy in place. He said the County is beginning this year to dip into their reserves. He said over the last ten years the City's average reserve has been \$8.5 million dollars and currently they have \$9.4 million dollars. He said granted there is going to be a reduction of \$950,000 in the reserves, but he has done a detailed analysis going through 130 items through July on this current budget and it appears there will be at least a \$200,000 to \$400,000 surplus that would go back in and replenish those reserves. One of the big issues is the \$1.4 million dollars in vehicular fuel gas consumption and with the falling of the fuel and gas prices there will be about \$100,000 in those accounts alone. He reminded Council that the charge of the Finance Commission was to look at options without substantially reducing any services. He noted that some of the services provided in the budget don't occur. He said that is one of the ways that the reserve is built. For example, if you have \$50,000 in the budget for Dune Restoration and the City does not have to repair the dunes that is extra

money. He said Vero Beach was unique in not having a reserve policy. He wanted to explain the Finance Commission's recommendation in the absence of a policy. He said part of what they are paying out of the reserves (\$220,000) is going towards capital programs, so as a result there are some infrastructure improvements.

Mr. Mark Mucher agreed with Mr. Old's position on this. He said in general what he is hearing is that no one except Mrs. Turner is talking about not spending all this money. He wanted Council to remember they also have the stormwater assessment.

Mr. Glen Brovant, Finance Commission member, said that he did not have any problems with the \$450,000 capital expenditure. However, he was not in favor of financing operating expenses of their reserve account. He was opposed to the recommendation that the Finance Commission made. If they believe that the City needs \$750,000 to pick up expenses then they should finance it permanently by having a tax increase. He looked at the expenses and they can be trimmed. He said if they are not going to trim expenses then there will be another deficit next year. He does not even know if the City has any reserves. He continued by saying they don't know what the railroad crossings are going to cost them, there is litigation going on and no one talks about the fact that three months ago the Finance Commission asked the City Council to commence taking control of the OPEB. They have added \$15 million dollars to the liability side of their balance sheet. They have to start dealing with this (OPEB) and he felt they should have started this year. He said if they need money then raise taxes.

Mayor Winger commented that it was true the OPEB and benefits for retirees is a problem. He did think it was important to know the City has moved from a defined benefit to a defined contribution and they have also implemented the use it or lose it concept for employees' vacation and sick time.

Mr. Brovant agreed that City management has done a good job in some difficult situations. He said this is the first year he has looked at the budget and is disturbed about it.

Mayor Winger asked Mr. Brovant where he thought they could make some cuts to the budget.

Mr. Brovant commented they could look at the Recreation Fund. He said they are spending \$2 million dollars a year on recreation. He realizes that a majority of the population that uses their recreation facilities do not live in the City. He said they can't continue to raise real estate taxes. If they get lucky they might sell the electric utilities, but that will be down the road. He would take a broad brush attack on the Recreation Fund.

Mr. Old felt that if they adopted the budget with a 30% tax increase then they should not have to raise taxes again.

Mr. Brovant disagreed. He said they probably wouldn't see any relief until about the third year out.

Mr. Old commented that what is not in the budget is the OPEB. He said they have to look at salaries and other things running the City, as it should be.

Mayor Winger said in 2016-2017 another thing that will happen if they don't sell the utilities is that there will be the OUC reduction.

Mr. Brovont reiterated that they should be looking at the Recreation Fund.

Mayor Winger stated that he was not going there. He is a big supporter of the Recreation Fund. He said that this City Council has been dealt a bad hand and they are just trying to dig out of it.

Mr. Glen Bradwell was not in favor of having a tax increase. He said there is a problem with excessive spending that needs to be dealt with. It is time for the City Council to step up and make some difficult decisions regarding spending. He asked Council to join Mrs. Turner in coming up with a reasonable solution. He said the taxpayers matter.

Mrs. Laura Moss referred to Ms. Lawson's memo of August 27, 2015. She said out of the Electric Utility Fund, professional services expenditures increased by \$500,000 to cover potential litigation costs. She asked what legal matters this \$500,000 will be applied to.

Mr. O'Connor said that this covers the litigation they have with the County, with Indian River Shores and Indian River Shores wanting to separate from the City and go to Florida Power and Light (FPL).

Mrs. Moss asked how much they have spent this year.

Ms. Lawson said through the month of July they have spent \$440,000.

Mr. Ken Daige agreed that 38% was a big increase. However, he said there has been a lot of maintenance put off for the last couple of years. He mentioned the awning at the Community Center is ripped and torn and needs to be replaced. He said with maintenance the longer you wait the more expensive it will be to make repairs. He said the community needs to know where they are going to start cutting and what they are going to do away with. He said if they wait on doing repairs at Leisure Square then they need to let the people know. He didn't know how much longer they could wait in making some of the needed repairs. He questioned how much in reserves do they really have. He was not in favor of cutting the two (2) new Police Officer positions. Also, there are a lot of things that have not been addressed on the mainland. He is tired of a lot of the cuts happening all over the City, when there are things on the mainland that have not been addressed for years. He asked how long can they kick the can down the road and when will these things be addressed. He told Council if they were going to cut to let the public know what is being cut.

Mayor Winger closed the public hearing at 6:12 p.m., with no one else wishing to be heard.

Mayor Winger asked Ms. Lawson to give them a figure of what it would cost for them to start fixing the OPEB. He mentioned that when he talked about the pension program the City will still have to pay \$4 million dollars a year for 13 years to get out of the hole, but at least it isn't getting worse.

Ms. Lawson said that it was the recommendation of the Finance Commission that they start funding the OPEB Trust on a 27 year basis, which would be \$660,000 Citywide and a \$330,000 impact to the General Fund. She reiterated if they went with 30 years it would be \$300,000 of an impact to the General Fund.

Mayor Winger asked how many other dinosaurs they have hidinf in their closets besides the OPEB, Pension Fund, vacation and sick pay. Ms. Lawson said unless the State comes up with something else, she felt that they would be tackling the big issues in the next few years.

Mayor Winger stated that Mr. O'Connor runs the City and Council sets policy. He asked Mr. O'Connor what would happen if he said no to raising the millage rate to 2.64, but keeping it at 2.34 and on top of the 2.34 they include starting to fund the OPEB .

Ms. Lawson said they would need either about \$500,000 in cuts or deficit spending if Council chose to go with the 2.34.

Mr. O'Connor stated to get to this number he would not transfer the \$450,000 out of the General Fund.

Mayor Winger asked what they would do about the roads. Mr. O'Connor said there still would be some money in the budget for the roads that would address their immediate concerns. He said of the things that has been brought up is there needs to be improvements made at Leisure Square. He did not think replacing the awning at the Community Center was a big issue. He said when you start talking about structural issues he would put a higher priority in making those repairs at Leisure Square then having some street paving done.

Ms. Lawson suggested in getting the other \$45,000 to \$50,000 they could eliminate the Dunes Renourishment line item from the budget.

Mayor Winger asked if this would include the OPEB.

Ms. Lawson said that would be another \$330,000 so they would have to eliminate some of the new proposed positions.

Mr. Old commented that one of the things they talked about at their budget workshops was that they would implement the OPEB Trust when they sold the Dodgertown golf course.

Ms. Lawson said that you really could not use the proceeds from the golf course to fund the OPEB because it is an operating cost. She said when they sell the property and alleviate the

debt service in the one-cent sales tax fund it will be their opportunity to have more money for projects.

Mr. Old liked the idea of eliminating the \$450,000 and reducing the proposed tax increase that they first talked about. It would be about a 27% increase from the rollback rate.

Mrs. Turner commented that the economy has not improved 30%.

Mayor Winger commented that when you look at the big picture this City is in good financial shape. He said they have one of the lowest tax rates in the State.

Mrs. Turner stated that the City of Vero Beach may have one of the lowest tax rates in the State and the reason for that is because they take 6% from their Electric Fund, \$6 million dollars subsidized by their electric rate customers, which is why they are able to keep their tax rates so low. She mentioned that this budget doesn't include anything for stormwater. So on top of their customer's utility bill, which is already 30% on top of FPL rates, they are going to hit their customers with a stormwater utility, which will be an increase to their utility bill. She questioned where is the transparency in this?

Mr. Kramer asked Mrs. Turner what would be her solution.

Mrs. Turner said first you don't start off your budget review with a 30% increase and that is exactly what this Council did. Mr. Kramer agreed with Mrs. Turner. Mrs. Turner continued by saying in the budget process no one questioned any expenses, no financial analysis was asked for or cost analyses benefit. She said no one went through the budget line by line. She recalled at the budget hearings she questioned one thing concerning roads bringing up the expert testimony of the City's hired consultants who has said that 70% of their roads are in good or better conditions, yet this Council said consultants don't know anything and they (Council) know better what their road conditions are so let's hit our taxpayers with an extra \$500,000 in taxes.

Ms. Graves told Mrs. Turner she is telling them what she feels is wrong, but is not coming up with a solution. One of the solutions that they just brought forth is getting rid of the \$450,000. She asked Mrs. Turner what else she proposes besides this \$450,000.

Mrs. Turner stated that you go back to the tax rate as it is, which would be an effective 8% increase and you find a way to live with it. She said you don't start adding new positions when the City is not in a place to be able to pay for these additional positions.

Ms. Graves asked Mrs. Turner if she did not want any extra Police Officers hired.

Mrs. Turner said no. She said at this point she would say live with what they have until the City can afford to add more Police Officers.

Mr. Brovont commented that the income level projected is pretty clear and expenses are tight. He did not think it was a good year to be adding new staff. He said the public is not happy with the City.

Ms. Lawson reiterated what new positions were proposed for this year.

Mr. Old commented that when they sat through the budget meetings, which he thought were very fairly done, they talked with each Department Head about what they required in their department. He was convinced the employees being added are really required and without them the City either loses efficiency, loses safety on their beaches, loses public safety without hiring more Police Officers and they would be remiss in not adding these new staff members. He did not see anything in the budget that was unnecessary.

Mayor Winger asked each Councilmember individually when they wanted to face the OPEB situation.

Mr. Old suggested next year.

Mrs. Turner stated if they would have had a realistic budget, holding the line on their expenses, that OPEB would have been the one thing that she would agree to raise taxes.

Mr. Kramer agreed that eventually they have to attack the OPEB, but not right now.

Ms. Graves agreed stating that she did not see how they could include it in this year's budget.

Mayor Winger asked Mr. O'Connor if the tax rate of 2.34 is something he could he live with.

Mr. O'Connor stated that when talking about personnel, he truly believes that new Police Officers are needed. He said the Police Department has increased some of their duties, which includes code enforcement. He said with the lifeguards, last year Council increased their hours to man the beaches, so they need additional lifeguards in order to cover those hours. He said that the Recreation Department had to move two of their part-time lifeguards into full time positions in order for this to occur. He said as far as the Recreation Coordinator goes if they are going to continue to run programs at the Recreation Department, then this Coordinator is needed.

Ms. Lawson commented that if they eliminate the \$450,000 and eliminate the \$45,000 dunes out of the budget, this would bring them down to 2.4029 (approximately 25% over rollback). She said to get down to 2.34 it would require another \$142,000 worth of reductions. She went over the costs of the new positions as they relate to the General Fund.

Ms. Graves agreed with removing the \$450,000 (transfer to capital projects). She did feel that looking down the road of having a train coming through town and splitting the City in half, that

Police Officers will be an issue for them. She did not want them to spend their reserves until they have a policy in place.

Mr. Kramer was looking at the \$9.4 million dollars that they have in reserves and he knows that will go higher. He did not like the idea of the City taking his money and putting it into a bank account.

Mrs. Turner objected to removing these items from the budget. She said that they should start back at their current tax rate, taking the 8% and that is the budget and then she would add in \$330,000 for OPEB and add something in the budget for stormwater.

Ms. Graves commented that she did not see how they could not have additional lifeguards with so many people using their beaches. She also did not see how they could not hire additional Police Officers.

Mr. Gorry stated there was an increase in costs because of hiring new employees this year (8 positions). He said if you take the incremental difference between what is budgeted and the new hires and put those off for about three months it would save around \$40,000/\$50,000 a month, which will get them closer to where they want to be.

Mrs. Turner commented that when they were doing benchmarking that their Police Department had the best response times of any police department for the size of this City. At this point the City has a very effective Police Department.

Mayor Winger called for a fifteen-minute recess and the meeting was called back to order at 7:00 p.m.

Mayor Winger reminded Council that they have to come to a decision tonight. They could not go back to the drawing board. He understood both Mr. Kramer's and Mr. Old's concerns.

The first item that Council discussed was item 3-A) Providing the Levy of Ad Valorem Taxes for the Fiscal Year 2015-2016.

Mayor Winger made a motion to propose a tax rate of 2.38.

Ms. Lawson read Section II of the Ordinance as required by law. *The Fiscal Year 2015-2016 operating millage rate of 2.3800 levied hereby is greater than the rolled-back millage rate of 1.9124 mills by 24.45%.* She explained to Council that this was not their final decision. She said it is their second to final decision. At their final public hearing on September 15<sup>th</sup>, they would be allowed to lower the millage rate, but they could not raise it.

Ms. Graves seconded the motion.

The motion passed 3-2 with Mr. Old voting yes, Ms. Graves yes, Mrs. Turner no, Mr. Kramer no, and Mayor Winger yes.

At this time Council discussed item 3-B) An Ordinance adopting the annual budget of the City for the Fiscal Year beginning October 1, 2015 and ending September 30, 2016.

Ms. Lawson went over the changes that Council has discussed making to the budget so that it supports this lower tax rate. She said essentially they would be adopting a budget with the following amendments: eliminate the \$450,000 transfer to capital projects, eliminate the \$45,000 item for the Dune Restoration and staff would also propose to reach this rate to eliminate one Police Officer position, which would be the other \$52,000 that they would need to reach the tax rate of 2.38.

Mr. Old suggested keeping the Police Officer position in the budget and eliminate the hiring of a new attorney (\$33,000) and eliminate the parking code enforcement specialist (\$11,500).

Ms. Lawson said by doing that it would bring them close to the needed \$50,000.

Mr. Daige questioned by eliminating a Police Officer position will this interfere with Chief Currey's plan to provide two (2) Police Officers on the mainland, two (2) Police Officers on the barrier island and two (2) Police Officers in the middle of town.

Mr. O'Connor explained to Mr. Daige that the Council is not eliminating the two (2) Police Officer positions from the budget. They are eliminating the part-time parking specialist to handle enforcing parking on Saturday mornings. He said that position will have to be restructured.

Mr. Daige heard that they were not transferring money to the Capital Outlay Fund. He asked if improvements would still be made at Leisure Square. Mr. O'Connor answered yes and said that the money to do those improvements comes from the one-cent sales tax.

Mayor Winger closed the public hearing at 7:09 p.m., with no one else wishing to be heard.

Mr. Old made a motion to adopt the budget as amended: to reduce the ad valorem tax revenue to \$5,385,590, to eliminate the \$450,000 transfer to the General Fund (304), eliminate the \$45,000 Dunes Restoration expenditure line item, eliminate the additional attorney position, and eliminate the parking enforcement officer from the budget. These would be supported with no deficit on their already voted on millage rate. Ms. Graves seconded the motion. The motion passed 3-2 with Mr. Old voting yes, Ms. Graves yes, Mrs. Turner no, Mr. Kramer no, and Mayor Winger yes.

Mayor Winger explained that the proposed 2.38 millage rate stands as the maximum. It could be reduced, but not raised. The expense budget can be changed. The City of Vero Beach will still be one of the lowest tax rates in the State. The final budget hearing will be held on

September 15<sup>th</sup> at 5:15 p.m. He explained that someone's home valued at \$100,000 their taxes would go up \$34.00 a year and someone's home valued at \$300,000 their taxes would go up around \$100.00 a year.

#### **4. ADJOURNMENT**

Tonight's meeting adjourned at 7:14 p.m.

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