

**COUNCIL MINUTES
JULY 23, 2008**

Pursuant to Public Notice, Mayor Brimer convened a special meeting in the City Council on Wednesday, July 23, 2008, at 6:00 p.m. in the Council Chamber. Those present were Mayor Mark Brimer, Vice-Mayor Joseph Ferrante, Councilwoman Martha Kirby, Councilman Sal D'Amato, Councilman Dominick Montanaro, City Manager Michael Crotty, and City Clerk Barbara Montanaro.

Also present were Finance Director Brenda Raver, Community Development Director Laura Canady, Recreation Director Kerry Stoms, Public Works director Allen Potter, Police Chief Lionel Cote, Police Commander Jeff Pearson, and Fire Chief Dan Rocque.

The sole purpose of the meeting was to discuss the FY 2008/2009 Budget.

DISCUSS/TAKE ACTION ON FY 08/09 BUDGET PREPARATION

DISCUSS/TAKE ACTION ON SETTING TENTATIVE MILLAGE RATE FOR FY 08/09 BUDGET

The two agenda items listed above were discussed together.

City Manager Crotty presented a preliminary budget based on a millage rate of 7.4883 for discussion purposes only. He stated that tax reform and the 2008 Amendment 1 have created an \$87,000,000 reduction in the City's tax base. The extra homestead exemption decreased the taxable value of each homesteaded property almost \$25,000. To recoup the tax dollars lost to the additional homestead exemption and maintain the same level of services as last year, homes assessed over \$140,000 will receive an increase in City taxes.

A millage of 7.4883 would not be advertised as a tax increase; it is 0% over the rolled back rate. However, property assessed at \$215,000 and taxed on \$190,000 paid approximately \$1,168 in City taxes last year, this year the taxes on that property will be approximately \$1,277 (an increase of \$110).

Sixty to seventy percent of homeowners will receive a \$50-\$100 tax break; the other thirty to forty percent will make up the difference. The tax reforms of 2007 and Amendment 1 have increased the inequity in taxes between long-time homeowners and new homeowners caused by the Save Our Homes Amendment.

At the May 7, 2008, meeting Council directed staff to prepare a budget to maintain the current levels of service. At the June 24 meeting, Council recommended certain enhancements based on department head reports: restore the one police officer position, upgrade one police position to sergeant, add training and personnel costs for Fire Department, address code enforcement issues to provide more enforcement, and restore the 15% reduction in departmental operating expenditures.

Council discussed the following:

- Council cannot fix the inequities of the Save Our Homes Constitutional Amendment; however, they have a responsibility to the citizens to run the City in a fiscally responsible manner.
- The tone coming from Tallahassee is the desire to force smaller cities to consolidate into a regional government. They continue to erode home rule through revenue constraints and unfunded mandates.
- Council has heard from citizens that they want to retain services; the millage rate has to be enough to fund those services. City residents expect the recreational programs, code enforcement, and public safety.
- Satellite Beach does not impose the same level of utility taxes as neighboring communities, which makes a difference in the amount of ad valorem taxes needed.
- Council discussed the Federal Income Tax benefits that ad valorem taxes have over sales taxes, utility taxes and user fees.
- Sales tax is an uncertain amount and makes planning a budget difficult to impossible.
- Council was committed to maintaining personnel – no layoffs.
- Once the millage rate is set, you cannot increase it. However, the millage can be reduced if budget numbers support that.

Finance Director Brenda Raver explained the impact of the 07/08 millage rate on the 08/09 budget. She gave a detailed report on the calculation of 7.4883 mills, one of the options available to the City. Ms. Raver presented an overview of how the various Department of Revenue forms interact with one another and the impact of the additional homestead exemption, portability, and tangible property tax. The Department of Revenue has verified that these forms are correct.

Council continued their discussion as follows:

- The 7.4883 millage would be one of the highest millage rates in Brevard County on top of an increase in the stormwater utility tax and this may have a negative impact on the purchase/sale of homes in Satellite Beach.
- The 6.83 millage will not cover maintaining services and jobs.

- Satellite Beach has advanced life support and can respond to concurrent calls; other municipalities do not provide that level of service.
- Council discussed the editorial in the Florida Today addressing the realities of Amendment 1 – decrease in services and increase in taxes.
- Fuel and health care costs will continue to increase.

Mayor Brimer asked for public comments. The following individuals addressed Council:

- Pam Stamm, 310 Harwood Avenue, stated that with all the foreclosures and the slump in the economy, the appearance of the City is declining. She stated that she supported a higher millage rate that would retain personnel and provide services to keep the community looking good. Satellite Beach has good schools and the City needs to be maintained.
- David R. Schechter, 635 Seville Court, stated that decisions were been made long ago to keep Satellite Beach as a bedroom residential community. Without industry and large commercial districts to contribute to the tax base, residents have to pay for the services. The City provides excellent services and these services are reviewed each year. There was also a committee that spent months reviewing the services. If a city is going to have the amenities available in Satellite Beach, including ownership of beachfront properties, then the citizens have to pay for those amenities. Mr. Schechter expressed appreciation to Council for making the decisions necessary to support the quality services provided.

Council requested the City Manager to prepare two budgets which will be discussed at another special meeting on Wednesday, July 30, 2008, at 6:00 p.m.

Council asked that a clear explanation of this budget process and the impacts of Amendment 1 be included in a Beachcaster article.

Mayor Brimer adjourned the meeting at 7:00 p.m.

Barbara Montanaro, CMC
City Clerk