LAKELAND CITY COMMISSION

Budget Hearing
September 5, 2024

The Lakeland City Commission met for the first of two budget hearings in the City Commission Chambers. Mayor Bill Mutz and Commissioners Chad McLeod, Stephanie Madden, Sara Roberts McCarley, Mike Musick, and Guy LaLonde were present. Commissioner Bill Read was absent. City Manager Shawn Sherrouse, City Attorney Palmer Davis, Finance Director Mike Brossart, and City Clerk Kelly Koos were present.

CALL TO ORDER - 6:00 P.M.

PRESENTATIONS

Proposed FY2025 Annual City Budget, City Manager Shawn Sherrouse and Finance Director Mike Brossart

The following was presented:

- FY2025 Budget Process Timeline
- Property value growth in FY2025 was 5.48%. Commission decided to set FY26 and FY27 at the same value growth.
- The goal was to maintain the General Fund Reserves at 45-60 days cash on hand.
- The Commission considered millage rates of 5.5644 and 5.6200.
- Controllable expenditure growth was limited to 2%.
- There was a 7.5% increase in health insurance rates.
- The General Employees were slated to receive a 2.5% Across the Board (ATB) increase and a 2.5% or 3% merit increase if eligible.
- Collective Bargaining Agreements:
    - 2.5% me too increases for FOP, IAFF, UWUA Electric and UWUA Water
    - FOP merit increase will mirror general employees. The other collective bargaining units had existing agreements at 2.5%.
- Days cash on hand, which the Commission reviewed at the last workshop.
- Airport Fund additions. These were related to the Avelo route expansion.
- General Fund Positions being deleted. Staff found 9 vacant positions to delete from the Table of Organization to save money.
- Position Changes to Meet Growing Service Demands.
- Lakeland is in the lowest quartile of millage rates when compared to similar cities.

Strategic Plan and Target Areas were reviewed:
Target Area 1: Infrastructure
Target Area 2: Economic Development

Target Area 3: Public Safety
Target Area 4: Culture
Total FY 2025 Target Area Expenditures $37,595,475

FY25 Budget Proposed City Commission Initiatives General Fund:

AGB Museum of Art	$250,000
Police Athletic League (PAL)	$100,000 matching
Senior Center	$100,000 matching
Mayor's Council on the Arts (MCA)	$375,000
Total	$825,000

Historical Ad Valorem Millage Rates were reviewed.
Polk County Millage Comparison – Lakeland was the 4th lowest millage in Polk County.
Population comparison – Lakeland's millage rate was at the very bottom of jurisdictions with similar population.
I-4 Corridor comparison – Lakeland's millage was 4th lowest.

City of Lakeland Average Property Values were reviewed.
With proposed increase to 5.5644, the following zoning classes would pay on average:

- Commercial - $98.05
- Industrial - $411.71
- Residential - $20.01

General fund Days' Cash was reviewed.

Mike Brossart explained the Net Budgeted line he added since the last workshop. Lakeland is now budgeting at a loss, which is reducing the surplus. The days cash on hand is decreasing but still within the target range.

Mayor Bill Mutz asked to see the numbers if there was no millage increase.

Mike Brossart asked for any other scenarios the Commission might want to see on the days cash on hand slide.

Mayor Bill Mutz asked for comments or questions from the commission.

Commissioner Chad McLeod thanked staff for the work on the budget. He asked them to talk about the financial picture of the RP Funding Center. RP Funding Center operating subsidy is reduced by $456,000. They are trending below the $1 Million mark.

Cleveland Heights Golf Course expected to only need $100,000 in subsidy this fiscal year.

Commissioner Mike Musick was looking at the numbers, especially year 3. His biggest question for public safety was how many officers they would hire over the next three years. Is it realistic that the Police Department can fill the vacancies and hire 5 additional officers?

Mayor Bill Mutz thought this new contract would make it easier for the police to fill their vacancies.

Chief Taylor believed that if the negotiations had not increased the salaries, he would not request the 5 positions. There will be some attrition. Their applications from experienced officers have gone way up. They are working with 10 new applicants now. He believed they will get there this year. The numbers from the studies showed they needed 60 officers. That was impossible. Instead, Chief Taylor requested 36 officers spread out over three years.

Commissioner Mike Musick just wanted to make sure police did not have more vacancies than they can fill.

Chief Taylor believed they would be able to fill the positions. In the past, he has declined additional officers because he did not think they could fill the vacancies.

Commissioner Sara Roberts McCarley stated this commission has invested more in public safety then other agencies in the area. The point is well taken about the reality to fill vacancies. You want to have experienced officers come in to augment what we already have. We are hypothesizing across the board. We are doing the best we can, but we cannot guarantee any those percentages.

Mike Brossart: If in FY26 the 5.48 went to 3% it would be a $1.5 Million loss. That is why they started with 4% over the next few years. There has been a drop in the number and value of permits being pulled.

Commissioner Sara Roberts McCarley: It is going to cost people more to pull permits. That will increase revenue.

Commissioner Stephanie Madden heard from a lot of people, residents and business owners. She is trying to be a fiscally responsible just like the City Manager. Everything is increasing. She believed that Commissioner Bill Read who is always against a millage increase is finally willing to increase. We have said yes to a lot of things for the community and we must pay for those items. The City Manager has done what we have asked him to do. We have cut taxes twice in her terms on the Commission. We have also added things like body cams etc. We know we need the surplus for emergencies and internal loans. She was bothered by the net loss. She cannot in good conscience vote for an additional $100,000 for the arts when she was telling department heads “no.” She was looking to her colleagues; it is one thing to be fiscal conservatives and say we did not raise taxes. People around the State are amazed that we were able to build affordable housing because of the line item to leverage development. None of us are going to get everything we want. She could not say she would vote for the lowest millage rate and still get things we want. We must make investments that cost money. She could say no to the truck and the extra arts money, no to the PAL match, the Senior Center-maybe. She admits that Mike Brossart is always saying look at the DCoH, be careful. It has always been fine. She would be willing to cut the 5 positions on the police department. The answer is not just to keep taxes low and it is not to just raise taxes. This year it is incumbent upon the Commission because we have been spending. The City Manager has done what we said and made cuts. What hard decisions are we willing to put our name to?

Mayor Bill Mutz: What decisions have we made that we wish we had not done? Here is the problem, people like all the things but do not want a tax increase. He did not have regrets for his yeses.

Commissioner Chad McLeod: We have had a revenue increase because of tax growth. He believed we should keep the millage rate as low as we can for as long as we can. If we leave the rate where it is, we are good for the next couple of years. He would like to keep the millage rate the same, but between now and this time next year there needs to be that hard look. He did not hear that the City had to raise the millage this year. He was convinced the City could leave the millage the same.

Commissioner Sara Roberts McCarley got a lot of feedback when people got their TRIM notice. She had to explain the Commission was not there yet. It gave the Commission room for discussion. When citizens must make cuts at home, they do not have to do it in public. The Commission must hold these discussions publicly. Lakeland does have a phenomenal quality of life compared to others. It is a balancing act. As stewards of taxpayer dollars, it is not the Commission’s job to decide where people put their philanthropic dollars. We love parks and so do other people in surrounding areas. When everyone is tightening their budget, it must be needs vs. wants. She was grateful that the team has freed the commission up to have these discussions. She did not know that they were at the point to ask for more taxes. There is no guarantee that the hospital lease and Lakeland Electric PILOT will always be there to cover the deficit. The TRIM notice heightened a lot of awareness.

Mayor Bill Mutz: If we are going to be a need-only city then we quit being creative. It is the dreaming that attracts people to our community. It is irresponsible to not acknowledge that property values are going up too. We are discussing $20 a year per household. $411 in industrial and $98 in commercial. We are not talking about onerous funds. He challenged the Commission because next year will be even harder to raise taxes.

Commissioner Guy LaLonde enjoyed the process. Being involved is different than watching from the side. He did not hear anyone say they wanted to cut any service here in Lakeland. Part of being responsible is keeping the DCoH within the target range. It is necessary to do a small millage increase to be responsible and honor our constituents. Things do cost more money. Some of the simple things people are enjoying now are already funded by the City. They use them for free such as parks. He appreciated his fellow commissioners rolling up their sleeves and working through this. Being fiscally responsible means having cash on hand to deal with emergencies.

Mayor Bill Mutz: Everything we have done over the last few years has been to retain quality employees. He recommended the 5.5644 millage rate.

Commissioner Guy LaLonde reminded the Commission that they had a new fire station opening next year.

Commissioner Mike Musick: It is important to understand where we are with the budget. When he looked at the 3-year projection, we can adjust. He did not see that this was the year they must adjust taxes. If next year looks worse than what we are projecting, we must raise taxes, regardless of the election year. He wanted to cautiously move forward without adopting the roll back rate. We can get behind infrastructure. That extra $100,000 to MCA is 5,000 homeowners' $20.

Mayor Bill Mutz: When expenses go up, you must charge extra. This was a small increment to do what was responsible.

Shawn Sherrouse explained tonight is a simple majority to establish a cap for the next adoption hearing. It is at the final adoption hearing that the different majority applies.

Mayor Bill Mutz asked if there were 4 commissioners who supported the 5.5644 millage rate? There were not.

Palmer Davis: The Commission must adopt a tentative millage rate tonight.

Mayor Bill Mutz reminded the Commission this is not the final vote, just a cap on the vote next hearing.

Commissioner Mike Musick: If Commissioner Bill Read were here, he would have voted yes. Commissioner Mike Musick argued to keep it at 5.4323 because next time Commissioner Bill Read will be here.

Palmer Davis: Whatever millage rate you adopt tonight you cannot exceed at the next hearing.

Mike Brossart: 5.5026 would require the simple majority at the next hearing.

Commissioner Mike Musick did not want a tax increase and did not want to set the cap any higher.

Motion: Commissioner Stephanie Madden moved to adopt a tentative millage rate at the current millage rate of 5.4323. Commissioner Sara Roberts McCarley seconded.

Commissioner Chad McLeod: That still leaves us in good shape for FY25 and FY26. It not does solve for FY27 or the overspending. That is where the leadership comes in. How do we solve for that?

Mayor Bill Mutz: The Commission can look forward to how we can reduce services. That is how you solve problems.

Commissioner Sara Roberts McCarley: Having a continual dialogue about budget throughout the year would be helpful. She would not be comfortable cutting public safety, but she would cut other areas. She would welcome a continual dialogue about budget stewardship throughout the year. The City Manager has done a herculean job of moving the conversation.

Mayor Bill Mutz: We do have continual dialogues about budget.

Commissioner Sara Roberts McCarley: We have those dialogues in a silo, not at the entirety at a regular basis.

Commissioner Stephanie Madden asked Mike Brossart today what would be the millage rate that would be the responsible millage rate to cover the expenses we said yes to? 6.2 mils. She is looking to her colleagues to be ready to say no to staff. We all want to keep things low because everything is costing more right now. We must be willing to not add any extra money for arts or parks or programs. Staff did what we asked and made cuts. We know we are spending $8.7 Million more than we have next year.

Mayor Bill Mutz: The 3-year outlook is like the far reach of the headlights; you are just guessing. Staff did the work and we need to be responsible. We are talking about a minor change. This is insulting. We have worked it to the bones. We do not have to make the final decision until the next meeting. Placing the cap low is extremely insulting.

Commissioner Sara Roberts McCarley: We have never gotten as low as the 3-year number projected. This is not meant to be insulting to our team. We have never gotten as low as the third year in DCoH. That is what heightened her awareness as to how this budget process works. This is not the City's money. This is the public trust. The public loans this to us so we can provide public safety and provide electric and water. If there was a perfect storm next year, that small increment would not cover it.

Commissioner Guy LaLonde: There is a lot of passion here. He appreciated it. He wanted to protect the 5.644 for the cap. He wanted to protect the highest rate for the right to vote on it. Protecting the millage cap, allows the Commission to debate and vote in two weeks.

Proposed 24-043; Ad Valorem Millage Rate for 2024-2025 Fiscal Year

> AN ORDINANCE RELATING TO AD VALOREM TAXATION; ESTABLISHING THE MILLAGE RATE FOR THE CITY OF LAKELAND, FLORIDA, FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2024 AND ENDING SEPTEMBER 30, 2025; PROVIDING FOR THE LEVY OF AD VALOREM TAXES; FINDING THE MILLAGE RATE IS 4.3% GREATER THAN THE ROLLED BACK RATE; PROVIDING AN EFFECTIVE DATE.

Palmer Davis read the title. The motion was to adopt a tentative millage rate of 5.4323, which is the same as last year's millage rate. That millage rate is 4.3% above the roll back rate.

Action: Upon roll call vote Commissioners Chad McLeod, Stephanie Madden, Sara Roberts McCarley, and Mike Musick, voted aye. Mayor Bill Mutz and Commissioner Guy LaLonde voted nay. Ayes – four. Nays – two. The motion carried.

Proposed 24-044; Appropriations; Budget for 2024-2025 Fiscal Year

> AN ORDINANCE RELATING TO APPROPRIATIONS; PROVIDING FOR THE APPROPRIATION OF MONIES FOR THE CITY OF LAKELAND, FLORIDA, FOR VARIOUS PURPOSES FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2024 AND ENDING SEPTEMBER 30, 2025; PROVIDING AN EFFECTIVE DATE.

Palmer Davis read the short title.

Motion: Commissioner Sara Roberts McCarley moved to approve the ordinance. Commissioner Stephanie Madden seconded.

Mayor Bill Mutz asked for comments from the audience on the millage rate ordinance. There were no comments.

Mayor Bill Mutz asked for comments from the Commission and the audience on the appropriation ordinance. There were no comments.

Action: Upon roll call vote Commissioners Guy LaLonde, Mike Musick, Sara Roberts McCarley, Chad McLeod, and Mayor Bill Mutz voted aye. Commissioner Stephanie Madden voted nay. Ayes-five. Nays-one. The motion carried unanimously.

Commissioner Chad McLeod thought this was one of the best budget discussions they have had since he has been on the commission. He knows there were passionate differing opinions. That was good for the process. He appreciated everyone's preparation and discussion. He thanked staff for staying late.

CALL FOR ADJOURNMENT – 7:54 P.M.

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Kelly S. Koos, City Clerk