

FRUITLAND CITY COUNCIL
MONDAY, MAY 11, 2009
SPECIAL MEETING
MINUTES

The Fruitland City Council met in work session at City Hall on Monday evening, May 11, 2009 at 7:00 p.m. with the following members present:

*President Gregory J. Olinde, Treasurer Gloria J. Ortiz, Councilor Raymond D. Carey,
Councilor Theodore O. Lokey, and Councilor Richard F. Tull.*

Also present were:

City Manager John F. McDonnell, Deputy Treasurer Amy B. Caton, and City Clerk Diane Nelson.

Our guests included:

City Auditor Jack Layton of Wigglesworth, Layton & Moyers, P.C.

President Olinde called the work session to order at 7:04 p.m. for the purpose of discussing the Fiscal Year 2009-2010 Budget, focusing on the proposed General Operating Budget as the proposed Utilities Budget was discussed at the May 4, 2009 Work Session.

Auditor Layton opened discussion of the proposed General Operating Budget by acknowledging that he and Deputy Treasurer Caton had balanced the budget using conservatively estimated revenues and prior years' surplus. Revenue estimates are based on preliminary state projections for Fruitland; historically the actual revenues have exceeded the preliminary state projections used for budgeting purposes, thereby creating a slight margin for error and the potential to decrease surplus funds needed to balance the budget.

Discussion included:

- which assessment year was used for budget purposes and why
- the interpretation of *assessment income* and whether assessable base would be more accurate
- the composition of the debt retirement categories and their impact on the budget
- the interpretation of *surplus funds*, their sources and allowed uses
- the allowed uses for impact fees collected
- the need to borrow money to replenish expended City funds for capital outlay projects
- the pros and cons of borrowing money from the United States Department of Agriculture (USDA) versus a commercial lender
- the contingency line item in the budget
- the status and impact on the budget of the Wicomico Housing Authority properties and their associated Payment In Lieu of Taxes (PILOT) Program.
- the Volunteer Fire Department Operating Expense line item in conjunction with the proposed increases in the various utility rates, other options for handling this expense, and the possibility of revisiting this item mid year if necessary
- the proposed Legal Retainer increase effective January 1, 2010, the City Solicitor's status as an employee or private contractor, and his current billing practices (including discounts)
- the composition of departmental *salaries/benefits* line items
- the anticipated renewal premium and employee contributory percentage for employees' health insurance

- the allocation and/or re-allocation of all Police Department related expenses by line item so taxpayers may know the percentage of their taxes that fund the Police Department
- prorating annual and sick leave versus adding vacation on employees' anniversary dates and sick leave on the last pay period of the month
- prorating annual leave upon employees' retirement

Deputy Treasurer Caton noted that Council had said absolutely not when she raised this issue in conjunction with Assistant Manager Crouch's recent retirement; Ms. Caton said she raised the issue because she knew it would surface again with each subsequent retiree.

President Olinde redirected the meeting back to the Budget, deferring discussion of the aforementioned to a separate work session at a later date.

- whether efficiency related employee increments are considered a raise and how granting the increments in January 2010 would impact the budget and be perceived by the public

President Olinde acknowledged the dedication of City employees, noting the numerous compliments City officials have received from the community on behalf of City employees.

Since there are no employee raises planned for this fiscal year, City Manager McDonnell proposed a letter from the Council commending employees' dedication be included with the first full paycheck of the new fiscal year that would traditionally reflect employees' raises; he shared several examples of employees' comments that reflected their willingness to forego raises in conjunction with their appreciation in having continued employment.

As discussion concluded Council determined that:

- *Assessment Income* would be changed to *Assessable Base* to more accurately reflect the category line items.
- *Surplus Funds* in the Sewer Budget actually represented borrowed funds from bulk prepaid impact fees and not surplus from operations; the funds were used to spread the rate increase over a two-year period to soften the financial impact on residents while still allowing the water and sewer systems to more accurately become enterprise funds that pay for themselves as designated by the Fruitland Charter.
- Maintaining Health Benefits would be more appreciated by employees during this year of no employee raises.

Deputy Treasurer Caton noted that although it is expensive for the City, the City deciding to pay Fifty Percent (50%) of dependent health insurance premiums was one of the key factors in retaining Police Department employees; she also noted that historically the Council has been good to City employees when granting raises.

With no further business to discuss, on motion made by Councilor Lokey seconded by Treasurer Ortiz with a unanimous vote in favor, the work session adjourned at 8:35 p.m.

Diane C. Nelson, City Clerk