

Greetings to the Citizens of Minneola:

First of all, let me thank all of you for the very warm welcome I have received since making the decision to become your new city manager. It is my hope we will all be able to work together to meet the challenges and seize the opportunities that reveal themselves to us over the upcoming years ahead.

The proposed 2011 fiscal year's budget tries to identify significant challenges facing the City of Minneola and begins to make incremental changes in municipal operations to respond to those challenges. The negative impacts to this year's budget include a 16% decline in property values, decreases in State of Florida shared revenue streams, significant decline in building permits and impact fees, as well as a loss of miscellaneous revenues. In order to maintain the community's financial stability in the tough economic years ahead, the difficult decision of raising taxes, reducing services, or a combination of the two had to be decided by the Council.

The majority of citizens present during the budget meetings indicated they would prefer to have reduced services rather than a property tax increase. Consequently, it was the consensus of the Council to set the property tax rate at \$5.4826 per \$1,000 in assessed value. This millage rate is considered to be a roll forward millage rate. Communities often roll back the millage rate when property values increase to prevent their citizens from paying more in taxes. Likewise communities often roll forward their millage rate when property values decrease to allow the community to continue receiving the same amount of property tax revenue. Although this is technically a tax increase, a vast majority of citizens will not pay anymore in property taxes than they paid last year. In fact, with this year's roll forward millage rate, citizens will still be paying less than they paid in 2009. During the 2010 budget year, the Council voted to leave the millage rate the same even though property values declined. This gave homeowners a property tax decrease. The goal of the roll forward or roll back millage rate is to keep a steady revenue stream for the City to fund the services citizens have grown to enjoy.

The City of Minneola will have an estimated loss of \$444,738 or five percent (5%) in annual revenue. Annual expenditures will be cut by \$1,168,218 or thirteen percent (13%). In response to these figures, the City of Minneola will layoff four fulltime employees, one part-time employee, reduce salaried and hourly pay from a minimum of ten percent (10%) to a maximum of thirty-five percent (35%), and a loss and/or reduction of some employee benefits including vision insurance, disability insurance, and health insurance. There will be consequences to this layoff, but we ask for your patience and understanding if some of the services and response times you are use to receiving are eliminated and/or delayed. At the request of the Council, there were no cuts in police, fire, or public works positions, and the recreation and library departments will remain intact.

There is a positive side to the economic crisis we are all facing. It has forced us to take a hard look at our operation and get creative with cost saving measures. This budget will allow Minneola to become more efficient and allow the citizens to be more confident their tax dollars are being spent wisely. The Fiscal Year 2011 budget indicates Minneola will spend less per capita than any of the comparable sized cities in Lake County. Likewise, Minneola will have the fewest employees per capita than any of the comparable sized cities in Lake County. Minneola will continue to strive throughout the year to become more efficient and identify cost cuts where it is appropriate and reasonable.

This year's budget fully funds one city clerk, one part-time city clerk assistant, one manager, one finance employee, one human resource employee, thirteen fire department employees, one

planning employee, one code enforcement officer, three utility employees, one water treatment employee, seven water distribution employees, two wastewater employees, one storm water employee, one public works employee, three part-time public works employees (crossing guards), one road employee, one library employee, five parks employees, one recreation employee, and three part-time recreation employees. Contracted personnel include sixteen sheriff's department contractors, one building inspector contractor, and one part-time building inspector contractor. This budget includes a total of forty-two fulltime employees, seven part-time employees, seventeen contractor personnel, and one part-time contractor. The City of Minneola has undergone a total staff reduction of twenty-one employees since 2008 and a reduction in many of our services and events. Minneola's staffing level is approximately five fulltime employees per one thousand citizens placing us at the lowest per capita staffing level of any comparable sized community in Lake County. We will also continue to spend the least amount of money per capita than any of the comparable sized communities in Lake County.

Budget time in municipal government has always been an extremely difficult task. This year has been no exception. A lot of hard work, sleepless nights, and difficult decisions had to be made. For example, for every citizen that stated "do not cut the library," there was another citizen that voiced "cut the library." Some citizens that were not in favor of loosing their favorite program were also not in favor of raising taxes to pay for it. As you can see, these situations placed the council, employees, and citizens in an impossible situation. I ask for your support through these tough decisions as everyone worked very hard to balance the needs and wants of our community with the amount of money we were willing to spend to pay for them. Thank you for your contributions during this difficult process. The Council and I encourage you to take the time and become engaged in your community. We need and want your input.

If anyone has any questions or concerns, please give me a call. I am willing to meet in the evenings or on weekends to accommodate your schedule.

Again, thanks for your support.

Warmest regards,

Mark E. Johnson, Manager
City of Minneola, Florida

Approved FY 2011 Budget