

2004 CANDIDATE FORUM

sponsored by

OLDE TOWNE DAPHNE WEST ASSOCIATION
AND
THE EASTERN SHORE CHAMBER OF COMMERCE

MAYORAL CANDIDATES

E. Harry Brown,
Incumbent

Fred Small

COUNCIL CANDIDATES

DISTRICT 1

Bob Patterson
Gary Reyes
Bailey Yelding Jr.,
Incumbent

DISTRICT 2

Cathy Barnette
Larry Jensen

DISTRICT 3

John Lake,
Incumbent

DISTRICT 4

Greg Burnam,
Incumbent

DISTRICT 5

William "Willie" Robison
Ronald "Ron" Scott

DISTRICT 6

Brice (B.T.) Cocke
Michael "Mitch" Davis
Regina Landry

DISTRICT 7

August A. Palumbo

Questions for all candidates:

- 1. Have you ever run a small business, or been in a management role in a business? How would your experiences apply to your role if elected as mayor?*
- 2. What do you know about the business license fees in place in the City of Daphne and how do you feel about it?*
- 3. How do you see the City of Daphne's financial position today and 4 years in the future (at the end of your term) with regards to the City's ability to both provide services to the community and to fund those services with taxes and fees?*

Additional question for council candidates:

- 4. What do you think are the two most important issues facing your district?*

MAYORAL CANDIDATES

1. Have you ever run a small business, or been in a management role in a business? How would your experiences apply to your role if elected as mayor?

E. Harry Brown: Actually, I have been the CEO of one of the largest businesses in the City of Daphne for 12 years. The City, with 240 employees, is one of the largest employers in the City of Daphne. My experience as mayor, along with a degree in business administration, has given me the resources needed to continue as mayor and CEO if re-elected

Fred Small: As the owner and operator of Fastime convenience store for just over 13 years, I learned that it takes teamwork to get the job done. My business operates as three divisions. Each division is expected to be profitable on its own. With 16 employees operating seven days per week, effective management skills are required.

Early in my career, I learned that it takes unity and harmony to operate at peak levels. From 1972 until 1986; I was employed by Chicago Brick & Iron Company. My last assignment was as Superintendent of a \$300 million nuclear power plant project in Georgia. This job involved management and oversight of over 200 people -- certainly a monumental task.

My background has taught me that managing a city is much like managing a business -- everyone must work together toward a common goal. The Mayor's Office is the coach and mentor for the department heads, city workers and staff, all working together to insure the citizens with good government at a reasonable cost.

2. What do you know about the business license fees in place in the City of Daphne and how do you feel about it?

E. Harry Brown: The business license fee was changed to a gross receipts fee schedule from a flat fee. A change was necessary to improve the City's revenue stream, but should have been instituted with a less penalizing fee structure and in coordination with input from the Daphne business sector. I voted against the adoption of a gross receipts business license ordinance and feel that it is very unfair to our businesses. I am in favor of amending the ordinance.

Fred Small: The business license was a shock to all business owners in Daphne. My license at Fastime went from \$80.00 a year to \$1498.72 a year for the store and from \$80.00 a year to \$1209.58 a year for the gasoline island. The total skyrocketed from \$160.00 to \$2708.30, an increase of more than 1000 percent!

The city government should not forget that the citizens are the life of the city, but the businesses of Daphne are its engine. Without businesses, the city of Daphne will die! Since neighboring city's license fees are lower, businesses will decide to relocate. This shift will result in a loss of tax revenue as well as business license revenue.

I have developed a license fee structure that creates a balance between the needs of business and the needs of the city to provide services to its citizens.

3. How do you see the City of Daphne's financial position today and 4 years in the future (at the end of your term) with regards to the City's ability to both provide services to the community and to fund those services with taxes and fees?

E. Harry Brown: The City of Daphne is financially sound with 5.7 million dollars unrestricted in the general fund. We also are \$567,000 over estimated sales and use taxes for this time in the budget year. For the past 10 years, we have experienced growth in revenues with the exception for one year. We also have AAA bond rating and A1 credit rating. The growth of our population and demand for services dictates that we should continue the search for retail growth and clean industry. I feel that the City can continue to provide services and amenities for the citizens.

Fred Small: Today the city's finances are not as good as I would like. Daphne is in better financial shape than many cities, but the picture could change drastically very quickly with the strong possibility of losing tax revenue to the Eastern Shore Center and no rush of new businesses, either light industrial or retail.

We need a plan in place to lower the gross receipt tax and find new light industrial and retail businesses to fill the void. Such a plan would result in increased sales tax revenue at the end of four years.

We also need to closely examine the budget to see exactly where our money is going. There seems to be a "big hole" that needs a stopper. We can accomplish this by planning for growth and working closely with department heads (utilities, public works, fire, police, etc.), city council members as well as all city employees.

COUNCIL CANDIDATES

1. Have you ever run a small business, or been in a management role in a business? How would your experiences apply to your role if elected to Council?

DISTRICT 1

Bob Patterson: *Not participating in the forum*

Gary Reyes: I was the owner of a small business in Daphne and Mobile, Al. • Manager and supervisor for 10 nursing homes, 6 foster homes and 2 intensive day treatment programs with the Mobile Mental Health Center. • Owner and manager of Child & Family Therapeutic Center. A center with a budget exceeding \$500,000.00. • As a military officer I managed a budget of over \$187 million dollars.

I have gained extensive experience over the years and I have the skills and the tools to move Daphne to the next level. I have nothing less than outstanding leadership skills, negotiation skills, conflict resolution skills, budget management skills. I also have experience as the project manager for the City of San Antonio, Texas. I have the skills to meet the needs of the residents of District 1 as well as all the residents of Daphne.

Bailey Yelding, Jr: I am currently a small business owner. I understand the operational process. I serve as manager of my business and have plenty of management experience. Being active in operations of the city's finance committee has allowed me to receive greater knowledge then, improving my ability.

The experiences received have and will continue to enable me to be very effective, I will be able to transfer the knowledge learned to make good sound governmental decisions.

DISTRICT 2

Cathy Barnette: I currently serve as Executive Director of the Alabama Coastal Foundation and Vice-President of Barnette's Classic Homes, my husband's home repair and improvement business. My leadership role in these businesses bring experience in developing strategic plans, expertise in setting priorities, administering budgets, fundraising, program development, conflict resolution and communication. In the area of grant writing, the residents of Daphne have already benefited from my abilities; I wrote the grant for the Village Point Preserve Parking Lot.

Larry Jensen: I served in management rolls for thirty five years. Starting with supervisor, manager and then director of marketing and public relations. In these positions I acquired the knowledge to make difficult decisions, some of which were not pleasant, but they had to made. I learned to work within a budget, set obtainable and follow through to get things done. I was blessed to be born with the ability to listen to people and work well with others. If elected, these are the attributes that I will bring to the Council.

DISTRICT 3

John Lake: *Not participating in the forum*

DISTRICT 4

Greg Burnam: *Not participating in the forum*

DISTRICT 5

William "Willie" Robison: Yes, I have been in a management role. I was a supervisor with United Parcel Service (UPS). As a supervisor, I was responsible for the daily functions and management of the local Operating Center. This included employee relations, profit and loss, customer relations and anything else that need to be handled. Also, I was the Customer Service Representative for 7 operating centers in South Alabama and Northwest Florida. Not only was I in management with UPS but I served as the Union Steward when I was a driver.

I believe with my background in organized labor and management, I can look at both sides of an issue and then make a decision based on the facts presented.

Ronald "Ron" Scott: From October 1994 until June of 2003 operated Scott and Associates, a promotional products distributorship. As such I was responsible for all aspects of running a successful small business. Those responsibilities were for revenue generation (sales) accounting functions from creating budgets to collection of revenues to the account payable side of the business to creation and management of balance sheet and profit and loss reports. Prior to Scott and Associates I was Vice President of Sales and Marketing for Imprinted Marketing Promotions. I have been in sales and sales management all of my adult life, holding titles of Director of Sales and Marketing, Sales Manager, and Named Account Rep. I think my experience with budgets and my knowledge of spread sheets will be of great help.

DISTRICT 6

Brice (B.T.) Cocke: I have owned and managed my own small business. The gross receipts were \$1.5 million and there were 4 employees. In addition, I have been in a supervisory or management position for 30 of my 36 years of work experience. That experience of working with and through other people to get things done is an important part of what is required to be effective. A lot of people working together can accomplish a great deal. One person working alone will not be as successful.

Michael "Mitch" Davis: Yes, I have both owned small businesses and been an executive officer of a business. Naturally my experience provides an understanding of many of the issues facing a business such as customer and employee relations, the impact of government regulations, and financing. I also know that ultimately any financial burden placed on a business by financial entities, government, and other competitive influences are passed down to the consumer. It should be the role of any councilperson to take steps to attract new businesses to the city and create an environment that attracts customers to those businesses.

Regina Landry: No, I have never run a small business or been in a management role in a business. However, my many years of experience with personal finance have equipped me with the necessary skills and knowledge to make financially prudent decisions regarding the City of Daphne's business. Further, I have a Bachelor's Degree in Mathematics and a Masters Degree in Computer Science. My technical background and training within these disciplines affords me a deeper understanding of numbers as it relates to statistical analysis, forecasting, margin of error and data interpretation. All of which I feel are important when making decisions regarding financial matters.

DISTRICT 7

August A. Palumbo: I have owned and operated a small retail business and am familiar with the inherent problems associated with them. This experience enables me to better understand the concerns and proposals made by the business community and to work for the mutual benefit of business and government.

2. What do you know about the business license fees in place in the City of Daphne and how do you feel about it?

DISTRICT 1

Bob Patterson: *Not participating in the forum*

Gary Reyes: The business license fees presently in place in the City of Daphne is an unfair fee for small businesses in Daphne. The fees parallel the fees for the City of Mobile as opposed to the fee being similar to our sister cities in Baldwin County.

I feel that small businesses that have revenues of \$500,000.00 per year and less should remain on the old scale of \$76.00 for a business license. Businesses with gross revenues from \$500,001.00 - \$1,000,000.00 should be charged \$150.00 per year and businesses with gross revenues in excess of \$1,000,001.00 should be scaled similar to the scale now in use in order to maximize the benefit to the City of the "big box" stores. The small business owners should not be burdened with a business license fee that discourages them, we need to protect the interest of the small business owner in order to help them remain in business and in our community. The small business owner adds tremendous stability to the community in respect to convenience of products and services being available to everyone

Bailey Yelding, Jr: I was a part of implementing the business license fee. I think it is imperative that the fee continue to be a part of our City Revenue. This license fee has played a great part in establishing a sound fiscal coffer. Constant reminders have been given by the business coalition as to the unfriendliness and unfairness administered through this fee. Yet, every attempt made to find a common ground between the business owners and the city has been unsuccessful. I would certainly like to become more business friendly. I strongly believe this is very possible if both parties can reach and agree on a suitable fee.

DISTRICT 2

Cathy Barnette: For the past three years I have attended the Daphne City Council meetings. Through my attendance at these meetings, I know that, while refined, the gross receipts tax is a model received from the Alabama League of Municipalities. I also believe we needed to refine our business license fees. It does not seem fair that a big box retailer pays the same fee as a community based small business.

After speaking with members of the business community, they feel their concerns about the business license tax were not heard. In addition, businesses were not forewarned of the fee and therefore unable to earmark funds to apply to the fee.

When elected, I will promote a working group with members of the business community and city officials to determine changes to the business license fee. Since I have not been involved in the debate to date, it would be foolish for me to say I have the answer. However, I believe this working group can come up with a solution that satisfies the needs of the City with the needs of the business community. This will create a compromise on both sides and hopefully demonstrate to the business community they are a valued member of the City.

Larry Jensen: I know a lot of business owners in Daphne are displeased with the license fee ordinance as it is written. I think we need to review these fees and make whatever changes necessary to treat our business community fairly. We need to keep the businesses we have. And at the same time we need to solicit new businesses to come to Daphne by offering fair and competitive license fees.

DISTRICT 3

John Lake: *Not participating in the forum*

DISTRICT 4

Greg Burnam: *Not participating in the forum*

DISTRICT 5

William "Willie" Robison: I know that the city has gone from a flat rate to gross receipts license. I have obtained a copy of the business license ordinance and have been studying it.

I believe it needs to be revisited and revised. At the present time, I don't feel as if a flat rate is the way to go. Perhaps a combination flat rate and a sliding scale of gross receipts would be something we need to look at. Whatever business license fee we have it must be equitable and fair to both the small and large businesses, as we need both.

Ronald "Ron" Scott: Prior to January 1, 2003 the city had a flat fee business license of \$75.00. The council passed a new business license Ordinance No. 2002-26 in the fall of 2002. The new ordinance put the fee for a business license based on the gross receipts a business received on the use, sale or exchange of property or capital or for the performance of service, from any transaction involving a business, any and all receipts of a business from whatever source derived. This change was brought and recommended to the council by the City's Revenue Officer. The model was from documentation from the Alabama League of Municipalities. I believe that a change from the flat fee method was justified; however the council appears not to have recognized the negative impact on the Daphne business community. I base my observation on the 2003 Budget, which had budgeted \$800,000 for revenue from business licenses, and the actual amount collected was \$1,237,808.24. That is \$437,808.82 unanticipated revenue from the backs of Daphne's revenue engine (Daphne businesses collected and passed through to the city \$8,428,932.10 in sales and use tax in fiscal 2003). Based upon the above I would recommend a roll back on the business fees by 35%. We can't kill the golden goose.

DISTRICT 6

Brice (B.T.) Cocke: The business license fee was changed to a gross receipt tax on a 5 to 3 vote of the council. The ordinance is about 200 pages long and very complicated. The rates are not on a sliding scale, but they are different for different types of businesses. Revenue generated outside of Daphne can be credited against the gross receipts but that requires much additional bookkeeping. The tax has no top cap. The more receipts generated the more tax that has to be paid.

This **Tax** is not business friendly. It is not related to profit in any way. It appears to be a quick and easy way to raise revenue for the city in the short run. In the long run it will not be in the overall best interest of the city or the best interest of the business community

Michael "Mitch" Davis: The last major change to the business license fees was Ordinance Number 2002-26 passed in 2003. That ordinance changed the formula from a flat fee to a system based on gross receipts of the businesses. The new system provides a more equitable method of calculating the license fee. That ordinance was modified with Ordinance Number 2004-16 to clean up some of the language but did not change the fee structure. The new fee structure has brought in about a half a million dollars more than was expected. Having talked with some of the business people in Daphne as well as some political leaders, I believe that the current fee schedule is high and needs some revision. How much of a revision is still a question. I will address that issue with the next council.

Regina Landry: I have a thorough understanding of the current business license fee in Daphne. I don't agree with the current version of the gross receipts business license fee. Business is the engine that drives our economy. It is imperative that the City of Daphne create an environment that is "business friendly". If elected, I plan to re-visit the issue and work to modify the business license fee in a way that generates an acceptable stream of revenue for the city while reducing the financial burden currently facing our Daphne business community.

DISTRICT 7

August A. Palumbo: I am in the process of studying the current business license fees in Daphne. In general, I favor a tax structure that is fair and will not put an excessive tax on our businesses, which eventually is passed on to consumers and thus becomes a form of hidden sales tax.

3. How do you see the City of Daphne's financial position today and 4 years in the future (at the end of your term) with regards to the City's ability to both provide services to the community and to fund those services with taxes and fees?

DISTRICT 1

Bob Patterson: *Not participating in the forum*

Gary Reyes: Daphne's financial position today is stable and doing well. In four years with the continuation of very low property taxes in the State of Alabama, the school system will continue to expand and the quality of life in Daphne, as well as Baldwin County will draw outsiders to invest in our community. The city of Daphne attracts individuals based on being a coastal community. At the present time it is very important for the new city council to take advantage of Daphne's financial position and also the potential growth of Daphne. Daphne in my estimation is in phase 1 in reference to growth. Daphne will grow significantly in the next four years but the city council must be in a position to maintain and monitor its growth so that the growth will not affect the residents in a negative manner. Housing will continue to improve rapidly in the next four years and all of these items identified will make a contribution in the financial position that Daphne will be in at the end of the next four years. I want to make sure that the city council has the experience and skills in order to guide Daphne to the next level and also to monitor the desires of the residents.

Bailey Yelding, Jr: Being a member of the finance committee, public works committee and several other committees has allowed me to become very knowledgeable and experienced in the break down of how our revenues and expenditures are received and disbursed. Currently, the city is on sound fiscal footing. I give credit to the current finance committee and the acceptance of most of their recommendations by the full council. There was really a big push to spend conservatively and wisely. This trend will continue if there is a strong and sound finance committee put in place.

Our city is very capable of continuing to provide our citizens with the great services being provided through our taxation process. However, a drastic change could very well be devastating. The big question being asked is: What happens when the new Eastern Shore Centre is in place? I personally do not see the Eastern Shore Center having an overwhelming affect on the Jubilee Square, in fact, I believe these establishments will compliment each other.

DISTRICT 2

Cathy Barnette: The City of Daphne needs to pay close attention to our finances and make deliberate and responsible decisions. The 2000-2004 Daphne City Council worked very hard to improve our financial condition by passing the unpopular business license tax, raising garbage rates, and refinancing debt, to name a few. We are currently operating with a surplus budget. Unfortunately, the future is uncertain. With 54% of our 2004 income coming from sales tax, the fluctuating economy and the opening of the Eastern Shore Centre are reasons to pay close attention to our finances.

The City Council on August 2, 2004 passed a motion to earmark \$900,000 of our 4 million dollar reserves into the sewer account. I am also aware the City will owe nearly \$350,000 for the first of three payments on land which joins Village Point Preserve to Daphne Bayfront Park. With a \$4 million reserve and \$1.25 million allocated to the items above, only \$2.75 million remains in contingency funds. The City of Daphne spends nearly 70% of its budget on employee costs and debt service, with only 30% remaining for other costs.

In short, we must continue to promote fiscal responsibility and look at the financial impacts of our decisions before taking action.

Larry Jensen: The city's financial status may not be as good as some people may think it should be. The city's financial strength has made some good improvements in the last couple of years and appears to be on the right track. With good fiscal planning, tight budgeting and with the overall city growth that we continue to see our financial position should continue to grow and be in good shape for years to come.

DISTRICT 3

John Lake: *Not participating in the forum*

DISTRICT 4

Greg Burnam: *Not participating in the forum*

DISTRICT 5

William "Willie" Robison: The present council has done a good job of shoring up finances and increasing The City Reserve Fund. However, with projected loss in some sales tax revenue and the escalating cost of medical premiums for city employees (city's share) along with other expenditures rising, the city could be facing a deficit in two to three years.

The incoming council and all future councils must be cognizant of the short falls and work to spend only on those things which are essential. We must not return to Pre 2001, as far as, the City's Reserve Fund is concerned.

As in your Budget Projections 5/10/2004 comments, " A city the size of Daphne should probably have a reserve of at least \$6 million". According to some reports, we may have to cut back or curtail some services in about 4 years.

Ronald "Ron" Scott: The current financial position appears to be sound. After talking to the Finance Director, Kim Briley, the revised 2004 budget will show about a \$600,000 over budget for sales tax. This will be more than enough for us to reduce the business license fee by 35% and still leave a surplus. In order for the city to continue to grow, we need to have a business friendly community that can attract annexation of several large tracts of land east of the city. If we could attract a 'large box' project that would have a Lowe's, Sam's Club etc. that will increase our sale tax revenues to allow us to offer additional amenities for the citizens of Daphne. I expect we would receive an increase in property tax simply as a result of annual reappraisal of property mandated by the State of Alabama. I see a changed landscape for Daphne over the next 4 years. We can compete with Spanish Fort for attracting new business if we will work with our real estate companies as partners.

DISTRICT 6

Brice (B.T.) Cocke: The city's financial position seems to be ok for the next two years. The projected income seems to be in balance with the projected budgeted expenditures. But the reserve appears to be inadequate. Off budgeted items and emergencies could cause serious problems with the city's financial standing.

Michael "Mitch" Davis: The City of Daphne has over \$5,000,000 dollars in reserve. That suggests that the financial position of Daphne is excellent. The economy is picking up. New commercial centers are moving into the area. More people are moving to Daphne and the surrounding communities. The outlook for the next four years is very promising. We will provide more and better services to the citizens of Daphne as a result.

Regina Landry: The City Council has taken steps to increase revenue by refinancing old loans and instituting the gross receipts business fee. These measures have temporarily eased the City of Daphne's budget pressures. However, as expenditures continue to rise, the city could again enter a budget deficit. I believe it is imperative that Daphne implement a comprehensive master financial plan that includes line item prioritization. In my opinion, the delivery of community services which are funded by taxes and fees are a vital part of a city's budgetary concerns. Projects that benefit the citizens such as walking trails, bay access, etc should be a part of any master financial plan. The City of Daphne needs to control operating costs, increase its cash flow and engage in responsible spending practices in order to provide community based projects to our citizens.

DISTRICT 7

August A. Palumbo: Because of the city's surplus funds and projected yearly revenue surplus, I am cautiously optimistic about the future. Nobody can predict our financial position four years in advance, but I plan to work hard in the area of fiscal responsibility in order to keep the city in the black.

4. What do you think are the two most important issues facing your district?

DISTRICT 1

Bob Patterson: *Not participating in the forum*

Gary Reyes: (1) Daphmont: Additional police presence and more speed bumps for protection of the children. Pollard Road and Hwy 64 needs a traffic light installed.

(2) Businesses encroaching on the residential areas. Traffic congestion.

Bailey Yelding, Jr: (1) Completing the sewer projects, which would alleviate a lot of unsanitary septic tanks. Completing the sewer will allow for cleaner streams that flow to our beaches, which in turn would lift the numerous advisories given our fishing and swimming areas. Overall, our entire city will have the chance of becoming environmentally safe.

(2) Improving infrastructure: Additional sidewalks for citizen safety. Improving recreational facilities, street refurbishment.

DISTRICT 2

Cathy Barnette: (1) Quality of Life: District 2 is the heart of Daphne. It is home to our City Hall and downtown area. Therefore, to preserve our heritage and character, we need to continue to revitalize our downtown area by promoting smart growth and better site design. We also need preserve, maintain and revitalize our bay accesses.

(2) Traffic, Safety and our Schools: The City of Daphne does not have control of the decisions made by the County Board of Education, but we can improve communications. Our Olde Towne Daphne District is defined as the area from Intermediate School to Elementary School. The proposed closure of the intermediate school directly impacts the Olde Towne area. I am not in favor of a derelict building or alternative school in the heart of Daphne. We need to stay active in this debate and let the Board of Education know our concerns. Also, the increased number of students at Daphne Elementary has forced the Daphne Police Department to temporarily close portions of Santa Rosa Avenue during student drop off and pick up. All of these issues should be addressed.

Larry Jensen: I think we need to work harder and come up with better solutions to storm water drainage. Secondly, I feel protecting and preserving our public bay accesses are very important.

DISTRICT 3

John Lake: *Not participating in the forum*

DISTRICT 4

Greg Burnam: *Not participating in the forum*

DISTRICT 5

William "Willie" Robison: (1) The finances of the City as previously answered in question three. (2) Resurfacing streets and maintaining after resurfacing.

Ronald "Ron" Scott: The Fifth District is made up of almost all residential homes, condos and apartments. For the majority of the residents that have an equity position in their residence, property values are of paramount interest. The on going Lake Forest Property Owner's Association's battles of amenities, dues structure and utilization, continues to be a major topic for those in Lake Forest. Most condo owners, and Lake Forest residents are concerned about basic city services. Also of concern is improvement of the common areas (city owned) in the District as a whole. Ken Eslava, Daphne's Public Work Director has a five-year plan to address these median issues. The ownership and maintenance of the lake in Lake Forest is a topic of interest and concern.

DISTRICT 6

Brice (B.T.) Cocke: The major problems in District 6 concern the infrastructure, road surfacing, storm water runoff, sewer problems and water leaks.

Michael "Mitch" Davis: Road repair and traffic flow (speeding and safety).

Regina Landry: In my opinion, the two most important issues facing District 6 are erosion/drainage problems in Lake Forest and residential rezoning presently before the planning commission.

DISTRICT 7

August A. Palumbo: #1 Growth and #2 Growth.

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