

A workshop meeting of the City Commission was held on May 14, 2009 at 6:00 p.m. in the Commission Chambers at the Municipal Administration Building. The meeting was called to order by Mayor L. Jack Van Sickle.

COMMISSIONERS PRESENT: Lee A. Wheeler, III; Terrye Y. Howell; John Paul Rogers; Jonathan Thornhill; Mayor L. Jack Van Sickle.

COMMISSIONERS ABSENT: None.

CITY REPRESENTATIVES PRESENT: Anthony G. Otte, City Manager; Albert C. Galloway, Jr., City Attorney; Judith H. Delmar, Asst. City Manager; Clara VanBlargan, City Clerk.

Mayor Van Sickle said the purpose of the workshop is for the Commissioners to get smart on a lot of issues where there could be questions that they need to answer. Typically, workshops are not open to public comment. However, as the need arises, some issues may be open to public comment to help give some direction to the Commission.

Mayor Van Sickle announced the reorder of the agenda: items number 6, 3, 9,7,5, 2,1,4.

Agenda Item 6. SRF Status and Package Plant Discussion

Mr. Otte reviewed Agenda Item 6. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Tony Otte, City Manager]

SYNOPSIS

City staff and the City's Attorney who handles utility matters will discuss with the Commission the status of the State Revolving Loan Fund Application for construction funds, and negotiations with the owner of the Crooked Lake wastewater package plant.

City staff will provide an update on the application for state revolving loan construction funding. In addition, City staff and the attorney who handles utility matters for the City, Jerry Buhr, will be present to brief the Commission on the status of discussions with the owner of the Crooked Lake Subdivision package plant. There are several options for the possible provision of sewer service to this area, and if the loan application is funded and accepted, the City Commission will have to decide the manner in which sewer service will be provided. This discussion will provide direction to City staff and the attorney.

[End agenda memo]

Mr. Otte said we just got word that the Florida Department of Environmental Protection decided that all of the construction fund applications submitted by April 29 needed to include the permit for the project. We only had the permit for the work at the wastewater plant, but not for the work to hook up the package plant. Our grant writer, Andy Easton, said there is another grant round with funding that is contingent on the State selling bonds. The application for that grant is due on June 1. On the June 2 regular City Commission agenda, there will be an item recommending that the Commission direct staff to put in that application to just continue the project again for the June 1 round.

Utilities Attorney, Jerry Buhr, reported on a recent meeting that he and City staff had with the owner of the package plant. He said that the owner of the package plant has a Public Service Commission (PSC) Certificated Territory. The owner had some problems that brought him under enforcement by FDEP, Florida Department of Environmental Protection, and the Public Service Commission that have to do with the elevation of his sewers. The pipes are under water during heavy rains and were leaking. The owner said he believed that has been corrected. Mr. Buhr said an engineering analysis needs to occur before

taking anything like that over. It would be better to serve the customers through a master meter, and then let them deal with their own pipes. The City would certainly not want to pay any thing for it, but taking over it might be a cost. There are some advantages regarding neighboring projects and providing service in the area that needs to be considered. It is not going to be a simple take over, but it does not mean that it should not be done. It only means that we need to look at it closely.

Commissioner Wheeler asked the estimated cost for this take over in terms of legal fees, engineering, etc. Mr. Buhr said he does not know because it really has to do with how bad the pipes are, and if the problems have been corrected. It is hard to tell because we have not had any significant rain in the last two years. The owner's clock is ticking, so eventually it is going to get to a point where we have to take it over now or somebody else is going to take it by virtue of bankruptcy etc. The FDEP demanded a large amount of fines that are being negotiated with the owner. Mr. Buhr said that one of the conditions of keeping a certificate is to provide a quality of service. The way that situation is now, it is certainly not a good quality of service, but it is certainly something worth serious consideration. We have to see what the engineering cost would be to look it over and find out how bad the pipes are, so we will have a point of reference to begin with.

Commissioner Thornhill asked about future growth accessibility. Mr. Buhr said the area does seem to be in a growth corridor for the City. It is not as if it is going to be off in a no where land and we would never be able to get any benefit out of it. Another project that is near by may desire service from the City. Sometimes over a period, that helps to write off the cost, and we certainly do not want our citizens paying any of the cost. A project of this type would qualify for a water quality grant because this is a regional pollution area. This area is close enough to where we think we can make some use of it, but we do not want any of our citizens paying any of the cost. It has to be paid by the people creating the problem or benefiting by our correcting the problem. It is also not something that can be corrected by the owner.

Commissioner Thornhill asked who would be responsible for the condition of the package plant. Mr. Buhr said, short of a grant, you have the cost of an engineer doing the initial analysis as to what it is going to cost to do a full analysis. He said, having not looked at the site, it would probably cost \$30,000. It does sound like an ideal grant-type situation. Under the circumstances, the engineer would help get whatever type of grant we might need to get this done.

Commissioner Howell asked what the plus would be to the City in doing this. Mr. Buhr said when creating a situation where you are taking down a PSC certificated territory that you would otherwise have to work your system around in order to serve beyond where you are now is a plus. It is hard to quantify. Anytime you are going to acquire territory that includes customers, as long as the customers are not over burdened by the utility rates, this is a situation which needs to be analyzed. Commissioner Howell said our major plus is utility growth. She asked if there is a negative part to this. Mr. Buhr said the negative part is that we would not be able to properly quantify the problem with the system. A good engineering firm should be able to do that. However, it does depend on how much is put into the engineering associated with the analyzed system. If a grant paid for that then that would be easy to take care of. There is a possibility that nothing needs to be done because it has all been corrected.

Commissioner Rogers read the following list of questions that he provided to the Commission and to Mr. Buhr before the meeting:

1. Do we know the actual condition of the sewer system? (manholes, gravity sewers, sewer pumping stations)
2. Do we have information about the internal condition of the sewer lines or do we need to have this done?
3. Since this system is old, are there any problem areas within the sewer system that we need to know where future maintenance issues will be a cost for the city?

4. Since we already know that the city needs to do some lining work in our own sewers, do we know if this same kind of work will need to be done on this other system?
5. Are there any violations with the system that are still pending with the regulatory agencies?
6. Do we have enough staff and equipment to take on another system?
7. Are there adequate drawings of the system like the City has on its own system that identifies size of lines, etc.?
8. Are there any areas that have been identified by the owner that would have to be repaired by the City if the City takes over the system?

Commissioner Rogers said he would like these questions answered before the City takes over the system. He said years ago, when Mr. Green was City Manager, work was done on these systems by an hourly rate. They had trouble with sand in the lines. Mr. Buhr said the sand in the lines is usually from inflow or infiltration. Inflow is water that comes in through the manholes through the top, and infiltration comes in through pipes that are in the ground. The owner clearly has a problem with that or had a problem with it. We do not know how to quantify it, but it is clearly something we have to do. Commissioner Rogers said he would like staff to look into these questions because he does not want to spend \$15,000 to \$20,000 on an engineering consultant. He said he is not opposed to taking over the water system, but he does want these questions answered. It must be an advantage to the City in doing this.

Mr. Buhr gave a brief detail to some of the questions, which are as follows:

Question 1: We do not know.

Question 2: We do not know.

Question 3: We know there are some problem areas that need correcting, but our objective is that it won't be a cost to the City.

Question 4: There are some sewers that he understands were lined already, but he does not know the extent of that.

Question 5: There are violations, the owner has been in court, and the owner is in contempt of court. That can be undone, but if we take it over, we do not want to take on his problem.

Question 6: Staff can answer that question. They have an operable wastewater treatment plant, but when the flow comes in, it goes through the pipes, which is too much for that treatment plant. Due to heavy rains, etc. the flow exceeds what the system is designed to handle.

Question 7: He has not seen any drawings of the original system, but he assumes those drawings no longer exist.

Question 8: We definitely need to repair some of the areas of that system.

Commissioner Rogers asked if we would just be cutting into the main line. Mr. Buhr said the system is operational, it is fine when it is not over loaded, and he is not saying to leave it there permanently. He said he and Mr. Otte discussed the feasibility of having the owner would keep the plant for a while, and we just take off a certain amount of flow to make sure there is a back stop. That way, we have an irrevocable option to take the plant down if we get grants etc. or we could just simply not exercise that option if we find that it is not feasible to acquire the system following our analysis. The other possibility is to take it all down now, operate the plant, and take any additional flow back to the City wastewater plant until we get the grants to fix the situation. Commissioner Rogers asked if it would be cheaper to do that than just straight main lining it. Mr. Buhr said he would love to hook up a main line, but when you put a master meter in and the owner is having a problem, the owner would not be able to pay the bill. If he gets 140,000 gallons a day, and his rates are set for 40,000 a day, which they are, the Public Service Commission would not give rates for 140,000.

Commissioner Rogers asked if we would charge for sewer disposal. Mr. Buhr said if we put a master

meter in, the owner would be paying us and retaining the certificate, and then he would just pass on the cost to his customers. The PSC would give him a rate for that, but he is not sure PSC would give him a rate if his infiltration were 100,000 gallons a day.

Commissioner Rogers asked if the owner would be responsible for maintaining all the lines. Mr. Buhr said that is a possible alternative that we have to consider. However, you would have a certificated territory within your area. If we get an irrevocable option to take the system down free and take everything over, it might be worthwhile later. It only works if the customer's rates are below your rates. If the rates charged by that system to their customers are lower than our rates, then it gives a little bit of a bonding capability. It is difficult to expand around a utility because it would cost more money to run pipes around an area.

Mr. Otte asked who would set the rates if we take over this system: the City or PSC. Mr. Buhr said the City would set the rates because once you take over the system the PSC is totally out of the picture. He said staff could do some level of an analysis, but it is always nice to have an engineer give you the right answer.

Mayor Van Sickle said the original intent of looking at this community is to get a better status in getting a low-interest rate loan so we could improve our plant. If we pass the deadline, that would not happen and we would not get those extra points. It sounds like the real benefit of taking over this plant is that we are nice guys doing this because that is what DEP would like for us to do. In reality, it is not going to help us repair our plant. Mayor Van Sickle asked if that, in the long run, would put an end to our \$50,000 to run a line down there right now because we may not need to do that. We still need a loan to repair our plant. The interest on that loan may be a little more, but we would not have the headache. He asked if he understood all the issues. Mr. Otte said yes, except that there is no way he would recommend taking over this plant if it is not financially feasible to do so. The only reason that we are looking into this is that it would give us more points to get the low-interest loan. If we get approved for the loan, then somewhere down the road we would have to sign papers to accept the loan. He said his goal is to make sure this is financially feasible for us to take over the plant. We cannot just blindly do a deal because of getting a better interest rate although it will save a lot of money. We have to pin down the particulars, which is why he asked Mr. Buhr to work on this. There are a lot of unknowns involved in this. The goal is to have the unknowns solved so we will have comfort in knowing that it is financially feasible to do this if and when we ever get awarded this loan. Mr. Buhr said a certificated territory is generally purchased, and there is a value associated with each customer. In this case, because of the risk involved, we are simply saying that we are taking it over because it doesn't cost us anything and we are not giving anything for it either. So, there is a benefit of not having that in our way for future growth. Mr. Buhr said he cannot emphasize that enough, but, at the same time, he will make sure the study says that the City's customers would not be responsible for paying the bill for that.

Commissioner Wheeler asked how much in penalties have accrued so far. Mr. Buhr said he heard \$400,000. Mr. Otte said he was told \$439,000. Mr. Buhr said the daily penalty is \$10,000 a day. Commissioner Wheeler asked if the City took over the plant would those penalties go away. Mr. Buhr said he talked to DEP about the possibility of having the owner pay whatever he can afford and then turn the plant over to us as part of diminishing our need for grants to do the work. He said that DEP said they would think about it.

Commissioner Wheeler said it might be worth the owner's time or his money to pay us to take the plant over. Mr. Buhr said he doubts that the owner has any cash because if he did, DEP would already have it. They have an income stream that could be modified upward. There is also a mobile home park there, but he does not know if there is any value in that.

Mayor Van Sickle said we have to do some engineering studies to determine what it is going to cost us to see if this makes sense to take over. He asked where the funds would come from to do that. Mr. Otte said his discussions with DEP have been that we are interested in this, we are interested in serving them, but it cannot be at our cost. DEP would have to help come up with the funds to do anything. Mr. Otte said he could see that this might be projected over sometime while they give us money to do anything. He said

that is his starting position. If we can get a commitment on some type of grant, we could probably get a Bridge loan. The grant would be used to pay off the loan. Mayor Van Sickle asked if, in the mean time, we would continue pursuing trying to get a loan to do the repair on our own plant. Mr. Otte said we ought to continue to see, at least in the foreseeable future, if we can get a low-interest loan from DEP and go from there. There is a June 1 cycle and maybe one in August. In the not too distant future, we have a couple of opportunities to see if we can line this up. If we cannot line this up, then at some point, we would have to seek funding elsewhere. The cost savings from the low interest rate, as we discussed before, are substantial. It would be worthwhile to be looking there first. Mr. Buhr said we would also seek a grant for the expansion of the treatment plant.

Agenda Item 3. 1919 School Building, Hardman Hall Scope of Work

Mayor Van Sickle reviewed Agenda Item 3. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Tony Otte, City Manager]

SYNOPSIS

The discussion of the plan submitted at the April workshop will be continued. City staff recommends that the contractor bring back figures to continue the work as had been previously planned. The installation of lexan on the windows will also be discussed.

At the April workshop the Commission was presented an alternate plan proposed by the architect. City staff recommends that the Commission discuss that plan as well as a plan that continues in the direction the contractor had been previously following; that is, rehabilitating the building using least cost items installed to get the first floor of the building opened as quickly as possible.

[End agenda memo]

Mayor Van Sickle said that at the last workshop we had a discussion on the 1919 proposal. Several months ago, this Commission authorized the grant that the State gave us, plus CRA funds, for a total of about \$650,000 to continue the work on the first floor of the 1919 building. At the last Commission meeting, the agenda package that the Commission received was proposing to do the work on the lobby area of the first floor in total. That was somewhat of a change for the Commissioners. So, we discussed a few things and tabled it, and we were bringing it back. At that meeting, the Commissioners received a project book to review in the mean time. Mayor Van Sickle said he studied it to see where the cost was coming from and to figure out who gave the direction to do the lobby versus continuing in the direction that was originally proposed. He said he really did not find a good answer on how that happened but it did happen, and that he found several discrepancies in the proposal. At the last meeting, the Commission was told that the current phase of work still had not been completed and part of that work was to put lexan on the windows so they would not be broken out. That has not happened. There is a \$26,000 proposal in the current package to do the same thing. He said he then began to dig further because sometimes one issue leads to another. There are several discrepancies between what they are recommending in their bid synopsis sheet versus the bids that are included in the package. Mayor Van Sickle said we met with the general contractor today concerning that.

Mr. Otte said he believed the idea to do the hallway around the auditorium came from the architect. He said they asked him if they could get prices on that because they said it would help with fundraising. Mr. Otte said he did not stop them from doing that. It was definitely a change in direction because up until then the Commission had directed that we stretch the dollars to get the door opened on the first floor. So, in today's meeting, we reviewed some of the discrepancies and the construction manager, who couldn't be here tonight, apologized for those errors in the proposal where some things were entered a couple of different times. The contractor is ready to get back to the original direction if it is the wish of the Commission's and reject the idea they asked that we consider. Mr. Otte said that idea they asked us to consider has not cost us anything. There were no new drawings done. It only cost us time.

Commissioner Rogers said the contract on the 1919 school building should be renegotiated so we can try to get better prices and to make a determination on exactly what direction we are trying to go on the building.

Commissioner Howell asked if the cost would be lower using the original plan. Mr. Otte said there is a couple of problems with this project. The construction manager could give us an estimate at any time on what they think it would cost to finish it, but we never had all the money to finish it. The cost to finish it keeps changing as we get down the road. The numbers that have been given out in the past did not reflect any thought given to the outside of the building. There is probably about \$200,000 worth of work that has to be done outside the building for lighting etc. That area needs to be lit up like the new PCC campus is lit up. Parking and lighting issues need addressing with our Planning and Development Director, Margaret Swanson. The \$1.1 million figure that the construction manager used at the last meeting was just for the building. If you subtract the \$650,000 there is probably \$.5 million or so worth of work left to do after the next grant is up, and then another \$200,000 for lighting. Mr. Otte recommended going back to the original plan and having the construction manager get quotes on the next phase, finish the fire sprinklers and the other basic work that has to be done, and then bring those quotes and packages back to the Commission.

Commissioner Howell asked if we are going out to bid again for the inside work. Mr. Otte said yes. He said the quotes that the general contractor got were for items that the architect originally planned to put in, which were very expensive, like tin ceilings and ceramic tile. Mr. Otte said we could settle with vinyl type tile. Commissioner Howell asked if we could go out and get someone to do the job for a certain amount of money. Mr. Otte said that is not how it works when dealing with a group of different trades. We accept the cheapest contract of each trade.

Mayor Van Sickle said he asked the general contractor to include the amount in the bid on what we think it would cost to do the top floor and the amount we think it would cost to do the project, and then bring that back to the Commission. Mr. Otte said in the meeting today there seemed to be some confusion, at least on the part of the architect and somewhat on the part of the construction manager, on what kind of building we want because they are asking if we want a building where we can have plays. Mr. Otte said he told them no because that would require an elaborate lighting system that includes a lot of steel and cat walks etc. and an elaborate air conditioning system to air condition the air from all the heat that comes off those lights. Mr. Otte said in order to get the price down we have to give up something, which to him would be the ability to have plays there. He said the Little Theatre is not interested in relocating. So, this building can be prepared for musical performances, meetings, education, etc. Maybe someday down the road we could install such an air conditioning system versus putting it in now.

Commissioner Rogers said he understands that the City has over \$3 million in the building right now. Mr. Otte said he does not know the total figure off hand. Commissioner Rogers said at some point we have to figure out what we are going to do, we just keep spending money, and we have no direction on where we are going except just spending money. Mayor Van Sickle said Semco's first task, as directed by the Commission, was to write a statement of work, which would define what he is doing, and then come up with a cost to do that. Commissioner Rogers said right now, we just keep changing directions, spending money, and the taxpayers that he has talked to seem to be very upset about this. They want to see the building boarded up or finished. The Commission needs to decide on what to do. We cannot raise money from the public without a plan to present. Mr. Otte said the plan we have is really the plan that Gabe Statom developed, which is the plan we are still following.

Commissioner Howell asked if the City spent \$3 million on this building. Mr. Otte said no. The City has spent in the neighborhood of \$300,000 on a match to one grant, and spent about \$13,000 for termite work in the building. The grant that is front of us tonight requires a \$300,000 match. The total from the City would probably be in the neighborhood of \$600,000 to \$700,000. Commissioner Rogers said grant money means taxpayer's money, and we are supposed to be the good steward of that. We need to look at what we are doing and get serious on this.

Mr. Otte said when the project started there was no plan for the use of the building. The Commission hired a consultant, Gabe Statom, who provided a plan that involves musical performances and the center of that vision is music education. That really remains our vision for the building. City staff continues to talk to people about possible uses and possible organizations that might want to use the building etc.

Commissioner Rogers said the questions that he is asking tonight are questions that people are asking him.

Commissioner Thornhill asked if the Commission could adopt a plan or a statement stating the direction we are going. That would stop all this confusion and we could move on. Mr. Otte said sure.

Commissioner Thornhill asked who submits the bids. Mr. Otte said we hired Semco as a construction manager several years ago. A construction manager gets the bids or quotes for the various trades, opens the bids to determine the lowest bidder for each trade, and the construction manager is paid a percentage based on the amount for the work they are supervising. He said the Mayor noticed in the meeting today, that Semco is bidding on some of the work themselves, and they assured us that they go through the bidding process the same time as everyone else. Mr. Torrance said the bids are sealed and opened at the City. Commissioner Thornhill asked if we are encouraging our local business owners in the City to bid. Mr. Torrance said we have discussed that with Semco because local electrical contractors have asked about it. Commissioner Thornhill asked if we provide Semco with a list of our local contractors so they can send bid information to them. Mr. Otte said he would work on that. Commissioner Thornhill said with our current situation, labor cost is dropping everyday. That is why he is surprised that we are not getting better prices. Mr. Torrance said this is a piece-meal type of project with a lot of start and stops, which makes it difficult for new contractors to pickup where the other contractor left off.

Commissioner Thornhill asked if it was too late to bid this out again. He said he is not trying to prolong the project any longer than it has been, but he would like to make sure that local contractors are given the opportunity to bid on the project. He said we don't necessarily want the lowest bid, but the best bid for the money. Commissioner Thornhill asked if the City has a contract with Semco making them our contractor for a certain period of time. Mr. Otte said he would have to check on that. He recommended switching the Semco contract to a construction manager contract so they would have total contract. Currently, they are forced to get bids that we open. Commissioner Thornhill said he does not want Semco thinking they have the low ball that they can run with it.

Mr. Otte said the Mayor asked Semco about lowering their 7% fee, and they said that they would consider it. Mr. Torrance said their fee had already been lowered from 8% to 7% this year.

Mr. Otte said he would bring a vision back to the next City Commission workshop for discussion. Commissioner Thornhill asked if the City could get another person or group to help with donations. Mr. Otte said that the Mayor gave him the name of a person who is interested, and that he is looking into it. He said that the Commission recently approved the establishment of a committee to work on that, but to date no one has volunteered to serve on that board. Commissioner Thornhill said it needs to be someone who understands what we need, who can get some type of public support behind it, and who can get some private funds coming in. Mr. Otte said what he thinks he is hearing is that the Commission would like to formally adopt a purpose, a vision, and a plan for the building. Commissioner Thornhill said he would like to get a timing for the project, but without a vision we cannot go forward.

Mr. Otte said when this was initially adopted and set into place by the Commission back in the 1990's, a newspaper article had said this would be dictated by the availability of grant funds. That means it will be necessary to be starting and stopping the work. At this time, grant funds are very scarce, as well as private donations.

Commissioner Wheeler said everybody needed to take a reality check. The City and the CRA can no longer put money into this building, and that is a fact we have to live with. The State would probably not

have grant funds available for this for several years. That leaves the private sector, which means private donations. Commissioner Wheeler said he has advocated for sometime now that we need to work our way from the outside of the building to the inside. We need to make it look like something that people would want to donate their money to. The idea of doing the bathrooms, lobby etc. first is tackling the problem from the wrong perspective. What we need to be doing is cleaning up the exterior in place, putting in landscaping, putting lexan on the windows or whatever else we can do to make it presentable. This would certainly enhance fundraising. If we follow the architect's plan, we would have a nice lobby and bathrooms, but if you want potential donors looking at the building, they would have to walk through sand spurs, piles of dirt etc. to get into the building. That is not going to work. To make fundraising successful we have to be able to sell the product. Mr. Torrance said we provide free labor by utilizing weekend prisoners, which is what we have already been doing. The outside of the building already looks a little better than it did a month ago. Commissioner Wheeler said \$600,000 would make it look even better. Mr. Torrance said that anything we do outside the scope of the grant we have to submit that change. Commissioner Wheeler said the State is reasonable. If we have to renegotiate, then we just have to renegotiate.

Mayor Van Sickle said he is concerned that Semco has not finished their current task. They said they had the money for the lexan to go on the windows, but they have not done that. Now, there are more broken windows. That is something the City has to enforce because that is what Semco is currently under contract to do. Mr. Torrance said he discussed that with them last week. It is just a matter of him scheduling his guys to do it. Mr. Otte said he thinks Semco said they would replace those windows free of charge.

Commissioner Rogers asked if someone could do a little painting to the outside of the building, like paint the framing of the windows, to improve things a little. Mr. Torrance said that came up in a construction meeting today. We incur those added expenses even if the building does not get used, and if we continue with the original plan, we still have to maintain what is required of the grant.

Mayor Van Sickle said he thinks the Commission understands where we need to go. He asked Mr. Otte to bring back this information to the Commission.

Agenda Item 9. Budget Calendar Discussion

Mayor Van Sickle reviewed Agenda Item 9. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared Tony Otte, City Manager]

SYNOPSIS

City staff will review the general calendar for budget review and request the setting on an initial budget workshop in June.

State law requires that every city and county operate on an October 1 – September 30 fiscal year. The preparation of the annual budget is a major undertaking, and in Lake Wales the calendar of events is as follows:

- By the end of March - Assistant City Manager Judy Delmar sends a letter to department heads with instructions on filling out department budget request forms;
- By Mid or late May - department heads turn in their completed forms.
- June, July – Judy prepares the budget with input from Tony, Dorothy, others
- Early August – the draft budget is distributed.
- August - The City Commission has one or more special meetings to review the draft budget.
- September – The City Commission adopts the budget at the regular meetings.

City staff recommends that the Commission have at least one early budget meeting, in June, to review the draft tax base total and discuss an approach to preparing the budget.

The budget actually consists of two documents: the budget for the fiscal year, and the five-year capital improvements plan (CIP). The first year of the five-year CIP is included in the annual budget.

There are a number of state laws regarding the preparation and adoption of the budget. The Truth in Millage Act (TRIM) requires that certain published notices must be made during the budget adoption process.

[End agenda memo]

Mayor Van Sickle said the budget is going to be shorter than it was last year. The intent is for the Commission to give direction to staff early on. We want to schedule a meeting for sometime in June so we can discuss this with the City staff. He said the Commission needed to give this some thought before meeting with staff on how we think the budget should be directed. We have to establish our priorities, and we may not have enough money to do everything, but we have to see what our priorities are first.

Mayor Van Sickle gave the following examples of what he said he would like to see in the budget this year:

Employees

Mayor Van Sickle said there are various employees being over worked. The schedules of other current employees may have to be re-adjusted so they can work with those who are being over worked because we cannot ask people to work 50, 60 to 70 hours a week all the time. Eight and nine hours a day are the norm, but anything over that is unacceptable. The Commission has to start giving direction to address that.

Reduction

Mayor Van Sickle said when cutting the budget, we say we want to cut 10% from each department's budget. Some departments like the Police Department may not be able to handle a 10% reduction. That might mean taking a police car off the road, whereas that officer may need a raise.

Emergency Management

Mayor Van Sickle said we have not had an emergency in a long time, so that budget might be fat and could stand a 20% cut.

Mayor Van Sickle said these kinds of things are what he would like to see when looking at this budget. We need to give some direction to staff so they can prepare the budget for us.

Required Items

Mayor Van Sickle said required items are nice to have. Electricity and food are required items, but a new car may be an option that we would like to have. The City has to start looking at the budget that way also.

Commissioner Thornhill said he would like to see demolition funds in the budget. That may be an area where we may not be able to get to it, but he would rather it get done because it would help us in the long run. He said he would like to see Code Enforcement expanded.

Commissioner Wheeler said he would like to see the budget prioritized according to function. In other words, what do we think is most essential for the City to do? The Cemetery needs to be improved, water and sewer should take the least hit, and police and fire are the biggest budget items, but tough to

maintain because we are looking at a 6% drop in the tax base. He said he does not know what that translates into as far as a drop in total revenues. Mr. Otte said part of that goes in the general fund and part of it goes in the CRA fund. He said the number in the general fund was about \$300,000. Ms. Pendergrass said it is about \$386,000, which is 8%. She said the estimate that Ms. Delmar got from the county was 6.8%. Ms. Pendergrass said when she plugged that into the forecast she got 8%. She said that the county was looking at property value and she was looking at what actually flows through to the City. When looking at it, there was a \$386,000 deficit in the General Fund before we even began the process.

Commissioner Wheeler said that staff needs to prioritize things and let the Commission know the most important functions, which are items that need affecting the least.

Commissioner Rogers said we needed to take a common sense approach to this. We need to start early on the budget, and put forth some effort to keep the City functioning on the same level as we have been. He said the main item that our citizens probably look forward to is police and fire protection. Commissioner Rogers said he hates to cut somebody's budget, but we have to do it. We need to do the best job we can do on the budget.

Commissioner Howell said, as Commissioners, we need to get with Ms. Delmar and Ms. Pendergrass on the budget and give them our input. They can assist in what needs to be done, and they can shift and redirect things in a much leaner fashion.

Mayor Van Sickle asked Mr. Otte to set a date for the budget workshop as soon as he could. He said the Commission will try to give City staff some direction on what things they feel really cannot be cut too much and try to prioritize, but some of the nice to have things may have to go away. Mr. Otte said to look for a budget meeting in early June. He said a CRA workshop is scheduled for Thursday, May 28.

Agenda Item 7. Review of City Growth Policies & the City's Capabilities to Serve Growth for the Future

Mr. Otte reviewed Agenda Item 7. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Tony Otte, City Manger]

City staff will present a review of City growth policies and the City's capabilities to serve growth for the future. Against that backdrop, staff will also review a request for utility service.

The City has a utility service area (USA) that is larger than the City limits. On the north and west side of the City, the USA boundary is defined by an agreement with the cities of Winter Haven and Dundee. On the south and east side, the City has determined those limits.

Up until several years ago the City agreed to serve any property within the USA that signed a "covenant to annex" once the property became contiguous to the City limits. This policy, in the words of our City planner, is "a recipe for sprawl". Urban sprawl is a condition found when a city's boundaries are not square and compact but instead are stringy, spaghetti-like, and strung out. The prevention of urban sprawl is one of the goals of the state's Growth Management Act of 1985, the landmark legislation that is the basis for the state requirements regarding comprehensive plans.

For this reason, the City Commission several years ago changed the previous policy and now requires that properties be annexed into the City before they receive a commitment to be served with water and sewer service by the City. The recent Commission action to enact a "Chapter 180 plan" on SR 60 west is an exception to the previous policy. The Chapter 180 action requires property owners within the area who wish to develop their property to come to the City first to request water and sewer service before going elsewhere. The City must be ready, willing, and able to serve within a reasonable time.

City planning staff is updating the Capital Improvements Section of the Comprehensive Plan, and City Planner Margaret Swanson will present a report. Also to be discussed is a request for service from a property owner south of the City. This request will be formally scheduled for a future Commission meeting.

[End agenda memo]

Mr. Otte said we have a City Comprehensive Plan that includes a Capital Improvements element. The planning staff led by Planning and Development Director Margaret Swanson is in the process of updating that. He pointed out that in the last five years there have been tremendous changes in the City's growth management policies, which started when the Commission declared a Zoning in Progress period and we stopped the approval of new residential subdivisions for about 8 months. The Land Development Code was overhauled and largely rewritten, which was really an accomplishment. Ms. Swanson and Ms. Delmar were the principal staff members involved in that. Mr. Otte said the remarkable thing is that the City, on two occasions, hired consultants to redo the code, but their work was not brought forward to the Commission. The work done by Ms. Swanson and Ms. Delmar was brought forward and adopted. Then there was also the first formal impact fee study that reset our impact fee rate so that the fees are appropriate to pay for growth as much as possible.

Mr. Otte said that more recently, Ms. Swanson and Ms. Delmar worked on the Concurrency Management System. Previously, the City did not have a formal Concurrency Management System. Mr. Otte explained that concurrency is a word from the 1985 Growth Management Act that requires cities to have in place facilities for growth when those facilities are needed. There are seven different facility elements, most of which are things that are under the City's control such as water and sewer facilities, recreation, and drainage. He said that garbage disposal is under county control. Transportation includes county roads, and our own City streets. The seventh facility that was just added is school concurrency. There have been a lot of changes in the last five years and the City has done a lot of work. The Commission has approved some far-reaching items. He asked Ms. Swanson to explain where the City stands in regard to capacity for growth.

Ms. Swanson presented an analysis of water and sewer capacity for growth. She said capacity in required services must be monitored for several reasons. For capital improvements planning, we need to identify projects that need to be done in the next five years to provide for growth. Secondly, the comprehensive plan looks at a 20-year horizon for capacity needs. Finally, for the utility queue system, we need to keep track of how much capacity is available to meet concurrency requirements; that is to ensure that we don't over-reserve our capacity. By September, the City is required to adopt an EAR – Evaluation and Appraisal Report to identify major issues to be addressed in the update of the comprehensive plan, due to be adopted within 18 months of the EAR. The 2005 update of the Future Land Use Element and Map addressed a number of growth issues. Water and sewer capacity for growth will be addressed in the next update. It is difficult to project future needs while we are in a period of very little growth. The analysis of utility capacity is based on several assumptions. It assumes the "worst case scenario," that growth will resume immediately at pre-recession rates. Projected capacity needs assume construction of the equivalent of 250 housing units per year. Capacity for already platted lots and commercial development under construction has been already set aside, equivalent to 1200 housing units. We are also assuming the sewer treatment plant will be overhauled to ensure that it is going to function regardless of whether the capacity would be increased in the near future. If we don't have a plant that functions properly, we are not meeting our level of service. The analysis determined that capacity currently "available," that is, unused and unreserved, is more than sufficient to provide water service for 5-7 years and sewer service for 7-9 years into the future. With the proposed upgrade of the sewer treatment plant to 2.19 mgd (million gallons per day) and use of reclaimed water (wastewater plant effluent) for irrigation, capacity will serve growth for at least 12 years. This is a very, very conservative estimate. The project must be included in the 5-yr Capital Plan as needed to improve and maintain service for wastewater collection, potable water distribution, and reclaimed water distribution. We need to meet future sewer capacity needs, upgrade of the plant to 2.19 million gallons a day, and expand the reuse facility to enable the use of 40% of the reclaimed water for irrigation by the year 2018. We don't need to

expand in the immediate future. Expansion of the wastewater treatment plant beyond 2.19 million gallons per day is really not necessary for the 10 year planning period horizon, and may not even be necessary for the 20-year plan. This is assuming that we don't use that capacity by serving developments that are outside the City. If we do that, we have to plan for that. Right now, we have about 6,600 acres that are vacant, about 50% of the City's land area, of which 5,000 acres has been annexed and slated for future residential development. Assuming that 5,000 acres are developed over the next 20 years for residential development at a rate 2 units per acre we will have another 10,000 units. We will run out of capacity when about 4,000 units are built. So, we have time to plan, but we have to revamp our system now so it is functional and we have to do some minor improvements to capacity. A reclaimed system is also required by SWFWMD at least to address conservation.

Ms. Swanson said that right now, we have set aside capacity for about 1,200 equivalent residential units and we still have capacity for growth. The queue system that we set up requires developers to queue up 10% of their projected water and sewer impact fees in order to get in line. We have had two developments that queued up for a total of 119 units. We have no reservations, which require payment of 50% of their impact fees and surety for the rest. Ms. Swanson said she had a hand out with a summary of everything she just talked about for anyone who would like one.

Commissioner Howell asked if we get our wastewater plant up to speed would we be good for the next 20 years? Ms. Swanson said if we have another boom and see a tremendous increase in growth, we may have a problem sooner. We have annexed 5,000 acres for residential development. If they were all built out tomorrow we would have a big problem. But, it will take years to build out.

Commissioner Wheeler asked what the best case scenario would be for this and what the development projections are based on. Ms. Swanson said "best case" would be not using any capacity with no development. She said she looked at how many units were built per year and came up with a median of 250 units per year since 2000. That adds a big conservative factor to the formula. Commissioner Wheeler said we are then ok as far as long-range capacity. So, the only things we need to be worrying about are our reuse system and maintaining system functionality. Ms. Swanson said that by 2018, if we do have that rapid development rate, we will have to plan for additional wastewater plant capacity.

Commissioner Thornhill asked if the Comprehensive Plan is going to show what we are doing to prevent capacity problems and how people request to come into the city. Ms. Swanson said we have a policy now that says we provide service only if the land is annexed. There are a couple of exceptions to that: If DEP wants us to take over a package system or there is a request for service in a Chapter 180 area. We have only one designated Chapter 180 area, and it is intended to stimulate commercial and industrial growth in the SR60 West corridor. Generally, the policy is not to serve outside the City, and one of the reasons for that is we have already annexed a lot of land that we are obligated to serve. There are a lot of difficulties with serving outside of the City, one being that the county has residential suburban future land use and a lot of the land surrounds the City limits. If we allowed them our water, they could develop at three units per acre, which will be in direct competition with in City development.

Mayor Van Sickle said this relaxes his mind a little bit on trying to expand our utility capability and taking care of our problem. It looks like we have to clean up our plant and other than that, we don't have a major issue for a period of time.

Mr. Otte said that our consumptive use permit for water use from SWFWMD is up next year and staff is already working on that. There are a lot of things happening as far as water supply that we really need to keep our eye on. There is already a 2013 cap that SWFWMD has put in place and the county and the cities got together to do a water supply plan. He said he was told that we are the only city that has not adopted the county plan. Mr. Otte said he was very proud of that because the plan does not say in bold type whether the agricultural well capacity on land to be developed goes to the City or not. We were told about six months ago by county staff that the city would decide who is entitled to the capacity of agricultural wells that are located in the City's utility service area. He said that we are going to be working with the county to try to get that plan amended. That is something else on the water side that we have to

watch for.

Agenda Item 5. CDBG Grant Award & Grant Administration Contract

Mayor Van Sickle read the synopsis to Agenda Item 5. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Tony Otte, City Manger]

SYNOPSIS

City staff has been notified that the City has been awarded the Community Development Block Grant that was applied for in the most recent application round. The official grant acceptance and approval of the grant administrator contract is scheduled for the May 19 regular Commission meeting. Staff wishes to review these items, as well as the grant budget and the status of the plans for the Walker building on Lincoln Ave.

City staff will review the budget for this grant. The phase 2 water improvement project downtown was used as the match for this project. The Main Street Group wishes to have input in the types of plants selected for the landscaping downtown, and City staff will arrange an open meeting on that subject.

Staff will also review the proposed award of the contract for the grant administrator. This year the contractor who wrote the grant application, Andy Easton, submitted a price that was \$14,000 higher than the other contractor who bid. City staff has been advised that CDBG rules allow the selection of the contractor on a set of weighted criteria. Using such a format, Mr. Easton ranked higher than the other contractor as price is a relatively minor factor in the ranking criteria. (Note that the points assigned to price were the same as had been used in the ranking for the previous grant administrator selection.) Mr. Easton has agreed to drop his fee to the level of that bid by the other contractor.

[End agenda memo]

Andy Easton, Grant Consultant, said the Community Development Block Grant is federal funding that comes to the State of Florida and then the State distributes to the cities based on the competitive application process. The City is very fortunate that it has gotten two CDBG grants in the past and this one will be the third. It gets harder every year to get these grants. The grant after this one will be even harder to get. This \$750,000 grant will do several downtown improvements projects such as landscaping in the downtown area, building facades, parking lots, and lighting. Mr. Otte said his definition of downtown is downtown and Lincoln Avenue. Mr. Easton said in a generic sense, the commercial areas. Mr. Otte said the category was commercial revitalization.

Mr. Otte said we are looking at doing the parking lot around the Walker building, three or four building facades on Lincoln Avenue, and lighting. Linda Kimbrough, consultant, said it is the parking lot behind the Walker building facing C Street that will be paved, a façade to the meat market, a façade to Cherry's Beauty salon, a façade to the barbershop, landscaping on Park Avenue, and the parking lot across from Commissioner Rogers' barber shop will be paved with the CDBG funding that we will be getting. Harold Gallup, Economic Development Director, said we are preparing a bid package for the parking lot at the Walker Building to facilitate the rehabilitation of that building.

Agenda Item 8. City Investment Committee

Finance Director, Dorothy Pendergrass, reviewed Agenda Item 8. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Tony Otte, City Manager]

SYNOPSIS

City staff recommends that the Commission authorize the staff to solicit applications for persons wishing to serve on a City Investment Committee. Such a committee was authorized by City ordinance in 1995 but was never appointed.

Ordinance Number 95-44, approved on December 19, 1995, and codified in Section 2-502(b) of the city code states as follows:

(b) An investment committee will be appointed in accordance with City of Lakes Code section 2-26 for the purpose of formulating alternative investment strategies and short-range directions and for monitoring the performance and structure of the portfolio within established policies. The committee will formulate and recommend change, if necessary, to the investment policies. Members of the committee shall include the city manager, a city commissioner, the finance director, and two members of the public who are eligible for board appointment in accordance with code section 2-26 and who are qualified to perform the duties assigned to the committee. Public members shall be appointed by the city commission to serve four year terms. The investment committee shall meet on a quarterly basis or as needed.

A long-time City staff member cannot remember this committee ever being activated. The finance director brought this to my attention and recommended that the committee be activated.

[End agenda memo]

Ms. Pendergrass said that Finance is getting ready to begin the investment process. The first step is to see what we can invest in. She said she found that Lake Wales has a requirement for an investment committee, which is a five-member committee. Ms. Pendergrass said she would like to enact the committee and have them work through the process of investment. She explained that when we have most of the ad valorem taxes there is about \$7 million. There are investments and choices that the committee can choose from. There are also impact fees, which are revenues that are collected, but until the facility is built, the money will just sit there in a checking account.

Mayor Van Sickle asked if there would be specifications on who can apply to serve on the committee. Ms. Pendergrass said she is interested in anybody who is interested in being on the board and who has some experience. The board will consist of two people from the public, the Finance Director, the City Manager, and one City Commissioner. She said she hopes to have the committee in place as soon as possible. Commissioner Wheeler asked if there would be any anticipated overflow between the Finance Commission and this committee. Ms. Pendergrass said no.

Agenda Item 2. Byrne Grant Application

Police Chief, Herbert Gillis, reviewed Agenda Item 2. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared Tony Otte, City Manager]

SYNOPSIS

City staff requests discussion on items that the Police Department wishes to apply for through an application for Byrne Grant Funds.

The Police Department has access to Byrne Grant funding for equipment items. Specific items to be applied for are proposed to be as follows:

- A bar code inventory control system
- Computer workstations,
- Mobile data computers,
- Accessories including docking stations and GPS modules, and a scene mapping system

Computer hardware is budgeted at \$50,000; operating expenses and computer accessories is budgeted at \$24,000, for a total request of \$74,000.

The goal of this program is to provide the department a means to use leading edge technology to improve the efficiency and effectiveness of members in response to potential budget decrements as a result of declining revenues.

[End agenda memo]

Chief Gillis said because of the stimulus funds, outside the normal grant funds, we have an opportunity to take advantage of some more Byrne Grant funds. We are proposing to use this \$74,000 grant to purchase about 45 laptops for the patrol cars, a barcode inventory control system, computer workstations, and accessories including docking stations and GPS modules, and a scene mapping system.

Mayor Van Sickle asked if there are any matching funds required. Chief Gillis said no.

Agenda Item 4. Correct Count Committee

Mr. Otte reviewed Agenda Item 4. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Tony Otte, City Manager]

SYNOPSIS

City staff will discuss the establishment of a "Correct Count" committee, to encourage citizens to response to the upcoming decennial census.

The next decennial census will begin in March, 2010. The Census Bureau recommends that cities establish "correct count" committees to encourage citizens to fill out the census forms that will be mailed to them. An accurate census will help position the City to apply for grant funds in the future. City staff will make a presentation on this item

[End agenda memo]

Mr. Otte said the actual name of the committee is Complete Count Committee. He said the purpose of cities and the counties having this committee is to market the 2010 census. The Census Bureau is trying to get as many households as possible to turn back in their forms, which limits the number of workers who have to go out from house to house. It is an advantage to us to have an accurate count because it puts us in the proper grant category, etc. This is really marketing the Census to have our citizens be aware that the forms are coming, to encourage people to fill them out, and to turn them back in.

Agenda Item 1. Floating Pond Fountains

Mayor Van Sickle reviewed Agenda Item 1. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared Tony Otte, City Manager]

SYNOPSIS

Whether to install fountains in two lakes: Weaver and Twin

Following the most recent City Commission meeting, City staff is acquiring information on the operational costs for fountains for these lakes. The purchase and installation of fountains in these lakes was identified as a project and was approved by the CRA Board when the projects were identified for the CRA Bond.

The pump sizes for these fountains would likely be either 5 horsepower, or 7.5 horsepower. City staff will make a presentation on this item.

[End agenda memo]

Mayor Van Sickle said this is the issue of two fountains currently programmed in the bond money. When last discussed, there was a question on the size of the pump. When you look at the numbers, it still comes up to be a sizable cost to run these things. He said that this is one of the nice to have things and that we may have a better use for that bond money.

Mr. Torrance said that this was placed in the list of projects of the bond. This particular item came through the Lakes Advisory Commission back when the list for the bond projects was developed. The number that was presented was a \$27,000 number, which was derived from quotes from a couple of different vendors and not from bids. The reoccurring cost is not cheap. We still have streets that need repaired, small storm water projects that need done, etc. At the same time, we are fortunate in this regard, because Water's Edge paid to have the lake cleaned up on First Street and SR60. Mr. Torrance said if these fountains had already been in place our lakes may not be in the situation they are in now. However, there is a substantial reoccurring cost. Mayor Van Sickle said that SWFWMD does not always like these things to run. This time of the year when the humidity is extremely low, you not only have the evaporation out in the lake, but when you are throwing it up in the air, you have a lot of evaporation. We cannot afford that. Mr. Torrance said he did speak to SWFWMD about the permitting of it and what their restrictions are. There is no permit requirement, but SWFWMD will put some restrictions on it during a draught. They may tell us not to run the fountains certain times of the year.

Commissioner Rogers said that earlier we discussed how we were going to have to cut some the department budgets by 10%. So, it don't make sense to put fountains in and putting indebted cost on the City when we are in an economical depression here. We have a fountain in a lake across the street that has been there for years, and it has never worked. Therefore, he doesn't see any sense in investing in two more fountains.

Commissioner Howell asked if there is anything else that could be done that is not as costly as these two fountains. Maybe we can put in a bed of flowers etc. just to make it pretty around there. Are we only doing this for the pretty part? Mr. Torrance said we found out that if we provide public access to the lake, then we can be put on the list for the county to come and spray the lake free to maintain the Hydrilla. We are working toward that now with the county, the Water's Edge group, and the Lakes Advisory Commission to make that happen.

Commissioner Rogers asked if Water's Edge would be cleaning out the other part Twin Lakes. Mr. Torrance said no.

Mayor Van Sickle said he believes the consensus of the Commission is to have this reprogrammed. Mr. Torrance said that he would bring it back to reprogram those funds into something else.

There being no further business, the meeting was adjourned.



Mayor/Commissioner

ATTEST:



City Clerk