

A special budget meeting of the City Commission was held on August 27, 2008 at 6:00 p.m. in the Commission Chambers at the Municipal Administration Building. Mayor Lee A. Wheeler, III, called the meeting to order.

**COMMISSIONERS PRESENT:** Jack Van Sickle; Terrye Y. Howell; John Paul Rogers; Kathy Manry; Mayor Lee A. Wheeler, III.

**COMMISSIONERS ABSENT:** None.

**CITY REPRESENTATIVES PRESENT:** Anthony G. Otte, City Manager; Judith H. Delmar, Asst. City Manager; Clara VanBlargan, City Clerk.

### **Agenda Item 1. Proposed FY-08'09 Budget**

Revised budget material was distributed to the Commission before the meeting.

Mr. Otte explained that since the last budget meeting, staff received bids on health insurance, and on liability, property and casualty insurance. Those bids came in at a lower cost than what was budgeted. These savings can be reallocated to other areas in the budget.

Mr. Otte said that based on the previous budget meetings, there are several items that need to be discussed, such as the possibility of an exemption for citrus grove owners, the millage rate, employee training, and employee increases. He said that it has been brought to his attention that schools and governments typically get exemptions. As discussed today with Fire Chief Brown, there is ongoing firefighter training that needs to be added back into the budget along with some fundamental operational type training. A number of Commissioners have said that they would like to provide a raise to employees. There have been discussions on the Depot Museum position and a contract with the Historic Lake Wales Society (HLWS) for operating the Museum along with a grant to pay for the basic operational expenditures such as utilities and telephone. Because this will generate savings to the City, we can also discuss the possibility of broadening that contract to provide some funds for the HLWS to hire someone to operate the Museum, either part-time or a little more than part-time.

Mr. Otte said that at the conclusion of this meeting, staff would like direction from the Commission because there is a lot to be done before the Commission discusses the budget and millage rate, at first reading and public hearing, on September 3, 2008.

#### Fire Assessment Exemption; \$58,000

Commissioner Rogers commented that he still opposes the fire assessment fee and anything to do with it. He said that the City has done well without a fire assessment fee since incorporating in 1917.

Commissioner Howell asked for clarification on what the Commission is being asked to discuss. Ms. Delmar explained that the Commission is being asked to discuss the possibility of exempting citrus groves, and not exempting governments and schools. However, there needs to be a provision in the budget to cover the cost if governments and schools choose not to pay the fire assessment, which amounts to a total of about \$7,300.00. Commissioner Howell asked if the City could legally exempt citrus groves, and if the City was considering exempting parking lots as well. Mr. Otte said staff did not know that there would be an issue regarding citrus groves until after the fire assessment was conducted. He said that he was told that the county exempts citrus groves as well as pasture lands. However, City staff is not recommending an exemption for pasture lands. He said that he, or staff, could not recall where trees in a well-maintained citrus grove had ever caught on fire. Since the county exempts citrus groves it must be legal for the City to exempt

them. Mr. Otte said that since parking lots serve cars, which do catch on fire, he is not recommending exempting them.

Commissioner Van Sickle said that he was not sure where the numbers came from for groves unless that is an actual amount that the City has paid to support fire suppression in a grove. The City needs to understand and possibly re-look at the rates that it currently has with the different areas. He said that personally, he disagrees that parking lots are subject to burn. Commissioner Van Sickle said that although he is in favor of adopting a fire assessment fee, he does not understand the difference between groves and parking lots because a car can catch on fire in either of them.

Mr. Otte asked Lee Evett, Willdan Financial Services, where the assessment of the \$58,000 for protecting groves came from. Mr. Evett explained that any time you first establish a program like this, there will always be problems during the first year, and then things go smoother during the second year. There will be a series of events that City staff will look into once the final resolution is adopted. The resolution will empower City staff to resolve any problems that might arise with the property appraiser and the tax collector. He said that there are no known exemptions for citrus groves. The City would need to find facts of "non-flammability" in order to exempt well-maintained citrus grove owners from paying the fee. To exempt them would contradict the purpose of an assessment in which people pay their share of the service. So, when you start making exceptions, that cost would need to be restored by the General Fund.

Commissioner Van Sickle said that it would be hard for the City to convince landowners that raise cattle that they have to pay a hefty assessment when at the same time it is exempting grove owners from paying the assessment. Mr. Evett reminded the Commission that there is a 20-acre cap on agriculture and vacant land.

Commissioner Manry said that she regrets that the assessment report that was provided to the City did not indicate that this type of issue would come up. She commented that this is like mud on the City's face. She asked how landowners would go about joining their parcels. Mr. Evett explained that it is a private matter between the landowner and the county, which does not involve the City. Commissioner Manry said that since the process is easy, she too would join her parcels if she was one of those landowners. But, since the City's fire assessment was based on the number of parcels, then that would change the amount of fire fee collected, which would change the big picture significantly. Mr. Evett said that a landowner's liability is based on value and not on per parcel. It does not significantly change the big picture because it would depend on how many situations exist. Not everyone is going to want to merge properties because it would not be a valuable thing to do.

Mr. Otte said that the City had a brief discussion with the consultant staff about combining parcels. Ms. Delmar said that City staff just received the actual database that was used to calculate the assessments and to do the mailing for the property owners. She said that she reviewed the data and found there were a number of parcels that could be merged, which could reduce the assessment. The General Fund would have to pay the difference.

Commissioner Manry said that she understands and supports the exemption on grove land, but she would assume that all of the landowners are going to merge their parcels. Ms. Delmar said only if the land is contiguous.

Ms. Delmar said that if we decrease the millage rate to 5.7157 in response to this fire assessment fee, and then it turns out that the City does not generate the assessment revenue as anticipated, that millage rate would then be capped, which becomes much more difficult to increase than in the past due to the tax reform and the requirements for super majority votes or unanimous votes. So, everything would be lower at the 5-point range, which would be difficult to increase if we need more revenue. Mayor Wheeler asked if between now and next Tuesday staff would have sufficient time to calculate these adjustments and let the Commission know the affects of them.

Ms. Delmar said no. Mayor Wheeler said that since staff cannot provide this information by next Tuesday, then the Commission might feel compelled to choose a higher fire assessment fee than anticipated.

Ms. Delmar said that the total assessment for pasture land is \$38,000, of which \$14,000 is Winter Haven Corp. Mr. Evett said that there are good reasons why property owners would not want to go through the trouble of merging properties, although that may be an obvious solution. He said that he did not think the City would have a significant variation from what City staff and consultant staff said would be collected.

Ms. Delmar said that it might be possible to have something put together by Tuesday. She said that the effect of joining contiguous parcels would not be that significant. The biggest parcels are pasturelands, and because there are only a dozen or so owners on the list, it shouldn't be that difficult to determine the impact.

Mayor Wheeler said that City staff needs direction from the Commission on whether it wants to exempt agriculture land. Ms. Delmar said that if the fire assessment is adopted, a provision would need to be made in the budget to pay in the event the schools and the county refused to pay the assessment.

Mayor Wheeler asked each Commissioner if they agreed to exempt well-maintained citrus groves from the fire assessment. Commissioners Rogers, Howell, Manry, and Mayor Wheeler said they would allow for such an exemption. Commissioner Van Sickle said he would not agree to such an exemption.

#### Millage Rate

Mr. Otte said that if the fire assessment fee is adopted the proposed millage rate would be 5.7157; if it is not, the proposed millage rate would be 7.3521. He recommended that the Commission allow the City to pay the assessment for the schools and governments in the event they do not pay, exempt grove owners from paying the assessment, and if possible, make an allowance for pasture lands, which would put the millage rate in the 5.8 to 5.9 range.

Commissioner Van Sickle said that he is concerned because the City told every citizen that everyone would pay the assessment. Now, the City is discussing exemptions. Mr. Otte said that from the beginning he has said that this would be as equitable as possible. He said he is not suggesting that we exempt pasture land, because pastureland does burn. But, if there were a mass consolidation of parcels, the City's budget would need to be prepared. Mr. Otte said that this type of thing takes a couple of years to iron out. He said that every local government that adopted a fire assessment fee must have taken a leap of faith because no local government had all the information provided to them before doing so. However, having a clear concept made it worth going forward.

Commissioner Rogers said that he would like to make a motion that we table the fire assessment fee so that it can be studied more. Mayor Wheeler said that it would probably be more appropriate to do that at the time the Commission sets the millage rate on September 2. Commissioner Manry said that to make up everything not in the fire fee would have to be covered in the millage rate. Commissioner Rogers said that to him, the fire fee is just another way to raise revenue.

Mayor Wheeler said that at every public forum, the City has told citizens that the millage rate would be in the 5.7 range. For that reason, he would like to see a budget come back to the Commission under that assumption. However, if the fire assessment is not adopted the millage rate would need to be in the 7.3 range.

Commissioner Howell said that she does not want to make the millage rate so low that we can't work within the budget or make it too high. Ms. Delmar said that the 5.7157 could only be possible if the fire assessment fee is adopted. If there is any chance of not doing that, the discussion needs to be shifted to the assumption that we are not going to adopt the assessment and look at the base rate. This budget is being presented at the equivalent millage rate of 7.3277, which is the maximum millage rate that the Commission can adopt without a super majority meeting of a 4-1 vote.

Mayor Wheeler said that the City would never know all the facets of whatever rate that was brought to the Commission. However, the Commission needs to give staff direction. Does the Commission want to stay with the 5.7157 millage rate, assuming the fire assessment fee is adopted, or stay with the 7.3277 millage rate, assuming that the fire assessment fee is not adopted?

Commissioner Van Sickle said he feels that the City should stick with the 7.3277 because he is not sure the fire assessment fee would pass on September 2. Mayor Wheeler said that the Commission needs to operate on two assumptions: adopt the fire assessment fee or not adopt the fire assessment fee. Ms. Delmar said that it would not be a problem if the Commission does not adopt the fire assessment fee because she has been running a parallel budget. However, staff needs direction from the Commission because it will consider on first reading an ordinance setting the millage rate on September 3.

The consensus of the City Commission was to have City staff bring back a budget based on the 5.7157 millage rate, assuming the fire assessment fee is adopted, and a millage rate of 7.3277, assuming the fire assessment fee is not adopted.

Commissioner Manry said to Commissioner Rogers that all the Commissioners have been as plain as can be. She said that if the fire assessment passes, a person with a \$60,000 home would end up paying \$56.00 less over all. So, to say that the City is just out to raise money certainly does give a different picture than what is reality because most people would see a decline in the amount of being billed.

#### Firefighter Training

Ms. Delmar explained that the three most critically needed things that were reduced in the Fire Department budget were \$10,000 for training, \$10,000 for bunker gear, and \$10,000 in over time. If there are additional funds, those three things are very important to the operation of that department.

Mayor Wheeler said that he is certainly in favor of restoring \$30,000 to Fire Department budget for those essential items.

Commissioner Van Sickle asked if other departments said that they were concerned about their training budget. Mr. Otte said that all required citywide training was included in the budget. The Utilities Department training was kept in the budget, and the Police Department has a separate fund that provides training dollars.

It was the consensus of the City Commissioners to restore \$30,000 to the Fire Department budget.

#### Employee Raises

Ms. Delmar explained that each 1% raise would cost about \$76,000. Mr. Otte recommended that the City Commission makes this decision after staff brings back the budget that includes fire training and the two different millage rates to see how much money would be available for raises.

He said that the Commission should have a goal of at least 1%, which would be the absolute minimum.

Ms. Delmar explained that there is \$184,442 to work with in the General Fund without transferring funds from the Utilities Fund. There will be another \$46,000 available if the Commission chooses to increase the contribution from the Utilities Fund to the General Fund.

Mayor Wheeler asked the Commission to give direction for staff to give as high a raise as is prudent. All Commissioners agreed.

#### Depot Museum

Mr. Otte said that the Depot Museum has been operating as a City department since he has been with the City. He said that there are other models the Commission can consider. He said that the B Street Community Center is owned by the City but is operated by the Green & Gold Foundation, a non-profit foundation. The City pays for the basic expenses for that building, such as utilities and telephone. A few years back, the Green & Gold Foundation said that the services were not keeping pace with the demand for service and requested a grant of \$35,000 from the City that would enable them to hire a full-time person. This person is not a City employee. The City also has a contract with Little League for them to maintain city owned fields, and the employees that they hire are not City employees. It would be beneficial for the City to contract with the Historic Lake Wales Society (HLWS) for them to operate the Depot Museum. The City would continue paying for the utilities, telephone etc. If money can be found in the budget, the City could provide a grant to the HLWS for them to hire a part-time or a little more than part-time person to seek volunteers to manage the day-to-day operations of the museum.

Commissioner Rogers asked Mr. Otte if he had been able to find any more money to fund the Depot Museum other than the proposal he just made. Mr. Otte said that there is \$184,442 to work with in the General Fund. However, we still want to provide employees with raises, training, and in the fire assessment section of the budget, we want to exempt groves. The budget already provides employees with the basic services such as health insurance.

Mayor Wheeler said that the Commission should say that it is in favor of this change in status and direct staff to come back to them with a proposal and a grant that is within the budget to pay for an employee at the Depot Museum.

Commissioner Van Sickle asked if the City would be giving a grant to the Boys & Girls Club to hire employees or just for the maintenance of the building. Mr. Otte said that is a different situation. The City owns the property and the building that the Boys & Girls Club maintains. The City went to Tallahassee and got a 50/50 grant that the Boys & Girls Club matched. Their agreement with the City allows them to occupy the building and pay for all operational expenses.

Mayor Wheeler asked if the Depot Museum was donated to the City. Mimi Hardman, Depot Museum Director, said that CSX donated the building to the City.

Commissioner Van Sickle said that he does not disagree with coming back with a contract, but if the contract amount has any chance of going higher in order to provide employees, that is something the Commission should not consider doing. He said that he does not want to see the millage rate increased due to those part-time employees.

The Commission directed staff to come back with a contract that would allow the HLWS to operate the Depot Museum.

#### Employee Increases

Mayor Wheeler said that he was in favor of at least a 1% raise. The City just can't say the employees are not getting any raises. Commissioner Van Sickle asked what the inflation rate was for this year. Ms. Delmar said that it was 5% from June to June and 5.7% from July to July. Commissioner Van Sickle said that we should try and push for more than 1%. Mr. Otte said that 1% would be the minimum.

#### Additional Police Officers

Commissioner Van Sickle said that he had a conversation with City staff earlier regarding additional police officers. He said that he suggested moving one of the police officers into one of the community resource officer positions at the substation on Lincoln Avenue. There is a possibility that the City can free up additional CRA revenue funds. There should be more than one police officer at that substation using CRA dollars. The City must consider the grants that it has proposed already and the situation it has on the 1919 school building. The Commission approved \$300,000 to match a grant for the 1919 school building, which can be re-voted on by the Commission if it sees a need for additional police safety in certain areas. Mayor Wheeler said he does not think that would be legal to do that. Mr. Otte said that it specifically mentions community policing in Florida law regarding the use of CRA funds. Mayor Wheeler asked if there was a proposal for this. Mr. Otte said that staff could bring back a report to the Commission on CRA expenditures or look at the proposed budget now to see how CRA dollars are being proposed to be spent. Mr. Otte said that there are other uses for CRA dollars the Commission might want to look at as well that may be of lower priority than community policing. Commissioner Van Sickle said he would leave that to Mr. Otte's discretion and bring that back to the Commission.

Commissioner Howell said that she was in favor of having 1,000 police officers in that area. She said that she understood that there would be a substation on Lincoln Avenue and those police officers that are on duty in that zone would be policing the area. Commissioner Van Sickle said that it could be done that way if the City had enough police officers. The CRA funds would allow the City to have the police officers needed to concentrate on that area. Commissioner Howell said that there would be a police officer in that area, and then the police officers that are policing that area could work as his backup. Mr. Otte said that zone is much bigger than the northwest area. Commissioner Howell said that there would still be other police officers in that area, but if we need to hire another police officer for that area due to the size of the area then that is fine.

Mayor Wheeler said that he has never talked to a police chief who said that they had enough police officers. So, this could be a never-ending process that could result in the City having 1,000 police officers. That is a debatable point. He said that he personally does not think that it would be wise to start voiding state contracts. Mayor Wheeler said to Commissioner Van Sickle that he knows that he has been opposed to the 1919 school building project for a long time. But, he does not think that would be setting a very good precedent for this City ever asking for money from anybody else again. Commissioner Van Sickle said that he is not opposed to state grants, and he wants to be on record saying that. But, when this City is struggling, and it's talking about laying people off, the City is asking the Police Department to do more with less. Safety needs to be considered. Sometimes it is nice to be able to get the extra things, but if there is no money for it, the City has to be sure it can cover the basics.

Commissioner Howell asked if the \$900,000 plus dollars earmarked for the 1919 school building would complete the first floor. Mr. Otte said that it would finish the first floor, which would include the basics of the stage and lighting. He said that the theatrical part of the contract was removed some time ago. Commissioner Van Sickle said that was not his understanding when talking to people on some of the proposals that the contractor was coming back with. Mr. Otte said that when the contractor provides those quotes he would have him specify in the package what that includes. Commissioner Manry said that it would be good for the Commission to see that whole package because it normally does not get to see it.

Commissioner Manry said that she expressed her concerns to City staff regarding the proposed fire fee and renters. She requested that a letter be mailed to all the landlords and renters explaining that the fire fee should not cause their rent to increase. The City can't control it, but the letter would give renters ammunition when the landlord tells them that their rent would be increased because of the fire fee. The renters could then tell the landlord that according to a letter from the City, the fire fee would actually be saving them money.

Mayor Wheeler said that according to the proposed budget staff had budgeted fuel at \$5.00 a gallon. It is obvious that the City is not paying that much. The diminishing demands have forced that price down. So, there is considerable wiggle room there with fuel.

Commissioner Howell asked about take home vehicles. Mr. Otte said that the policy for take home vehicles is in the City's collective bargaining agreement, which ends on September 30. The Commission will have a chance to discuss that at a Shade meeting. That is one of the two exemptions to the Sunshine Law and that is part of the collective bargaining process. This Commission can be in a closed session to discuss strategies for negotiations. He said that would be the appropriate place to discuss that policy.

Mr. Otte said that there are funds in the budget for the purchase of police vehicles, \$45,000 in the General Fund and \$75,000 in the Impact Fees Fund. He said that he has spoken to patrol officers on several occasions in the past year who expressed a lot of concerns about the condition of their patrol vehicles. For the past several weeks staff has discussed how to best utilize those funds. There was a proposal to buy all the officers who work in the police station a new fuel-efficient car. Mr. Otte said that he is not in favor of that. He said that he is in favor of fuel efficiency, but he is not in favor of buying new cars for non-patrol officers. Mr. Otte said that some of the larger vehicles that were being driven by staff members that live pretty far out of town have been changed out. They are now driving much smaller vehicles or more fuel-efficient vehicles.

Ms. Delmar said that the Commission needs to discuss the \$46,000 savings from health insurance. She said that the Mayor had suggested that the \$46,000 savings in the Utilities Fund could be used in the General Fund. Mayor Wheeler said that the Utilities Fund is an Enterprise Fund. Its net income is often a dividend provided to the General Fund so that it can be used for General Fund operations. The insurance savings enhances the ability to bring dividends to the General Fund by that amount.

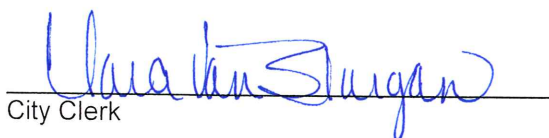
Mr. Otte suggested that it would be wise to keep that money in the Utilities Fund, unless the City finds itself in a pinch. He said that he has seen too often where funds were taken from the Utilities Fund and then that money was needed for routine maintenance. Routine maintenance has been an ongoing problem in our town. Presently, there is major work being done to help catch things up. But, as a cautionary measure, he would like to keep that money in the Utilities Fund.

There being no further business, the meeting was adjourned.



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Mayor/Commissioner

ATTEST:



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City Clerk