

A workshop meeting of the City Commission was held on August 17, 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: Judith H. Delmar, Acting City Manager; Albert C. Galloway, Jr., City Attorney; Clara VanBlargan, City Clerk.

Agenda Item 1. Budget Discussion

Ms. Delmar said the proposed budget was balanced on the current millage rate of 7.3277. This is 10.44% below the rolled-back rate of 8.1817 mills that was adopted as the interim millage rate. The rolled-back rate is the rate that would generate the same amount of revenue with 2009 property values as the current rate generated with 2008 property values.

BUDGET HIGHLIGHTS

Ms. Delmar provided the following summary of the proposed FY09'10 budget:

- A 10% increase budgeted for workers' compensation, liability, property and casualty insurance: Ms. Delmar said we should get the actual cost within the next two weeks.
- A 10% increase for health care coverage is tentatively budgeted: Ms. Delmar said staff received the numbers on Friday. Aetna provided the better quote, which resulted in a slight reduction from our current rate, freeing up the 10% increase in the proposed budget. Ms. Delmar said she discussed this with the City employees this morning and they will provide input as to which health care provider to use. If we stay with the current health care provider, Cigna, there will be no money available for a COLA increase. The Aetna proposal will free up sufficient money for a 1% COLA increase. The consensus of the employees this morning seems to lean toward the Aetna proposal. An Aetna representative will come on Friday to talk to the employees.
- Pension contribution rates: Ms. Delmar said pension rates have been budgeted for FY09'10 to yield the actuarially determined funding requirements calculated by the actuaries retained by the City's pension boards. The pension contribution rate increased for police officers by 4.6% and for firefighters by 3.4%. The pension contribution for general employees decreased by 4.6%.
- Staffing Changes: Ms. Delmar said if the Commission chooses at its meeting tomorrow night to permanently keep her as City Manager that would free up the Assistant City Manager's salary to fund three positions: a computer technician, switchboard operator/minutes clerk, and a maintenance worker. The savings generated by the resignation of our Utilities Director and the Assistant to the City Manager have freed up resources to fund a Public Works Director; two system technician positions, one for water operations and one for wastewater operations; and a maintenance worker III position.
- Community Policing: Ms. Delmar said a second officer is added to the Community Policing unit for increasing the law enforcement presence in the downtown commercial district to deal with the increase in panhandling, retail theft, and purse snatching in that area. This position will be funded by CRA revenues subject to the approval of the CRA Board.

Commissioner Howell asked if the downtown groups could fund 50% of the position. Ms. Delmar said we could ask the Chamber or the Main Street group to subsidize a portion of that position if the

Commission wishes. Mayor Van Sickle said if we ask the Main Street group to help fund the position, it would not make sense, because the City funds the Main Street position. Ms. Delmar said the intention is to increase foot patrol presence on Lincoln Avenue in the historic downtown district. Police Chief Herbert Gillis said that a few years ago, the CRA added community policing to the Lincoln Avenue area to stabilize the area and encourage redevelopment there. The community policing office is located at the B Street Community Center. Commissioner Howell said she was at the B Street Community Center all during the summer and recently, and she observed no office for the police officers. Chief Gillis said he saw an office there two weeks ago. Commissioner Howell asked to have it verified. Chief Gillis said he would verify that with Office Stroud, one of the officers at the B Street Community Center. Ms. Delmar said the CRA is funding the Community Policing unit and its purpose is to provide patrol presence and not office presence. The CRA enabling statute authorizes the use of CRA funds for community policing innovation in acknowledgment or recognition of the fact that we cannot have economic development in a high crime area. The downtown area is becoming more of a high crime area than we would like to see.

- Capital: Ms. Delmar said there is about \$8.4 million worth of capital in the budget this year, most of which is grant funded, and some of which is dependent on SRF funding in the Utilities Fund. Capital expenditures include utility system improvements such as the rehabilitation and upgrade of the wastewater treatment plant and the Crooked Lake Park lift station. We received notification that we are on the list for the funding although we are at the bottom of the list.
- User Fees: Ms. Delmar said a series of ordinances adopted by the City Commission in September 2007 authorized annual increases in City user fees. All user fees (i.e., water and sewer, solid waste collection, facility rental, development fees, etc.) will increase by 2.5% on October 1.

Mayor Van Sickle asked if the 2.5% increase is keeping up with actual cost. Ms. Delmar said the rate increase helps in the area of maintenance, because we are able to put more money into maintenance than in the past. Unfortunately, water consumption has fallen considerably compared to consumption last year; this prevents revenues from keeping up with the increased cost. This will have an effect on our budget next year.

- Organizational Change - Fleet Maintenance: Ms. Delmar said at its meeting last week, the City Commission approved contracting with Polk County for our fleet maintenance operation. This has freed up some funds that we can use for other purposes including the reinstatement or the funding of a Fire Prevention Specialist position that was going to remain vacant after the retirement of the employee currently holding the position. Ms. Delmar said this savings also enables us to budget some tuition assistance and purchase site licenses for upgrading 58 computers from Microsoft Office 97 to the 2003 edition.
- Field Operations: Ms. Delmar said to enable a more efficient utilization for our workers, the workers currently assigned to the Streets, Parks, Cemetery, and Recreational Facilities Division will be transferred into a single General Fund operational division effective 10/1/09. Although this will not result in a cost savings, combining all field employees into the Field Operations Division will improve productivity by facilitating scheduling, cross-training, and more efficient utilization of workers. Staff is currently in discussions with the Polk County Corrections to secure a second prisoner work crew for utilization on weekdays. If successful, this will increase the manpower available to maintain City rights-of-ways and park areas. It is anticipated that this will also reduce the use of "weekend warriors" and cut down on City overtime costs incurred in supervising weekend work crews. The City does not have to supervise prison crews.
- Changes to Cultural and Recreation Facilities - Albert Kirkland Sr. Gymnasium: Ms. Delmar said at the budget workshop in June 2009, the City Commission indicated that it wanted to see reductions in the level of service in the area of recreation before decreasing staff, salaries or any operating needs that we may have. Based on that, we are recommending that the Albert Kirkland Sr. Gymnasium be closed until such time the economy turns around and we can afford to staff it with two persons at all

times while open. The gym has suffered serious damage, particularly in the downstairs area where there is no full-time supervision. There are holes kicked in the walls and holes in the floor caused by someone repeatedly dropping weights on the floor, whether by accident or intentionally, we do not know. For the rest of the summer the Boys and Girls Club will provide one supervisor for eight hours a day until the kids go back to school. After that, the gym will be closed.

Commissioner Howell suggested getting volunteers from the City to run the gym to keep it open. She said there is nowhere else for the children in Lake Wales to go. Ms. Delmar said running the gym with volunteers is problematical in terms of insurance, scheduling etc. If the Commission would like to keep the gym open for five hours a day, the Boys and Girls Club could provide us with one employee to manage upstairs for \$20,000. We would need an additional employee for downstairs.

Harold Gallup, Economic Development Director, said the intention is not to close the gym permanently. The gym would need to be closed for repair after the children go back to school. The duration for that repair is indefinite. He said he has been meeting with the Boys & Girls Club and another agency in hopes of coming up with an alternative plan to open the gym back up without any impact to the City's budget. We want to provide the facility to kids after school and on the weekends using professional staff. It would be problematical to put a weigh room back in the gym due to lack of control. The City must take back its control on that facility. Liability is an issue as well. We want to be sure the City's exposure is minimized or eliminated. We are working on a plan to present to the Commission for that facility, but it is going to take some time.

Ms. Delmar said the City funded the Boys & Girls Club for one supervisor and it really takes two. It was more than they could handle. The damage that occurred upstairs is not as serious as the damage that occurred downstairs. We can keep the gym open if we are willing to pay a minimum of \$20,000 for that contract and maybe supplement it with volunteer help. However, someone that is paid by the City or the Boys & Girls Club, if we have a contract with them, has to be there at all times and be accountable. Volunteers will not be able to provide that level of accountability. Commissioner Howell asked why the City is not held accountable for the liability at the Skate Park. Ms. Delmar explained that the City is liable at the Skate Park, but that park is like any other City park. It is out in the open and not closed in.

Mr. Gallup said we lost control of the gym to a certain extent. There were people in the building after hours without a lease. Ms. Delmar said we are not sure who damaged the building. The damage looks to be caused from unsupervised horseplay. After the summer, the gym will be closed indefinitely for repair. To improve security, a motion sensitive alarm security system was installed in the building. This is a public facility and we cannot have people in there unless there is adequate supervision because of the public's liability. Commissioner Howell asked how long it would take to do the repairs. Mr. Gallup said it is hard to tell because we are using City staff to do the repairs. We only have two employees who do facility maintenance. They would have to fit the repair work into their work schedule. He said he is trying to work out a more condensed timeline that fits within budget with what little staff we have.

Commissioner Rogers said he is not in favor of increasing the millage rate to operate the gym full-time because of the financial shape that we are in. It would be feasible to close the gym to make the necessary repairs. It could be re-opened once we can afford adequate supervision. Mr. Gallup said he is working on an alternative staffing program and a manpower program, and he is trying to negotiate a contract for operation of the gym.

Ms. Delmar asked for direction from the Commission on the gym.

Mayor Van Sickle said he is in favor of closing the gym for repair. He would like to do the repair in the least expensive way possible.

Commissioner Howell said it makes sense to close the gym for repair, but not to close it for an

indefinite period. Ms. Delmar said it would only be closed until we are able to fund two full-time employees to operate it.

Commissioner Wheeler said every year, at the mid-point of our fiscal year, we can look to see what our revenues are really doing. Fortunately, Ms. Delmar tends to budget conservatively, which is what we want her to do.

- Other Changes to Cultural and Recreation Facilities: Ms. Delmar said the Little League contract is being reduced from \$60,000 to \$30,000 until the economy improves, the Depot Museum contract is being reduced from \$51,161 to \$30,000, and the Northwest Complex Fields contract is being eliminated. That maintenance will be added to the maintenance and mowing schedule of the Field Operations Division because they have to mow in that area anyway.

Ms. Delmar asked if the Commission is saying that one of the first things to add back into the budget is the funding for gym staff once the repairs are made if there are enough savings from lower insurance costs.

Commissioner Rogers suggested going with staff's recommendation.

Commissioner Thornhill suggested partnering with Webber College and Warner University for operation of the gym because they have a sports manager program. They could get the necessary credits and experience that they need. He said the gym needs to be closed for repair and reopened once the repairs are made, but not without adequate supervision. Mr. Gallup said he has already been talking to Webber University about that. He does not want to comment on it at this time.

Ms. Delmar said the main thing to consider is that this is a public facility. If it is open, it has to be accessible by the public.

CITY COMMISSION COMMENTS

1919 School Building

Mayor Van Sickle said he understands that we have an issue with Grant 6 on the 1919 school building. We are not sure that we have the grant money, which plays into our \$300,000 match money. If we do not have the money, we could use our \$300,000 match to seal the building to protect it. Mr. Gallup said he had several conversations with Dave Ferro, Architect with the Divisions of Historic Resources within the Florida Department of State, asking him for reaffirmation of the extension that we already received from them. The State is saying that they had not signed off on the extension. That is in the process of getting resolved along with getting confirmation that we can use our \$300,000 match for the stabilization of the building. He said there are a couple of other issues that he is trying to get resolved. We should have an update by tomorrow afternoon. Mayor Van Sickle said we are getting closer to the December deadline. Mr. Gallup said if we get over the hump of that open sign-off issue, we would know exactly what to do. He said if we cannot get affirmation then the Commission could reconsider and terminate the grant.

Fireworks

Mayor Van Sickle said he did not see any money in the budget for fireworks. Ms. Delmar said the money is now budgeted under our new Special Events Department.

Pioneer Days

Mayor Van Sickle said \$3,500 was budgeted for the Pioneer Days event. There are a lot of vendors for that event and he is sure they all are paying a vendor fee. He is not sure of what that money goes for. Ms. Delmar said she is not sure, but she would imagine it goes back into the event itself to offset the cost of promotional materials, etc. Commissioner Thornhill asked if the City gets a balance sheet. Ms. Delmar

said no because that has never been an issue.

Making good use of savings

Mayor Van Sickle said there are two areas where we are carrying \$200,000 forward. We just received \$300,000 from the sale of the cooperative fruit property and we might have savings from insurance. He said he would like to use some of the \$300,000 to give City employees a raise because we have not done that in the last couple of years. Inflation is on the rise. The smartest thing to do is to give the employees as much of a raise as possible and be conservative in some of the other areas. Ms. Delmar said the \$300,000 would give about a 3% raise. Mayor Van Sickle said his preference for that money is to give employees a raise, and then put more money away for maintenance, pay down some of the small debts, and increase capital reserves. Our percentage of reserved funds is looking very good now. However, if you look at the other indicators, our debt carries a very poor number. He said he is glad to see a good amount of money budgeted for road repair.

Commissioner Howell suggested eliminating as much of the small debt as possible. Ms. Delmar said we could probably pay off one of the fire trucks and the mobile radios.

Dorothy Pendergrass, Finance Director, reviewed a draft Five-Year Financial Forecast that she distributed to the City Commission before the meeting. She said the last two pages show all the debt of the City and the interest that we could save by paying off those debts.

Mayor Van Sickle asked Ms. Delmar to categorize where the money should be spent first and then put the numbers together.

Ms. Delmar said what she is hearing is a 3% increase for employees as number one, and then reduce debt, increase capital reserves or increase the dollars for maintenance and repairs as the next priority.

Commissioner Howell asked if the City ever sent some of its employees to learn how to repair air conditioners. Ms. Delmar said yes. That was the Facilities Maintenance Supervisor and he has already completed that course.

Commissioner Wheeler said if there are crumbs left he would like money put in the budget for mileage and traveling expense for the City Commission. In the past, he skipped out on some important events because of the driving distance and hotel costs. He said there should be at least \$6,000 or \$7,000 in the budget for that. Mayor Van Sickle said he is on the TPO Board and he has had to drive as far as the City of Orlando to a meeting. Orlando is 75 miles one way and the parking fee is \$9.00. He found that other cities pay the traveling expense for their Commissioners. Ms. Delmar said the City can reimburse the Commissioners for mileage and any other personal expense incurred on City business. Commissioner Howell asked if that applies to the Ridge League of Cities meetings. Ms. Delmar said yes. Commissioner Wheeler said he only saw \$4.00 in the Commission budget for freight. Ms. Delmar said that is for shipping charges.

Hangar Rental Fee

Commissioner Thornhill asked if airport hangar fees would be increasing. Ms. Delmar said yes. She said the General Fund is still subsidizing the airport because it does not have enough revenue to cover operating expenses and local grant matches.

Mayor Van Sickle said he thought we were trying to get rid of the campground at the airport. Ms. Delmar said the City still has a contract with the campground. Mr. Gallup said the airport master plan and the overall development scheme is under review. There are a number of issues being addressed. As we move forward over the next several months, actions will be made that will clear the way for redefining the uses of land at the airport and possibly some rescheduling of revenues. He said the campground is under evaluation, but cannot be addressed at this particular time. Mayor Van Sickle said the City could not

continue supporting the airport. Mr. Gallup said we are looking at programs and development schemes that will keep the airport from operating in the red. There are development issues due to the current economy, but we are looking at other alternatives.

Commissioner Rogers asked how much the hangar fees would be increasing. Mr. Gallup said approximately \$10.62 a month, which is an increase of around \$128.00 a year in the base hangar rate, excluding taxes and utilities. Commissioner Rogers advised staff to be prepared to address hangar fees at the next Airport Authority meeting along with an insurance issue of not being able to work on a plane in the hangars. Mr. Gallup said the hangars were designed and leased specifically for placement of an aircraft. Only minor repairs are allowed in the hangars.

Wastewater treatment plant maintenance

Commissioner Thornhill asked if the wastewater treatment plant repairs would be included in the Utilities maintenance budget. Ms. Delmar said we funded a bit more maintenance this year than we have in the past. However, there are still plenty of repairs to be done. The Commission approved a \$3 million line of credit with Wachovia Bank about three or four years ago for the construction of the southside force main and the chlorine contact chamber. Because the construction cost for the southside force main was considerably lower than anticipated, we used some of the money for other utility projects. There is \$500,000 left in the line of credit that we have not drawn down. We have \$500,000 worth of projects that could use that funding. Ms. Pendergrass said the interest rate is a variable rate that converts to a fixed rate loan with a seventeen-year amortization status on October 1, which is a little bit more than 1% for 17 years. If we draw down the money before September 30, we would need a reasonable plan of when the construction is going to be done.

Ms. Delmar said several projects in year one of the 5-Year CIP were moved back because we did not have the operating funds to cover them. We had to put money into maintenance. Commissioner Wheeler asked if the line of credit was only for capital projects. Ms. Delmar said yes. We could draw down the remainder of that money to fund capital to free up operating revenues for maintenance or fund the expansion of the automated meter reading system.

Sarah Kirkland, Utilities Project Supervisor, said that by funding the automated meter reading system it would allow us to change out about 40% more of the old water meters. So far, we have only changed out about 20% of them because we using in-house staff. Commissioner Howell said some of the old water meters are covered with dirt and grass, which means that 80% of the people who still have old meters may not be getting their meters read. Ms. Delmar said it is possible that they are getting a minimum bill or an estimated bill.

Mayor Van Sickle said there is an item on tomorrow night's agenda regarding underbillings and misbillings. Ms. Pendergrass said she is seeking proposals from firms specializing in the analysis and correction of that because she needs confirmation that we are billing correctly. She said the amount of water going through the system conflicts with the amount of water billed. The City had the exact same study done in 2005 and received a clean report in 2006. Ms. Kirkland said that some of the oldest meters need to be changed out first because they tend to slow-down over time. Commissioner Howell said we must do something about the dirt and grass covering the meters now.

Ms. Delmar said we could cap the money at \$2.5 million or draw down the remaining \$500,000 to fund capital to free up operating revenues for maintenance or fund the expansion of the Flexnet System. The recommendation of Utility staff is to fund the Flexnet System because it would reduce the amount of staff time spent on reading meters and it would improve the accuracy of utility billing.

Mayor Van Sickle said if we use the loan vehicle because of the interest rate, we are actually increasing debt. Ms. Delmar said that is correct. Commissioner Howell said we would be funding a project that needs to be done. Commissioner Wheeler said we would be saving money, cutting down on staff time, and getting readings that are more accurate.

Mayor Van Sickle asked for a consensus.

Commissioner Howell said she is in favor of fixing something else in Lake Wales that needs to be fixed.

Commissioner Rogers said he understands why the other Commissioners are in favor of this because we would be saving money over the long run. He suggested researching this a little further before borrowing more money.

Ms. Pendergrass said she would not know the actual interest rate until September 30. It will be somewhere around 1%. She said if there is capital in the budget already, then the money we would have spent on that capital could go back to pay the debt at a higher interest rate. Ms. Delmar said a decision needs to be made no later than the second City Commission meeting in September. Ms. Pendergrass said if time lapses, that it will automatically convert to a conventional loan on October 1. There would be nothing left for us to do.

Commissioner Howell said no one wants any more debt, but we have to borrow money if we have no other monies to repair something that is broken. If the interest rate is 1% that is ok, but if it is 5.7% then that would not help us.

Commissioner Wheeler said he would like to see an approximation of the future cash savings that we would generate by expanding the Flexnet system. If it results in only small savings, then it would not be worth it. Ms. Pendergrass said she would provide something to the Commission on that.

Commissioner Rogers said he too would like to see how much money we would save over a long run by expanding the system.

Commissioner Howell asked if we now have a new Public Works Director with engineering experience. Ms. Delmar said we have not filled the position yet, but we are getting close to making a decision.

Commissioner Thornhill asked if there was some way to make the Public Works Director a Recreation Director too because of recreational issues.

Ms. Delmar explained the following changes made to the budget since distributed to the City Commission:

- Addition of a Fire Department grant that was overlooked for mobile radios;
- A correction made to change a part-time position back to a full-time position. Ms. Delmar said that person will not go part-time until the middle of the fiscal year; and
- A reduction in the transfer to the airport because of getting better numbers on the FAA and FDOT grants there.

Ms. Delmar said the Main Street Director submitted the Main Street budget, which is not a requirement. We have a \$70,000 contract proposed in our CRA budget for the Main Street program. She said the Main Street Director is here to answer any questions from the Commissioners.

Commissioner Howell said she has no problem with community policing downtown because we are trying to attract businesses. There are other places in Lake Wales that need special patrol as well. She said she likes the idea of the new cameras around town, but we need to get more of them downtown because the police cannot be on all the streets at the same time.

Police Chief Gillis commented on the new MOTOMESH Wireless Video Camera System. He said the system is up and operational. The only thing left to do is the configuration. Some of the cameras are on line and operational in the downtown, such as the one at the B Street Community Center, which covers about 40% of Lincoln Avenue. Some more cameras will be installed on Lincoln Avenue to cover the other


60%. There are other areas in the downtown where cameras will be installed, such as at Crystal Lake Park and Barney's Dream Playground. Commissioner Howell asked if there would be a camera in the area of Wiltshire Avenue. Chief Gillis said eventually. It will take some more networking to build out to add more wireless components, which are very expensive. He said there is no money in the budget for cameras this year, because we want to make the ones we already have operational. We could assess the need for more cameras later. There is a possibility of using some of the forfeiture funds to add more cameras sooner than later. Commissioner Howell asked about the WIFI system. Chief Gillis said the WIFI system came on line before the cameras. We are waiting on the legal disclaimer before using them.

There being no further business, the meeting was adjourned.



Mayor/Commissioner

ATTEST:



City Clerk