

The regular meeting of the Lake Wales City Commission was held on September 9, 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.

INVOCATION

The invocation was given by Dr. Jim Moyer, Warner University.

PLEDGE OF ALLEGIANCE

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

COMMISSIONERS ABSENT: None.

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

MAYOR

Commendation: Lifesaving Award – Captain Patrick Quinn

Mayor Van Sickle presented a Lifesaving Award to Captain Patrick Quinn for his heroic lifesaving actions that saved a woman and her children from serious injury and possible death during a storm on the evening of September 5, 2009 at the Lake Wailes Boat Ramp.

BUDGET HEARINGS

Agenda Item 5. Ordinance 2009-20, Adopting a Millage Rate for FY09'10 – 1st Reading & Public Hearing
Ordinance 2009-21, Adopting a Budget for FY09'10 – 1st Reading & Public Hearing

Ms. Delmar reviewed Agenda Item 5. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Judith H. Delmar, City Manager]

SYNOPSIS

The Commissioners will consider adopting a millage rate of 7.3277 mills for Fiscal Year 2009-2010 which is the same as the current year's rate. The Commissioners will also consider adopting the proposed operating budget. A separate public hearing will be held on each matter.

RECOMMENDATION

After first reading and separate public hearings, it is recommended that the City Commission take the following actions:

1. Approve Ordinance 2009-20 adopting an FY09'10 millage rate of 7.3277 mills.
2. Approve Ordinance 2009-21 adopting the proposed FY09'10 operating budget with revisions.

BACKGROUND

In accordance with Florida Statutes and the City Charter, Ordinances 2009-20 and 2009-21 are presented for first reading and public hearing. Ordinance 2009-20 establishes the millage rate for FY09'10, and Ordinance 2009-21 adopts the proposed FY09'10 budget.

The proposed FY09'10 budget document includes the revenue and expenditure details for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Utility System Fund and Airport Fund. This document was previously forwarded to the City Commission for review and was discussed at a workshop held on August 17.

This budget has been prepared in accordance with Article VI, Section 6.04 of the City Charter which requires that the budget provide a complete financial plan of municipal funds and activities. Estimated current year ending fund balances have been considered and are included in the budget.

PROPERTY TAX

The proposed budget is based on the current millage rate of 7.3277 per \$1,000 of taxable valuation. 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 will generate the same amount of revenue with 2009 property values as the current rate generated with 2008 property values. The following chart shows the difference between the rolled-back rate and the current/proposed rate for taxpayers at various assessed valuations:

In accordance with Florida Statutes and the City Charter, Ordinances 2009-20 and 2009-21 are presented for first reading and public hearing. Ordinance 2009-20 establishes the millage rate for FY09'10, and Ordinance 2009-21 adopts the proposed FY09'10 budget.

The proposed FY09'10 budget document includes the revenue and expenditure details for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Utility System Fund and Airport Fund. This document was previously forwarded to the City Commission for review and was discussed at a workshop held on August 17.

This budget has been prepared in accordance with Article VI, Section 6.04 of the City Charter that requires that the budget provide a complete financial plan of municipal funds and activities. Estimated current year ending fund balances have been considered and are included in the budget.

Assessed Value	Taxable Value		Tax Rate per \$1,000		Difference between rolled-back rate and current/proposed rate
	with 1 st \$25,000 homestead exemption	with 1 st & 2 nd \$25,000 homestead exemption	8.1817 mills (rolled-back)	7.3277 mills (current & proposed)	
\$60,000	\$35,000	-	\$286.36	\$256.47	\$29.89
\$75,000	\$50,000	-	\$409.09	\$366.39	\$42.70
\$100,000	-	\$50,000	\$409.09	\$366.39	\$42.70
\$150,000	-	\$100,000	\$818.17	\$732.77	\$85.40
\$175,000	-	\$125,000	\$1,022.71	\$915.96	\$106.75
\$200,000	-	\$150,000	\$1,227.26	\$1,099.16	\$128.10

USER FEES

A series of ordinances adopted by the City Commission in September 2007 authorized annual increases in city user fees based on June's annual CPI or 2.5%, whichever is greater. The change in the CPI

measured from June 2008 to June 2009 was -1.4%, and all user fees (i.e., water and sewer, solid waste collection, facility rental, development fees, etc.) will be increased by 2.5% on October 1.

Although a 2.5% increase in user fees will generate some additional revenue for the General Fund, ad valorem proceeds and development-related revenues have declined dramatically during the past two years. Revenues from state and other intergovernmental sources are also projected to be lower than last year. As a result, General Fund revenues in FY09'10 are projected to be \$418,060 less than budgeted in FY08'09 and \$1,005,824 less than actually received in FY07'08.

EXPENDITURE CHANGES SINCE PRESENTATION OF BUDGET

The budget that was originally presented on August 11 and discussed during the budget workshop has been revised to include increases and reductions of expenditures as follows:

Expenditure	Item Description
-83,400	Reduction in City-paid Health Insurance costs
283,153	Increase in Payroll - 3% COLA
38,269	Increase in Fire Dept C/O - grant-funded Mobile Radios
-33,138	Reduction in Gen Fund transfer to Airport Fund
1,820	Increase in Gen Fund transfer to Streets Div
-1,560	Net effect of Change in Allocated expenses
316,230	CRA transfer to Gen Fund (Coop Fruit Prop Proceeds - Escrow Acct)
-3,836	Reduction in budget for Road Repairs
250,000	Increase in Cap Proj Fund C/O - grant-funded Kiwanis Park Improvements
3,648	Increase in Gen Fund admin charge to Utilities Admin
122,692	Increase in Airport grant-funded MITL construction budget
748,762	Increase in Airport grant-funded Runway construction budget
-40,000	Deletion of Airport fuel truck purchase
1,602,640	Total change in expenditure budget (All Funds Combined)

The changes shown in the table above affect expenditures in the General Fund, Transportation Fund, CRA Fund, Library Fund, Capital Projects Fund, Utilities Fund and Airport Fund.

It is anticipated that a surplus of at least \$183,000 will be carried forward from the current budget year to FY09'10 because fuel costs have been so much lower than anticipated. Soaring fuel prices during the spring and summer of 2008 caused us to increase our fuel budget for FY08'09 at the expense of purchasing much needed equipment for the parks and streets divisions. The proposed FY09'10 budget will utilize this surplus to fund parks equipment (\$88,000), streets division equipment (\$13,000), 2 marked police vehicles (\$50,000), and a projector for Commission Chambers (\$2,000). In addition this surplus will fund the \$30,000 local match required for the \$20,000 Urban Forestry grant that will be used to purchase a bucket truck to be shared by several departments. An additional 4 marked police vehicles (\$125,000) will be purchased from CRA funds for use by the Community Policing unit that will be assigned primarily to the Downtown and Lincoln Avenue commercial districts.

Initial budget requests submitted by the departments exceeded General Fund revenue projections by more than half a million dollars. By utilizing the surplus mentioned above for capital purchases and significantly reducing the initial requests, staff has been able to balance the proposed budget at the

current millage rate while avoiding measures that some cities and counties have been forced to implement (i.e, employee lay-offs, salary reductions, and days off without pay).

The proposed General Fund operating budget totals \$10,835,431. This represents an increase of 0.7% over the current year's budget and a 5.1% reduction compared to actual expenditures in FY07'08.

Following the direction expressed by the City Commission during the June budget workshop, the proposed budget contains \$132,000 in reduced costs for maintaining or operating various recreational facilities. Also discussed at the budget workshop was the possible closing of the garage and contracting with a local dealer for fleet maintenance services. Rather than closing the garage, however, we have entered into an interlocal agreement with Polk County for the management of our fleet maintenance operation using our facility and equipment. It is anticipated that this arrangement will save approximately \$135,000 next year. These cost savings will be discussed later in this memorandum.

As strongly recommended by the City's auditors, it has been the City's goal to increase the General Fund balance to 15-20% of the total operating budget. In terms of the proposed FY09'10 budget, this would require a General Fund balance of \$1.6 to \$2.17 million.

On September 30, 2008, the total fund balance of the General Fund was \$2,596,546 or 24.1% of the total operating budget for FY08'09. Excluding the Tax Anticipation Reserve/Pool Construction Account (\$1,037,852), the fund balance of the General Fund was \$1,558,694 or 14.5% of the FY08'09 budget.

If revenue and expenditure levels reported at June 30 are maintained through the end of the year, it is estimated that revenues will exceed expenditures by approximately \$200,000 at 9/30/09 allowing us to carry forward a fund balance of \$2,814,025 –the equivalent of 26.4% of the proposed FY09'10 General Fund budget. However, we are conservatively budgeting a fund balance forward of \$2,596,546 in order to allow for unanticipated expense in the 4th quarter of this fiscal year.

SUMMARY OF ALL FUNDS

General Fund	\$10,544,589
Special Revenue Funds	6,308,559
Debt Service Fund	2,363,120
Capital Projects Fund	645,000
Utility System Fund	10,297,566
Airport Fund	1,607,313
TOTAL	<u>\$31,766,147</u>

The expenditure total of \$31,766,147 is comprised of operating costs in the amount of \$22,190,074 and capital outlay in the amount of \$9,576,073. Transfers in the amount of \$4,126,861 bring total expenditures plus transfers to \$35,893,007. The proposed operating budget expenditures for FY09'10 are 49.8% less than the actual total expenditures for FY07'08 (projects funded by bond proceeds are excluded from this calculation).

Capital expenditures include utility system improvements such as the rehabilitation and upgrade of the wastewater treatment plant and asbestos pipe removal, airport taxiway lighting improvements, Lincoln Avenue parking improvements, Downtown improvements, purchase of police vehicles and miscellaneous equipment purchases budgeted as follows:

General Fund	213,269
Special Revenue Funds	2,352,343

Capital Projects Fund	645,000
Utility System Fund	4,865,518
Airport Fund	1,499,943
TOTAL	<u>\$9,576,073</u>

REVIEW OF DEBT SERVICE

As required by Charter, a summary of the City's outstanding debt at September 30, 2009 is presented as follows:

Public Improvement Bonds, Series 1997; issued to refund Public Improvement Bond Series, 1991 which refinanced Public Improvement Bond Series, 1989 funding capital projects. Balance: \$1,990,000; last payment October 2014.

SunTrust 2003 Note; issued to accomplish advance refunding of Capital Improvement Revenue Bonds, Series 1996 (\$4,666,859), to refinance Non-Ad Valorem Revenue Bonds, Series 1999 (\$4,757,115) and to finance interest and issuance costs (\$125,716). Annual interest rate, 3.84%. Balance: \$6,883,127; last payment 2016.

SunTrust 2005 Note; issued finance construction of chlorine contact chamber at Wastewater Treatment Plant and city's cost portion of reuse transmission lines. Annual interest rate, 4.2%. Balance: \$673,059; last payment 2015.

Wachovia Utility System Improvement Refunding Revenue Note, Series 2006A; issued to refund existing bonds and fund Water and Sewer system improvements. Balance: \$4,894,870; last payment October, 2016.

Utility System Revenue Note, Series 2006B, is an authorized credit line in the principal amount of not to exceed \$3,100,000 to finance the cost of constructing and acquiring certain additions, extensions and improvements to the utility system. Current variable interest rate as of August 8, 2008 based on 74% of 1-Month LIBOR plus 95 basis points. Balance: \$2,550,000; last payment 2026.

CRA Redevelopment Revenue Note, Series 2007; issued to finance redevelopment capital improvement projects. Balance: \$8,760,417; last payment October 2027.

Florida Department of Environmental Protection Revolving Loan Program assistance for funding of costs associated with Wastewater Reuse Project, Phase I. Annual interest rate, 2.56%. Balance: \$873,576; last payment February 2019.

Florida Department of Environmental Protection Revolving Loan Program assistance for funding of costs associated with Wastewater Reuse Project, Phase II. Annual interest rate, 3.05%. Balance: \$542,978; last payment August 2022.

Florida Department of Environmental Protection Revolving Loan Program assistance for funding of costs associated with sludge dewatering Improvements to the Wastewater Treatment Plant. Annual interest rate, 2.14%. Balance: \$1,081,451; last payment October 2024.

Florida Department of Environmental Protection Revolving Loan Program assistance for funding of pre-construction costs associated with the Wastewater Treatment Plant Expansion Project. Annual interest rate, 1.88%. Balance: \$961,181; last payment October 2028.

Florida Department of Environmental Protection Revolving Loan Program assistance for funding of pre-construction costs associated with the Wastewater Treatment Plant Expansion Project. Unless this agreement is amended to provide construction funding, the first semi-annual loan payment in the amount of \$11,567 will be due on December 15, 2012. Principal amount of loan is approved at \$350,000; current amount drawn down is \$180,000. Annual interest rate: 2.30%. Balance: \$180,000; last payment 2022.

Florida League of Cities Master Lease Program, 2004 for lease-purchase of Fire Truck. Annual interest rate: 2.37%. Balance: \$63,334; last payment 2010.

Florida League of Cities Master Lease Program, 2006 for lease-purchase of Fire Truck. Annual interest rate: 4.28%. Balance: \$267,321; last payment 2012.

Motorola Capital Lease Program for lease-purchase of Public Safety communications equipment and other equipment. Annual interest rate: 6.263%. Balance: \$138,526; last payment 2012.

Fixed Base Operator's Prepayment Credit for \$300,000 in leasehold improvements done by the FBO on airport property. Annual interest rate: 0%. Balance: \$49,500; last payment 2012.

The City's total indebtedness at 9/30/09 is \$29,909,340 which is equal to 3.9% of the 2009 taxable valuation of 757,664,673. Debt payments due during FY09'10 total \$3,879,333 and represent 17.6% of the City's operating budget (excluding interfund transfers and capital outlay). A schedule showing the City's outstanding debt at September 30, 2009 is included in the Charts & Graphics portion of the proposed budget (page C-2).

BUDGET HIGHLIGHTS

A summary of the important aspects of the proposed FY09'10 budget document is provided as follows:

1. A 3.0% COLA is proposed for all employees. For police officers and firefighters, this is contingent upon negotiations with the police and firefighter bargaining units. The budget was initially presented without a pay increase for employees. At the budget workshop on August 17, it was the consensus of the Commissioners to transfer the remaining \$300,000 in proceeds from the sale of the Cooperative Fruit Property to the General Fund in order to fund a 3% employee pay increase.
2. A 10% increase for workers' compensation, liability, property and casualty insurance premiums is budgeted. There is no increase in cost for the period 10/1/09 to 3/31/10; this period is covered for the rates that went into effect on 4/1/09. Our current insurance policies will renew on 4/1/10. A rate increase, if any, will apply to the period 4/1/10 to 3/31/11, of which only 6 months are included in the FY09'10 budget. Because the term of coverage is from 4/1/ to 3/31, it will not be possible to estimate a rate increase until we get closer to the renewal date.
3. The budget that was initially presented allowed for an increase of 10% over current year costs for city-paid employee health care coverage. Following a request for proposals and input from city employees, a change in health care provider will result in an actual increase of only 1.6% over current year costs. The city-paid premium for each employee will increase from \$489.75 per month to \$497.68 per month. The cost to employees for family coverage will decrease 1.1% from \$503.00 per month to \$497.65 per month.
4. Pension contribution 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 as follows:

	General Employees	Police Officers	Firefighters
FY 08'09	6.0%	17.3%	23.7%
FY 09'10	1.4%	21.9%	26.9%
Change	-4.6%	+4.6%	+3.4%

5. Changes in departmental staffing in FY09'10 as compared to the FY08'09 amended budget are detailed in the following chart:

City Manager	- 1.00	Assistant City Manager position eliminated
Human Resources	+ 0.50	Switchboard/Receptionist position added (position shared with Clerk's Office)
City Clerk's Office	+ 0.50	Minutes Clerk position added (position shared with HR)
Information Technology	+ 1.00	Computer Technician position added
Permits & Inspections	- 1.00	50% of Office Manager and Admin Asst positions reclassified to Planning & Zoning Dept
Permits & Inspections	- 0.75	Bldg Inspector eliminated 6/30/09
Planning & Zoning	+ 1.00	50% of Office Manager and Admin Asst positions reclassified from Permits & Inspections
Finance Department	- 0.25	Clerk position eliminated (shared with Utilities Cust Svc)
Utility Customer Service	- 0.75	Clerk position eliminated (shared with Finance)
Utility Customer Service	- 1.00	Clerk position transferred to Utilities Admin
Utility Customer Service	- 0.75	Clerk position transferred to Support Services
Utilities Admin	+ 1.00	Clerk position transferred from Utility Customer Service
Support Services	+ 0.75	Clerk position transferred from Utility Customer Service
Support Services	- 1.00	Assistant to City Manager position eliminated
Support Services	+ 0.25	Administrative position transferred from Streets Division
Fleet Maintenance	- 3.00	Mechanic positions eliminated from city payroll; employees added to county payroll
Parks Division	- 7.00	Positions transferred to Field Operations
Streets Division	- 6.00	Positions transferred to Field Operations
Cemetery Division	- 1.00	Position transferred to Field Operations
Recreation Facilities Division	- 1.00	Position transferred to Field Operations
Field Operations	+ 15.00	Positions transferred from Parks, Streets, Cemetery & Rec Facilities to consolidate field work force
Field Operations	+ 2.00	Maintenance Worker I position added
Field Operations	+ 0.75	Maintenance Worker III position added at 1/1/10 to maintain US27 medians between SR60 and Towerview
Streets Division	- 0.25	Administrative position transferred to Support Services
Public Services Admin	+ 0.50	Public Works Director position added, shared with Utilities Admin
Library	- 0.50	Position transferred to Books-by-Mail
Books-by-Mail	+ 0.50	Position transferred from Library
Community Policing	+ 1.00	Officer added with emphasis on Housing Authority property; 50% of position funded by LWHA
Community Policing	+ 1.00	Officer added for increased patrol presence in downtown commercial district
Utilities Admin	- 1.00	Utility Director position eliminated
Utilities Admin	+ 0.50	Public Works Director position added, shared with Public Services Admin
Utility Operations	+ 2.00	System Maintenance Technicians added (1 for water and 1 for wastewater operations)
	+ 2.00	Net Change in positions since amended FY08'09 Budget

6. Capital expenditures proposed for FY09'10 are itemized in the following chart, however it should be noted that projects funded by the CDBG grant and the CRA bond may be modified during the budget adoption process. The inclusion of the 1919 School grant-funded project is dependent on approval by the State regarding expenditure of the \$300,000 local match. It is anticipated that these modifications and other matters of concern will be determined before adoption of the FY09'10 budget but, if not, they will be included in the first budget amendment of FY09'10.

Item	Cost	Funding Source
IMPROVEMENTS		
Airport - Runway Extension	1,084,396	Airport Grants
Airport - Medium Intensity Taxiway Lights	393,497	Airport Grants, Airport Revenues
Drainage Improvements - Twin Lakes	770,702	CRA Bond, SWFWMD Grant
Parking Improvements - Lincoln Ave	75,000	CDBG Commercial Vitalization Grant
Parks & Recreation - Hardman Hall (1919 School)	650,000	State Grant, CRA Tax Increment
Parks & Recreation - Kiwanis Park Improvements	250,000	FRDAP Grant
Streetscape Improvements – Dr ML King Jr	200,000	CRA Bond
Streetscape Improvements - Downtown	331,390	CDBG Commercial Vitalization Grant
Streetscape Improvements – Lincoln Ave Lights	145,000	CRA Bond
Streetscape Improvements – Lincoln Ave Lights	150,000	CDBG Commercial Vitalization Grant
Reuse System – Misc New Services	25,000	Utility System Operating Revenues
Reuse System – Monitoring Wells	50,000	Impact Fees, Operating Revenues
Reuse System – Ground Storage Tank (Engineering)	200,000	Impact Fees, Operating Revenues
Sewer System – Lift Station Pump Replacement	73,663	CRA Bond
Sewer System – Treatment Plant Rehabilitation	1,000,000	Loan Proceeds, Operating Revenues
Sewer System – Force Main/Lft Stn Crooked Lake	450,000	Loan Proceeds, Impact Fees
Sewer System – Treatment Plant Upgrade/Expansion	2,025,000	Loan Proceeds, Impact Fees
Water System – PRV at 9 th , Scenic, SR 60	45,000	Utility System Operating Revenues
Water System – PRV at Hunt Bros & Scenic	60,000	Impact Fees, Operating Revenues
Water System – Misc New Services	25,000	Utility System Operating Revenues
Water System – Interconnect at N US 27	92,000	Impact Fees, Operating Revenues
Water System – Minnesota/Grove Area Upgrades	100,000	Utility System Operating Revenues
Water System – Southwest Line Extensions	100,000	Utility System Operating Revenues

Item	Cost	Funding Source
Water System – Asbestos Pipe Removal	566,855	CRA Bond
LAND		
Airport - Avigation Easements	22,050	Airport Grants
VEHICLES & EQUIPMENT		
Streets Division – Mower	13,000	General Fund Revenues
Commission – Projector for Commission Chambers	2,000	General Fund Revenues
Parks & Recreation – Tractor	40,000	General Fund Revenues
Parks & Recreation - Stump Grinder	20,000	General Fund Revenues
Parks & Recreation – Mowers	28,000	General Fund Revenues
Fire Dept - Mobile Radios	38,269	AFG Grant, General Fund Revenues
Police Dept – Generator	35,000	Insurance Proceeds
Police Dept – Vehicles	50,000	General Fund Revenues
Police Dept – Community Policing - Vehicles	125,000	CRA Revenues
Police Dept – Community Policing - Weapons	5,000	CRA Revenues
Police Dept – Misc Equipment	25,000	Forfeiture Funds
Police Dept – Computers	74,000	Byrne Law Enforcement Grants
Police Dept – Video Systems/Cameras	25,000	Byrne Law Enforcement Grants
Police Dept – Weapons	23,251	Byrne Law Enforcement Grants
Parks, Streets – Bucket Truck	50,000	Urban Forestry Grant, General Fund
Water System – Misc Equipment	4,000	Utility System Operating Revenues
Sewer System – Misc Equipment	4,000	Utility System Operating Revenues
Reuse System – Booster Station	45,000	Impact Fees, Utility System Operating Revenues
OTHER CAPITAL OUTLAY		
Library - Books & Subscriptions	85,000	Library Fund Revenue
TOTAL CAPITAL EXPENDITURES	9,576,073	

7. In accordance with Ordinance 2007-07 adopted by the City Commission on September 18, 2007, water and sewer rates and charges will be adjusted to reflect a 2.5% increase based on June's annual CPI. The increase will be applied to service provided on or after October 1, 2009.

	WATER CHARGES					SEWER CHARGES		
	base charge	Rate per 1,000 gallons				base charge	rate per 1,000 gallons	
		0-5,000	5,001 – 10,000	10,001 - 25,000	over 25,000		0 -5,000	5,001 - 15,000
Current	5.20	2.06	2.78	4.32	7.11	18.47	2.43	4.25
10/1/09	5.33	2.11	2.85	4.43	7.29	18.93	2.49	4.36

For inside-city residential customers using an average of 8,000 gallons per month, water charges will increase from \$23.84 to \$24.43, and sewer charges will increase from \$43.37 to \$44.46; the combined bill for water and sewer will increase from \$67.21 to \$68.89.

8. The FY09'10 Budget includes a 2.5% increase in all General Fund user fees and charges. For residential solid waste collection and recycling, fees will increase from \$18.82 per month to \$19.29 per month.
9. Organizational changes are proposed that will reduce costs in some areas and reallocate resources to others:

Fleet Maintenance. At the June budget workshop, the Commission expressed an interest in closing all or part of the city's fleet maintenance operation and contracting with a local dealer for fleet maintenance services. Prior to investigating the privatization of fleet maintenance operations, staff contacted Polk County Fleet Maintenance (PCFM) to see if that agency could provide services to us through an interlocal agreement with the Board of County Commissioners. PCFM submitted a proposal to provide a full-time on-site supervisor to run the fleet maintenance operation using the City's garage facility and equipment. The three mechanics currently employed by the City will be employed by the County subject to successful completion of the County's routine screening process mandatory for all new employees.

The proposal was subsequently approved by the City Commission and will save the City an estimated \$135,000 in vehicle and equipment maintenance and repair costs in FY09'10. The anticipated cost savings permits the funding of a fire prevention specialist that would have remained unfunded following the retirement of the employee currently holding that position (\$59,163), tuition assistance in the amount of \$22,610, and site licenses for upgrading 58 computers from Microsoft Office 97 to the 2003 edition (\$15,000).

City Manager's Office. While it may be necessary or desirable to restore an assistant city manager position at some time in the future, several department heads have expressed a willingness to assume some of the duties previously assigned to the assistant city manager and city manager. This organization-wide support of the City Manager's Office permits the reallocation of resources to areas in serious need of additional workers. Specifically, we are recommending the addition of the following positions:

1. A computer technician position is recommended for the Information Technology (IT) department. The city administrative and public safety functions are highly dependent on computer technology. Two employees currently maintain more than 17 servers with 4 firewalls and other networking equipment, 201 desktop and laptop computers, 25 in-car video systems, the new MOTOMESH system, the FLEXNET meter reading system, and the telephone system. The workload is currently more than can be handled by two employees in a normal workweek and will only increase as the MOTOMESH and FLEXNET systems expand.

2. A maintenance worker position is recommended for the Field Operations division (see below), primarily to improve our ability to keep rights-of-way and open areas maintained properly.
3. A switchboard operator/minutes clerk position is recommended for addition to the administrative staff. Adding a switchboard operator will eliminate the need to navigate the automated message system when calling City Hall. The person filling this position will also assist the city clerk with minutes of the City Commission, the CRA, and other city boards.

Public Works. While it may be necessary or desirable to restore these positions at some time in the future, the resignation of the utilities director and the assistant to the city manager have freed up resources to fund the following:

1. A public works director who is licensed as an engineer in the State of Florida will head both the Public Services Department (parks, streets, cemetery, airport) and the Utilities Department (water, wastewater, reuse). Having a licensed engineer on staff will expedite our dealings with regulatory agencies and provide savings in small project design costs.
2. Two system technician positions are recommended for addition to the Utilities Department, one for water operations and one for wastewater operations. The water position is necessary to maintain compliance with increasing DEP regulatory requirements, and the wastewater position is necessary to perform routine maintenance on lift stations and other system components.
3. A maintenance worker III position is recommended for addition to the Field Operations division to maintain the landscaped and grass medians on US 27 between SR 60 and Towerview Drive (at entrance to Tower Wood). The City will be required to maintain these medians after 12/31/09.

Field Operations. Workers currently assigned to the Streets, Parks, Cemetery, and Recreational Facilities divisions 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.

It is proposed that the cost of a maintenance worker will be allocated to the CRA, and the duties of that employee will consist of maintaining the landscaped areas in the downtown business district, on Lincoln Avenue, and on Central Avenue. This cost allocation will free up General Fund resources for the addition of a third new maintenance worker position to improve our ability to keep city-owned property maintained properly elsewhere in the city. This item is subject to the approval of the CRA Board.

Staff is currently in discussions with 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.

Community Policing. The budget includes an additional officer in the Community Policing unit who will be assigned to Grove Manor; the Lake Wales Housing Authority will fund 50% of this position and 50% will be funded by CRA revenues. This position and its funding sources were approved during FY08'09. A second officer is added to the unit for increasing the law enforcement presence in the downtown commercial district; this position will be funded by CRA revenues subject to the approval of the CRA Board.

10. Following the direction expressed by the City Commission during the June budget workshop (i.e., that funding of public safety and other core services must take precedence over funding of culture and recreation), the proposed FY09'10 budget as presented reduces funding for the operation of various city-owned recreational facilities. The cost to restore all of the budget cuts discussed below is \$131,859 – the millage equivalent of .2218 mills.

Albert Kirkland Sr. Gymnasium. It is recommended that the Kirkland Gymnasium be closed unless the City can provide sufficient funding for two employees to supervise the facility during all hours of operation, preferably through a contract with the Boys & Girls Club.

During FY08'09 the City paid the Boys & Girls Club \$15,312 to operate the Kirkland Gymnasium. The Boys & Girls Club agreed to provide one person to supervise the gym for 8 hours/day on weekdays and 2 part-time persons to supervise on weekends. This level of supervision proved to be inadequate, and, as a result, the downstairs area and the weight room, in particular, suffered damage from improper use of equipment, inappropriate horseplay, and vandalism. Although not as severe as the damage done in the downstairs areas, the upstairs area was damaged too. Further, the City's exposure to liability for injuries in an insufficiently supervised and maintained facility is currently high and must be reduced.

Vandalism and damage from unsupervised horseplay have been problems for the past several years, but can be controlled in the future through adequate staffing during operating hours and effective security during non-operating hours. Security measures have recently been implemented to include installing a motion-sensitive alarm system and closing the building when an employee of the Boys & Girls Club is not present. The downstairs area (showers and weight room) has been closed to public access.

The Boys & Girls Club has quoted a price to provide supervision for the gym at various levels of service. To maintain the current level of service (i.e., keeping the gym open for the same number of operating hours as in the current year) with two employees on the premises at all times, the Boys & Girls Club will charge \$55,698.

Culture/Recreation Reductions	Current FY08'09	Proposed FY09'10	Needed to restore to current level of service
Kirkland Gym Contract (B&G Club)	\$15,312	\$0	\$55,698
Kirkland Gym Utilities	\$15,000	\$1,500	\$13,500
LWLL Field Maint Contract	\$60,000	\$30,000	\$30,000
NW Complex Maint Contract	\$11,500	\$0	\$11,500
Depot Contract (HLWS)	\$51,161	\$30,000	\$21,161
TOTAL NEEDED TO RESTORE TO CURRENT LEVEL OF SERVICE			\$131,859

As previously stated, the City Commission authorized the transfer of the remaining proceeds from the sale of the Cooperative Fruit Property to the General Fund. With interest, the amount to be transferred is \$316,230 and has been included in the FY09'10 budget. The General Fund portion of savings from lower than anticipated health insurance costs is \$60,287. After funding employee pay increases, there are unappropriated revenues in the amount of \$193,462 in the General Fund. If the Commission wishes to restore all or some of the recreation cuts, this unappropriated balance could be used in lieu of a millage rate increase or cuts to other parts of the budget.

Staff recommends that, at a minimum, the Commission restore funding for the Kirkland Gym management contract and utilities (+\$69,198) because this facility is so heavily used by young people who will have no other recreation alternatives if the gym is closed.

If the contract with the Little League organization is terminated, staff recommends reallocation of the \$30,000 that is budgeted for that contract to fund an additional employee for assignment to maintain these fields.

If the Commission does not wish to restore the recreation cuts, all or a portion of the unappropriated revenues of \$193,462 can be used for other purposes that include:

1. Adding staff. In particular, adding a facilities maintenance worker would be the first priority (+\$40,500 salary and benefits). The facilities maintenance department has consisted of two employees since the department was created in the mid-70's. Since that time, the number of buildings and other facilities and playgrounds for which these employees are responsible has more than tripled. Routine maintenance is nearly impossible to schedule because our two employees are continually responding to requests for work that often reach the level of emergency repairs. Complaints that city facilities do not receive adequate maintenance are justified, but this is the result of having too many facilities for existing staff to attend to properly.
2. Establishing a capital equipment reserve in the General Fund.
3. Reducing the millage rate below the proposed 7.3277 (each \$100,000 reduction in revenue = -0.1680 mills; a \$200,000 reduction would result in a 0.3360 reduction in the rate with a new rate of 6.9917 mills).
4. Paying off the 2006 Fire Truck Capital Lease. After making the budgeted FY09'10 payment of \$96,841 (\$85,400, principal and \$11,441 interest), a balance of \$181,921 remains to be paid over the next two years.
5. Increasing unrestricted fund balance in the General Fund by \$193,462.

[End agenda memo]

Ms. VanBlargan read Ordinance 2009-20 by title only

AN ORDINANCE OF THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA, ADOPTING THE FINAL LEVYING OF AD VALOREM TAXES FOR THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA FOR FISCAL YEAR 2009-2010; PROVIDING FOR AN EFFECTIVE DATE.

OPENED PUBLIC HEARING

A Lake Ashton resident asked if the proposed millage rate would cause a surplus in the proposed budget. He said what he read on his tax bill from the county indicates that we are going to have a \$5 million surplus. Ms. Delmar said that it is possible that the tax bill mentioned does not pertain to the City of Lake Wales. The City is proposing a millage rate of 7.3277 mills, which is the same as it was last year. There will not be a \$5 million surplus or a \$5 million shortfall. The Lake Ashton resident asked if the City of Lake Wales is responsible for taking care of City streets. Ms. Delmar said yes, but not in Lake Ashton because the streets are owned and maintained by a CDD. The Lake Ashton resident asked if the people of Lake Ashton get any kind of tax break because the City does not take care of the streets. Ms. Delmar said no. Gas taxes fund street maintenance, not ad valorem taxes. Ad valorem taxes fund police and fire services, and general city services of that nature. The other taxes included on the referenced tax notice are not city taxes.

CLOSED PUBLIC HEARING

Commissioner Rogers thanked Ms. Delmar and her staff for their fine job and hard work on preparing the budget.

Commissioner Van Sickle proposed a lower millage rate. Ms. Delmar said we could come down in the millage rate between first and second reading, but we cannot go up.

Commissioner Thornhill made a motion to approve Ordinance 2009-20, adopting a FY09'10 millage rate of 7.3277 mills, after first reading and public hearing. The motion was seconded by Commissioner Rogers.

Roll Call:

Commissioner Thornhill	"YES"
Commissioner Rogers	"YES"
Commissioner Howell	"YES"
Commissioner Wheeler	"YES"
Mayor Van Sickle	"YES"

The motion carried 5-0

Ms. VanBlargan read Ordinance 2009-21 by title only.

AN ORDINANCE OF THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA, RATIFYING, APPROVING, ACCEPTING AND ADOPTING THE ESTIMATES OF EXPENDITURES FOR THE OPERATION OF THE SEVERAL DEPARTMENTS OF SAID CITY, AND ALL NECESSARY AND ORDINARY EXPENSES OF SAID CITY FOR THE 2009-2010 FISCAL YEAR, APPROPRIATING ALL FUNDS TO BE RAISED AND COLLECTED FROM ALL SOURCES SET FORTH IN THE ESTIMATE OF REVENUES & BALANCES FOR SAID FISCAL YEAR, AND THE REPEALING OF ALL ORDINANCES IN CONFLICT WITH THIS ORDINANCE; PROVIDING FOR AN EFFECTIVE DATE.

OPENED PUBLIC HEARING

Cliff Tonjes, 1001 Campbell Avenue, said at the July budget workshop the Commission discussed reducing the Little League contract from \$60,000 to \$30,000. He said the City contracted that work out to the Lake Wales Little League several years ago because it could not properly maintain those fields. In June, an agreement was reached for \$60,000. Ms. Delmar said that agreement was for this current fiscal year. Mr. Tonjes said the Little League group would like to continue maintaining those fields, but it would be impossible for \$30,000.

Jim Maggard, president of the Lake Wales Little League, said about 10 years ago, when the Little League program was offered for free, there were about 1,200 to 1,300 kids in the program. Last year, there were only about 600 kids because of a \$45.00 per child fee to play. He said his goal for the next few years is to have a free program with 1,200 to 1,500 kids. Mr. Maggard said other organizations, such as churches and ball teams, also use the fields. Every child should have an opportunity to play on the fields free. He urged the Commission to keep the contract at \$60,000 so they could properly maintain the fields without increasing the charge to play.

Jim Hurst, Lake Wales Little League volunteer, said he has been a volunteer since 1982. The Lake Wales Little League was founded in 1954 and is one of the oldest, if not the oldest, continuously running programs in Lake Wales. The Lake Wales Little League is a not-for-profit organization. He said they have a contract with the City to maintain the fields at a superior level. There are dangerously, substandard lights with wood poles on the fields. A grant is being pursued to replace them for they were the only lights and poles that were not destroyed by the hurricanes. Three bathroom buildings were built at the expense of sponsors and are now city-owned buildings. Bathroom maintenance, supplies, and repairs are provided by the Little League organization. The organization also provides the maintenance of two city-owned mowers, field maintenance, fertilizer, Roundup, fuel, blades, payroll, payroll taxes, and workers compensation. One of the mowers no longer covered by a warranty is in dire need of repair. Sponsors have agreed to pay \$1,700 for the parts and the City has agreed to pay the \$561.00 labor cost. There

have been other repairs done at the expense of the organization outside the contract, such as a recent broken water line, fence repair, and painting the buildings with paint purchased by the City.

CLOSED PUBLIC HEARING

Ms. Delmar reviewed the agenda information for adoption of the FY09'10 budget. She said if the Commission does not wish to restore the recreation cuts, all or a portion of the unappropriated revenues of \$193,462 can be used for other purposes. Ms. Delmar recommended that when the Commission considers appropriating the \$193,462 that it considers adding a facilities maintenance staff person at the same time. She said that the facilities maintenance department has consisted of two employees since the department was created in the mid-1970's. Since that time, the number of buildings and other facilities and playgrounds for which these employees are responsible has more than tripled. Routine maintenance is nearly impossible to schedule because the two employees are continually responding to requests for work that often reach the level of emergency repairs. Complaints that City facilities do not receive adequate maintenance are justified, but this is the result of having too many facilities for existing staff to attend to properly.

Mayor Van Sickle said he is in favor of adding a maintenance person because that is probably one of the most critical areas. If we are planning to have a lot of heavy activity at the gym, then we need to repair the building and staff it correctly. We need to lower the millage rate to reduce the tax bills for people during these difficult economic times and so we can attract business. Mayor Van Sickle said reducing the millage rate does not allow us to add every thing back. It will at least show we are trying to help all the people by trying to reduce taxes and providing as much facilities as possible with what dollars we have. He said he would love to look at reducing some of the City's debt by paying off the 2006 Fire Truck Capital Lease, but we cannot do that this year.

Commissioner Wheeler said he is not in favor of decreasing the Little League contract. He asked Mr. Maggard what he thought would be an appropriate amount to cover the additional operational cost. Mr. Maggard said the operational expense for this year was a negative \$20,944.35. Commissioner Wheeler asked if the City increased the contract enough to cover the additional operational expense, would it allow them to reduce the \$45.00 per child entry fee to \$10.00. Mr. Maggard said no, but they are hoping to reduce the fee a little each year beginning next year. He said his goal is to one day offer a free program.

Commissioner Wheeler said in this country there are certain things we do not want to mess with and the Little League is one of them, because it is needed. When taking away from recreation, it puts a burden on our Police Department because they have to keep up with people with not much to do. The more we can help, the more we could save on the cost of providing police services. Commissioner Wheeler said Ms. Delmar did a wonderful job at presenting the Commission with scenarios. His proposal is Scenario 3: restore the Kirkland Gym contract at \$69,198; add a facilities maintenance employee at \$40,500. In addition, restore the NW Complex field maintenance contract at \$11,500 and increase the LW Little League maintenance contract to \$80,000 or match their cost.

Commissioner Howell said she would like to keep the gym open, take it out of the hands of the Boys and Girls Club, and put it in the hands of city workers. That way, someone will be in charge of the building at all times. She is in favor of restoring the Little League contract and the NW Complex field maintenance contract, because we should not take everything from our children and adults in Lake Wales. Commissioner Howell said she does not understand why the maintenance of the NW Complex could not be incorporated into the Little League field contract. She said she did not know the Commission was getting a 3% raise. Commissioner Wheeler said everyone is getting a 3% raise. Commissioner Howell said everyone needs a raise, but she would not want to raise fees so high that our children cannot participate in anything in Lake Wales.

Commissioner Rogers said everyone is concerned about the youth in Lake Wales and everyone is concerned about taxes. He asked Ms. Delmar what she would recommend to be the most feasible plan for the City that would leave money for reserves. Ms. Delmar said the scenario presented by Commissioner Wheeler; i.e., fund the Kirkland Gym contract with the Boys and Girls Club, increase the

Lake Wales Little League field maintenance contract to \$80,000, fund the facilities maintenance employee, and fund the NW Complex field maintenance contract would allow a return to fund balance of \$22,264. Commissioner Wheeler said that is almost the same as Scenario 4.

Ms. Delmar said we have no other recreational options for our young people and we have no recreation program or a recreation director to put programs together. The Lake Wales Little League and the Kirkland Gym are about the only recreational options that we have. To take those away at this point would leave our children with nothing to do. This is certainly money well spent. Commissioner Rogers said only if we could do it without raising the ad valorem.

Ms. Delmar said we have to caution that, going into the following fiscal year, the \$300,000 [that we're using to fund raises and recreation next year] will be gone and, in the meantime, we will have established a higher payroll cost because we are adding employees and giving a pay increase. We will have to make that up with additional revenues the following year.

Commissioner Howell said she discussed today with Ms. Delmar the possibility of getting two part-time 30-hr workers for the Kirkland Gym instead of two full-time employees. Ms. Delmar said each 30-hr part-time worker would cost approximately \$20,000, which would be a total cost of \$40,000 compared to the \$57,000 for two full-time employees with the Boys and Girls Club. Commissioner Rogers said that due to the condition of the gym, we should use city employees instead. Ms. Delmar said either way, there has to be two employees in the gym at all times during the time it is open. Commissioner Rogers said we need to catch whoever is vandalizing the gym and put them in jail, because there is no sense in people abusing the city taxpayer's property.

Commissioner Thornhill apologized for not being able to attend the June budget workshop. He said he does see where it mentions the soccer fields. Ms. Delmar said the soccer fields are a slightly different situation. That was a FRDAP and Polk County grant-funded project. The City is obligated to maintain the soccer fields for public use, and a full-time city employee maintains those fields. Commissioner Thornhill asked if the soccer fields could be bid out. Ms. Delmar said yes, as long as we are maintaining them. Staff is in the process of obtaining quotes for that maintenance. We bid that out in the past, but it was more feasible at that time to hire an employee, because the contract was going to cost the City about \$100,000. Harold Gallup, Economic Development Director, said the soccer fields have not had the benefit of longevity in terms of being nurtured, manicured, fertilized, etc. like the ball fields. It will take a great number of years to get there. Commissioner Thornhill said we could still bid the soccer fields out to see if we could save money.

Commissioner Thornhill asked the Boys and Girls Club representative who was present if they contracted the gym out each year. The representative said no, the Boys and Girls Club maintains the gym with two employees. They are responsible for cleaning the bathrooms and doing all the necessary repairs, replacing light bulbs, etc. Commissioner Thornhill said he would like to see his tax money well spent. If we want to attract people and businesses, we have to offer them other things besides a bike path. The younger people do not seem to enjoy a walking path as much as the older people. He said he is in favor of having two-full time employees at the gym, because we have to take on the responsibility. We have to make sure there is a sign-in sheet so we can monitor who is in the gym at all times. That way, we will know who damages what. Commissioner Thornhill said he is in favor of Scenario 3 with the addition of the \$20,000 for the Little League field maintenance and the \$11,500 for the NW Complex field maintenance contract.

Mayor Van Sickle said there is still a difference in the \$2.8 [million projected fund balance] number versus the \$2.5 number that Ms. Delmar is using [in the budget as fund balance forward]. Dropping below the 7 mill rate may really be only psychological. After calculating his property taxes, he said it would only change about \$30.00 as compared to last year; but if we lower the millage rate, it would help attract more business if the economy turns around. It is starting to change, but it is not going to happen in the next six months. However, he would like to be prepared when people go to vote on coming to Winter Haven or coming to Lake Wales. Mayor Van Sickle asked if we could lower the millage rate. Ms. Delmar said we would have to reduce fund balance if we use the unappropriated revenue [to fund Scenario 3]. We are

anticipating a \$300,000 increase in fund balance at the end of this September, but we are appropriating \$183,000 of that balance forward to fund our capital next year. That money comes from the savings in the fuel budget. So, another \$200,000 would go into fund balance. Mayor Van Sickle said we would still have the \$2.6 million and we are budgeting on \$2.5, so we would have \$100,000, which is a little tighter. He asked if it is that risky. Ms. Delmar said it is \$200,000 that we would not be putting into fund balance at the end of 2009/2010. Mayor Van Sickle said we are still over the magical number as recommended by the auditors. Ms. Delmar said we are at 14% now, which is the base level that the auditors recommended. If we lower the millage rate this year, it would be difficult to raise it next year if we need to. It would probably require a super majority vote to increase the millage rate from 6.9917 mills back to where it is now at 7.3277. It could present a significant future problem, but if the economy turns around it might be okay.

Commissioner Howell asked Ms. Delmar if she happened to work out the numbers to see how low we could lower the millage rate, so we would not be sweating at the end of next year.

Dorothy Pendergrass, Director of Finance, said that, coming from the Five-Year Forecast standpoint, her concern would be having sufficient recurring revenue to fund recurring expenditures. A 3% increase for employee raises in this budget would be a recurring expenditure using a non-recurring revenue source. It is optimistic that the market is turning around and that there is going to be recurring revenue to cover the \$268,000 being built into payroll expense as we move forward and also the millage decrease. The millage rate can be lowered as much as the Commission would like, but the money would come out of reserves this year and would have to be covered next year. We need to maintain our reserves where we need our reserves to be and hold our debt down and make it manageable, so we do not have a lot of unfavorables.

Commissioner Wheeler pointed out that if we make our community more amenable to businesses by a combination of this budget amendment proposal and the Mayor's millage reduction, we could have more businesses coming into town. Our fee revenue and tax revenue would go up. He commented that everything is a gamble, nothing in life is certain, and sometimes we have to take a leap of faith.

Mayor Van Sickle said he thinks that the consensus of the Commission is to fund what has been stated without lowering the millage rate to 6.9917 mills.

Ms. Delmar asked if what she is hearing is to increase the Little League field maintenance contract to \$80,000, add a facilities maintenance employee, add back the NW Complex field maintenance contract, and staff the Kirkland Gym with two full-time employees or two 30-hr part-time employees.

Mayor Van Sickle asked how many hours a day the gym is in use. Mr. Gallup said it varies. During the summer, the gym is open almost all day. During the school year, it is open after school for a while and then again in the evening. To keep the gym open seven days a week for 30 hours a week would be tough. Mayor Van Sickle said a 40-hour week would be a challenge. Mr. Gallup said if we were to make the gym a controlled facility with set hours we would need two 40-hour people there. There may be a few hours a day where only one employee would be there. Commissioner Thornhill said we might need to look at getting volunteers to fill in the gap.

Curtis Knowles, Boys and Girls Club, said the gym is currently staffed seven hours a day during the week and six hours a day on Saturdays and Sundays. Currently, the gym is open fewer hours a day during the week to allow for the necessary repairs. He said when the Boys and Girls Club first took over the gym there were two part-time employees there. A lot of the damage occurred due to break-ins and there are police reports to show that. Some of the damage is due to kids playing.

Commissioner Thornhill made a motion to approve Ordinance 2009-21, adopting a budget for FY09'10 as amended after first reading and public hearing. The motion was seconded by Commissioner Howell.

Roll Call:

Commissioner Thornhill "YES"

2009-444

Commissioner Howell	"YES"
Commissioner Rogers	"YES"
Commissioner Wheeler	"YES"
Mayor Van Sickle	"YES"

The motion carried 5-0.

CONSENT AGENDA

Agenda Item 6. APPROVAL OF MINUTES: August 17, 2009, Budget Workshop Meeting; August 18, 2009, Regular Meeting; August 20, 2009, Special Meeting

Agenda Item 7. 9-1-1 Dispatch Interlocal Agreement with Polk County

The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Jerry Brown, Fire Chief]

SYNOPSIS

The City Commission will consider approval of the 9-1-1/Dispatch Interlocal Agreement between the City and Polk County for fire dispatch services.

RECOMMENDATION

It is recommended that the City Commission authorize the City Manager to execute the attached 9-1-1/Dispatch Interlocal Agreement which states that the City of Lake Wales will pay Polk County \$27,100 for dispatch services during the 2009-2010 fiscal year.

BACKGROUND

All 911 calls are received at the 911 Call Center on Brice Blvd. in Bartow, regardless of whether they originate inside or outside of the city limits of Lake Wales. Emergency calls are then transferred to the Fire/EMS dispatch center on Clower Lane in Bartow. Dispatchers notify the fire department by radio pager and continue communications with responding personnel and equipment for the duration of the emergency call.

This agreement is similar to the agreement entered into by the cities of Winter Haven, Haines City, Auburndale, Frostproof, Fort Meade and Mulberry.

OTHER OPTIONS

Do not approve the agreement and hire full time dispatch personnel.

FISCAL IMPACT

The \$27,100 is included in the proposed FY 09-10 Budget as presented to the Commission.

[End agenda memo]

Agenda Item 8. Award of Bid: Force Main Cleaning for the Eagle Ridge Mall and Southside Force Main Areas

The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Sarah Kirkland, Utilities Project Manager]

SYNOPSIS

Staff is requesting that the Commission consider awarding the bid for force main cleaning services to Professional Piping Services.

RECOMMENDATION

It is recommended that the City Commission take the following actions:

1. Approve the award of bid #09-179 to Professional Piping Services for the Eagle Ridge Mall and Southside Force main cleaning in an amount not to exceed \$80,000.
2. Authorize the City Manager to execute the appropriate documents, on the City's behalf, in regards to the cleaning and restoration service.

BACKGROUND

The Eagle Ridge Mall force main and the Southside force main require annual cleaning due to the distance both these lines have to travel to reach the wastewater treatment plant and the low flow conditions that both these lines are experiencing due to the lack of development in both areas. Sediment such as sand, plastics and paper tend to settle to the bottom of the pipe due to the low velocities of the liquid pushing the sediment. The method proposed for the cleaning of these sections of force main is called the "progressive poly pig procedure", hence the name "pigging".

Staff issued an invitation to bid on force main cleaning services with a bid opening date of August 12, 2009 and received two responsive bids (Infrastructure Restoration, Inc and Professional Piping Services), of which one was disqualified (Infrastructure Restoration, Inc). The disqualified bidder failed to produce all the required documentation as requested by the bid document. The particular items missing in the bid request were:

1. Item B #6-An experienced supervisor shall provide a list of projects, all done within the last five years.
2. Business References
3. Contractor Responsibilities Item D-Equipment Documentation required as part of the contractor's bid submittal.

Therefore, staff requests commission approval to award the bid for force main cleaning services to Professional Piping Services. Professional Piping Service (PPS) has performed this cleaning in the past with staff being very satisfied with their job performance.

FISCAL IMPACT

\$80,000 is budgeted in the Wastewater Division's FY '08-'09 M & R Lines and Mains Operating Budget for this purpose. Funding is provided from the utilities operating revenue.

OTHER OPTIONS

None. Without this required annual cleaning, the force main would become plugged and become inoperable. This in turn would cut off the sewer service for the developments that are being serviced by these two force mains.

[End agenda memo]

Agenda Item 9. Award of Bid – Health Insurance Coverage

The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Sandra D. Davis, Human Resources Director]

SYNOPSIS

The Commission will consider awarding the bid for Health Insurance coverage to Aetna.

RECOMMENDATION

Staff recommends that the City Commission take the following action:

1. Award the Bid for Health Insurance to Aetna (City pays 100% for employee)
2. Authorize the City Manager to execute all applicable contract documents.

BACKGROUND

In an effort to control insurance costs and continue to offer City employees competitive insurance benefits, the City's Broker/Agent shopped the market for Health Insurance coverage. Health insurance premiums have been rapidly increasing over the last few years. Factors fueling the increases are increasing numbers of hospital admissions, higher charges for hospital care, an aging workforce, increased use of prescription drugs, an increase in the number of claims and an increase in expensive claims. In spite of the health insurance market, we have been able to reduce cost for FY 09'10 due to a reduction in the City's claims over the last two years.

We received a total of five bids in response to our request for proposals. Bids included levels of insurance coverage, i.e. amount of deductibles, associated out of pocket expenses and physician co-payments, etc. Humana declined to bid on health insurance coverage. We evaluated the proposals received based on provision of the highest level of coverage at the most economical costs to the City and its employees. The results of the health insurance bids are as follows:

Company	FUNDING	BID AMOUNT
AvMed	Fully Funded	1,296,475.92
Cigna	Fully Funded	1,263,998.76
United Healthcare	Fully Funded	1,202,029.44
Florida League of Cities	Fully Funded	1,170,411.48
Aetna	Fully Funded	1,152,620.04

Employees will continue to pay 100% of the premium for dental and vision coverage. The proposed employee rate for medical insurance is \$497.68 and the family rate is \$497.65. The current family rate with Cigna is \$503.00.

FISCAL IMPACT

Awarding the bid to Aetna will result in a 1.6% increase over current year costs per employee. This is 9.4% less than the amount included in the proposed 09'10 budget and allows the reallocation of \$83,400 for other purposes.

OTHER OPTIONS

Don't approve any of the recommendations.

[End agenda memo]

Agenda Item 10. Auditing Services Agreement and Audit Engagement Letter

The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Dorothy Pendergrass, Finance Director]

SYNOPSIS

Acceptance of the proposal submitted by Purvis Gray & Company, LLP will provide for professional auditing services for fiscal year ending September 30, 2009, with the option to renew for four additional years.

RECOMMENDATION

The Audit Selection Committee recommends that the City Commission execute an agreement with Purvis Gray & Company, LLP for professional auditing services.

Pursuant to the recommendation of the Audit Selection Committee, staff recommends that the City Commission take the following actions:

1. Authorize the City Manager to execute the Auditing Service Agreement between the City of Lake Wales and Purvis Gray & Company, LLP., after approval by the City Attorney; and ,
2. Approve the Auditing Engagement Letter submitted by Purvis Gray & Company, LLP for the City's financial statements for Fiscal Year Ending September 30, 2009.

BACKGROUND

On July 7, 2009, the City Commission approved issuance of a request for proposal for professional auditing services. On August 4, 2009, in compliance with state statute 218.391, the City of Lake Wales established an audit committee. The primary purpose of the audit committee is to assist the governing body in selecting an auditor to conduct the annual financial audit. The Audit Selection Committee met on August 25, 2009 to:

1. Evaluate proposals provided by qualified firms.
2. Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established within the RFP.

The audit selection committee members who evaluated the firms were:

1. Commissioner Lee A. Wheeler, III
2. Linda Kimbrough, Board Member of General Employee Pension Plan
3. Robert Kelly, Board Member of the Airport Authority
4. Bridget Denihan, Accounting Manager

The audit selection committee ranked the top three firms as follows:

1. Purvis Gray & Company LLP
2. Crown Howarth
3. James Moore & Co

The audit selection committee recommends awarding the auditing services agreement to Purvis, Gray & Company, LLP. Evaluation included the following factors:

1. The firm's experience/performance on comparable government engagements (20 points),
2. Quality of the firm's professional personnel to be assigned to engagement (20 points),
3. Price quote for service (20 points), adequacy of audit approach (20 points),
4. Approach to the management letter (10 points), and
5. Familiarity with Certificate of Achievement in Financial Reporting (10 points)

A total of 100 points was possible from each evaluator with an aggregate possible evaluation score of 400 points for each firm.

Mr. Joseph Welch of Purvis, Gray & Company has provided an Audit Engagement Letter for the fiscal year ending September 30, 2009. The letter provides a detailed description of the services that will be provided through the audit process.

The Auditing Service Agreement is for a period of five years. The agreement may be terminated at will by the City at any time by giving thirty (30) days written notice thereof or at the end of any year by refusing to sign the succeeding years' annual engagement letter. The Auditors may terminate the Agreement at the end of any year by simply refusing to sign the succeeding years' annual engagement letter.

FISCAL IMPACT

The all-inclusive maximum fee for the City audit report and interim work will not exceed \$67,000 for 2008/2009 audit. The next four years have all-inclusive maximum price options of:

2009/2010	\$ 69,000
2010/2011	71,100
2011/2012	73,200
2012/2013	75,400

The \$67,000 proposed fee for 2008/2009 represents a 26.4% decrease (\$24,020) in comparison to the 2007/2008 audit fees of \$91,020, which was charged for performing five separate audits. This does not include a discount of \$2,225; actual fees original were projected as \$93,245.

The \$67,000 proposed fee for 2008/2009 represents a 31.8% decrease (\$31,240) in comparison to the projected 2008/2009 fees of \$98,240, which were expected to be charged prior to the request for proposals and consolidation of the five separate audits.

[End agenda memo]

Mayor Van Sickle, referring to Agenda Item 8, Award of Bid: Force Main Cleaning for the Eagle Ridge Mall and Southside Force Main Areas, said the Commission is being asked to approve an amount not to exceed \$80,000. He said he saw prices for various feet of pipe, but not for how many feet of pipe we want to have cleaned for the \$80,000. Sarah Kirkland, Utilities Project Manager, said the price was based on the size of the pipe and the footage for that particular size. Based on that information, the price came to \$80,000. Mayor Van Sickle asked Ms. Kirkland to include the bid package in the agenda packet in the future. Ms. Delmar asked the Mayor if he only wanted the specifics of the bid and not the repetitive material standard to every bid. Mayor Van Sickle said yes.

Commissioner Thornhill made a motion to approve the Consent Agenda. The motion was seconded by Commissioner Rogers.

By voice vote:

Commissioner Thornhill "YES"

Commissioner Rogers	"YES"
Commissioner Howell	"YES"
Commissioner Wheeler	"YES"
Mayor Van Sickle	"YES"

The motion carried 5-0

OLD BUSINESS

Agenda Item 11. Ordinance 2009-14, Amendment to Alcoholic Beverage Regulations – Wine & Beer Bars in C-1 Zoning District – 2nd Reading & Public Hearing

Agenda Item 11 was pulled from the agenda.

Agenda Item 12. Resolution 2009-11, Polk County Comprehensive Water Supply Plan

Ms. Kirkland reviewed Agenda Item 12. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Sarah Kirkland, Utilities Project Manager]

SYNOPSIS

This resolution expresses the City's support of the 2009 Polk County Comprehensive Water Supply Plan and approval of the future water supply project listing.

STAFF RECOMMENDATION

It is recommended that the City Commission approve Resolution 2009-11 supporting the Polk County Comprehensive Water Supply Plan and approving the submission of the complete water supply project listing to the Southwest Florida Water Management District for inclusion in the Regional Water Supply Plan.

BACKGROUND

At this time, Lake Wales is the only city that has not approved the plan. County staff is waiting for us to adopt a resolution indicating our support or lack of support for the plan. In either case, they must move forward for adoption of the plan by the County Commission.

The Southwest Florida Water Management District (SWFWMD) has mandated that the pumping of additional groundwater will not be permitted after 2013. In other words, as growth occurs after 2013 and there is a need for additional water, groundwater will not be a permitted source for that additional water. Instead, water utilities, including cities and the county, will have to find alternate sources of water to meet the needs of growth.

Cities and the County entered into an agreement to address regional water supply issues in 2006. The County hired a consultant to identify additional sources of water, and a countywide plan was issued for all the cities to review and approve. The plan identifies future water supply projects categorized by short-term, long-term, and conservation.

The initial plan that County staff submitted to us for review had one particular issue that was of concern to City staff; i.e. the transition from private water supply to public water supply as development occurs and, in particular, the assumption of the water pumping capacity that is currently assigned to agricultural wells. Many of these wells are located on the east side of the county, and a number of them are located within the Lake Wales utility service area. Because the plan initially called for County control of the capacity of all the agricultural wells in Polk County, regardless of location, the City was not in favor of approving the

plan. Such control by the County would have far-reaching effects on the ability of cities in the county to grow in the future.

City staff initiated a discussion of this plan at the October 30, 2008 meeting of the 27 East Coalition. The coalition asked that city representatives seek funding from their respective city commissions for an engineering review that would address the mutual concerns of the coalition cities. Gerry Hartman of GAI Consultants would conduct the review and prepare a report that would then be presented to each city commission with a recommendation for moving forward. Although the Lake Wales City Commission approved the City's share of funding for this engineering review, the funding plan was not approved by all of the cities. As a result, the review contemplated by the 27 East Coalition did not take place.

The County's Plan has been revised in an attempt to address the City's concerns. The Plan states that there are two types of groundwater projects that the Lake Wales could potentially utilize for water supply needs; i.e. the transition of preciously permitted quantities of water from non-public to public supply and withdrawing water from the Lower Floridian Aquifer. The Plan states that the City would have the "right of first refusal" regarding assumption of the water pumping capacity that is currently assigned to agricultural wells in its water service area.

The final goal of the updated Water Supply Plan is to provide a clear and concise path for the County and each of the 17 local governments to follow with regards to water supply planning for the planning period. The City of Lake Wales, as one of the 17 local governments, is specifically analyzed as part of the overall water supply planning efforts. The City has the choice of implementing any of the specifically identified project options as needed to meet future water supply needs.

Resolution 2009-11 is proposed for the purpose of expressing support of the County's water supply plan. Pursuant to the advice of Gerry Hartman, we are supporting the plan with the following stipulations:

- a. The City's water service area is defined in the City of Lake Wales/Polk County Water and Wastewater Service Territorial Agreement, Contract No. 96-2 as amended on July 29, 2008 by the City of Lake Wales/Polk County Florida Settlement of (1.) Past Due Water Bills; (2.) Agreement as to Service Area and Assets Ownership and (3.) Future Water Service Interlocal Utility Agreement.
- b. All existing water supply facilities, whatever the present use, within the City's water service area vest with the City and will be incorporated into the City's future resources rather than the into the future resources of the County.
- c. The City can develop not only alternative water supply projects as stated in the County's master plan but also alternative water supply projects as listed in the City's master plan or other projects that are developed cooperatively in the future.

Also with the advice of Gerry Hartman, Resolution 2009-11 states that the City of Lake Wales takes exception to the Plan's water supply and demand projections but fully supports the concepts of the Plan.

OPTIONS

Do not participate in the County plan.

FISCAL IMPACT

Participation in the Plan requires no cost on the City's part because the Plan was funded by SWFWMD in an effort to assist the surrounding municipalities in their efforts in long range planning for growth. If the Commission chooses not to participate in the 2009 Polk County Regional Water Supply Plan, the City would assume the cost of producing a separate plan of its own.

[End agenda memo]

Ms. VanBlargan Read Resolution 2009-11 by title only.

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LAKE WALES, FLORIDA, SUPPORTING THE 2009 POLK COUNTY COMPREHENSIVE WATER SUPPLY PLAN, APPROVING THE PROJECT LISTING OF SAID PLAN, AND APPROVING THE SUBMISSION OF THE COMPLETE PROJECT LISTING TO THE SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT FOR INCLUSION AS PART OF THE REGIONAL WATER SUPPLY PLAN.

Commissioner Thornhill asked if the stipulations needed to be read into the motion. Ms. Delmar said Danny Kushner of the Southwest Florida Water Management District is here to talk about why we need to adopt the Water Management Plan and Gerry Hartman of GAI Consultants is here to talk about why we have the stipulations.

Mr. Kushner said the Water Supply Plan is about a year and a half in the making. It involves the county, all 17 municipalities, and water suppliers, who came up with a list of projects in a three-volume master plan to the county. Each of the 17 municipalities has or will have received an individual report showing ways that they can come up with alternative water supplies in the future. The Water Management District's Executive Summary did not mention that there is no fiscal impact to the City unless it chooses to do some of the projects in the future to come up with an alternative water supply. The actual plan itself was about a million dollars, of which the Southwest Florida Water Management District funded 45%, the county funded 45%, and the South Florida Water Management District funded 10%.

Commissioner Thornhill asked how many of the 17 municipalities adopted the Water Supply Plan. Mr. Kushner said only the major cities within Polk County.

Mr. Hartman said the District did a great job on the Water Supply Plan. He said he recommended that the City approve the plan only with some necessary stipulations:

1. Stipulation A is important because the City's service areas are documented by an Interlocal Agreement, which was not defined in the plan correctly. The population projections are based on square miles of turf, which limits the water use capabilities on permits if you have a smaller service area than you really have.
2. Stipulation B protects property rights. It states that all existing water supply facilities, whatever the present use, within the City's water service area vest with the City and will be incorporated into the City's future resources rather than into the future resources of the County.
3. Stipulation C is important because there may be other water supply projects that the City may wish to implement that are not listed in the plan and it should not be prohibited from doing so. This is important because in order to get funding through the SRF program for water projects they have to be consistent with the County Water Supply Plan.

Mr. Hartman said these three stipulations show the maximum support that we can provide. We want to show that support with the corrections to make sure we have the appropriate service area, the water supplies within our service area vest with this community, and if we come up with another alternative water supply project it can be considered as part of the Water Supply Plan so we can get an SRF loan through FDEP or another entity.

Commissioner Howell made a motion to approve Resolution 2009-11 with the stipulations. The motion was seconded by Commissioner Wheeler.

Roll Call:

Commissioner Howell	"YES"
Commissioner Wheeler	"YES"
Commissioner Rogers	"YES"
Commissioner Thornhill	"YES"
Mayor Van Sickle	"YES"

The motion carried 5-0

Agenda Item 13. 2006B Wachovia Line of Credit

Ms. Pendergrass reviewed Agenda Item 13. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Dorothy Pendergrass, Finance Director]

SYNOPSIS

A decision is requested regarding use of the balance remaining in the 2006B Wachovia line of credit for expansion of the flex-net project.

RECOMMENDATION

If the City Commission wishes to use \$550,000 of the 2006B Wachovia line of credit for the flex-net equipment project, the City Commission needs to authorize the City Manager to draw down \$550,000 for this purpose before September 30, 2009.

If the City Commission does not wish to use financing for the flex-net equipment project, no action is needed.

BACKGROUND

In 2006, the City Commission adopted Resolution 2006-14, Utility System Revenue Note, Series 2006B which authorized issuance of a note in the principal amount not to exceed \$3,100,000 to finance the cost of constructing and acquiring certain additions, extensions and improvements to the City's utility system and pledged the revenues of the utility system for the payment of the note.

The Series 2006B note is a line of credit until October 1, 2009, at which time it converts to a fixed rate loan with a seventeen-year amortization status. The debt service interest rate on the seventeen-year fixed rate loan shall be calculated on September 29, 2009 based on the sum of 74% of the LIBOR rate plus 95 basis points. To provide meaningful comparison, if this rate was calculated on July 29, 2009, the rate would be 1.1609%, which would be fixed for seventeen years. If the City were to go out for financing at this time, staff estimates a seventeen-year interest rate to be between 3.75% to 4.35%, at fair market value. Currently, the City has drawn down \$2,550,000 of this line of credit, which is projected as having annual debt service costs of \$167,434. Repayment of principal and interest will begin during fiscal year 2009-2010.

Of the remaining \$550,000 line of credit, staff has identified the expansion of the flex-net project as eligible for debt service funding. The City Commission, during the August 18th Commission meeting, requested a review of the effects on utility operating expenses relating to the possible use of the 2006B funding for flex-net equipment.

Flex-net equipment provides the ability to electronically monitor water meter usage. With the use of flex-net equipment, utility operating costs relating to meter reading efforts are projected to decrease by \$37,533. The utility department would be able to reallocate resources for other uses with the use of flex-net equipment. Revenues are expected to increase due to the replacement of old water meters and more accurate readings. The actual increases in revenues are unknown. Based on a projected fixed interest rate of 1.25%, debt service costs are estimated to increase by \$32,830.

FISCAL IMPACT

1. A full purchase of flex net equipment is not possible, at this time, with current cash flow balances. Without purchasing this equipment, utility operating cost and debt service balances will continue as currently budgeted.
2. With the purchase of the flex net equipment using the 2006B financing of \$550,000:
 - a. Utilities staff can complete an additional 40% of the flex-net project. Staff has already completed 20% of the project, and the remaining 40% is estimated to cost an additional \$511,000, to be implemented as funding is available.
 - b. Revenues are expected to increase due to the replacement of old water meters and more accurate readings. Actual revenue increases are unknown.
 - c. Operating costs relating to meter reading activities would decrease by \$37,553. The utility department would reallocate these resources for other uses.
 - d. Annual debt service costs would increase by \$32,830.
3. Market financing of \$550,000, is projected to provide the same level of completion and the same level of operating cost savings, but is expected to result in annual debt service costs of \$40,306, resulting in net annual cost increases of \$7,476 compared to the 2006B-loan option.

As with all purchases, if the City were able to purchase items without the use of financing this would result in the lowest overall cost but the greatest single annual cash flow decrease. If the City decided to use financing options, the 2006B-loan option would result in the lowest financing cost over the life of the loan and also lower annual debt service payments. The 2006B financing relating to the \$550,000 principal amount is estimated as having annual debt service payments of \$32,830, with total interest cost over the life of the debt issuance of \$58,112. A current estimated market financing of \$550,000 for a seventeen year term, is estimated as having annual debt service payments of \$40,307, with total interest cost over the life of the debt issuance of \$185,209. interest costs of the 2006B-loan of \$58,112, which is \$127,097 less then the projected Market Rate cost of \$185,209.

[End agenda memo]

Commissioner Rogers said he is not in favor of borrowing any money that is not absolutely necessary at this time. Our current debt service is high and we are trying to keep the taxes down. If we keep borrowing money, we would have to increase taxes. Commissioner Wheeler and Commissioner Thornhill agreed.

The consensus of the City Commission was to cap the Wachovia loan at \$2.5 million and let the contract run out without drawing down the remaining balance.

NEW BUSINESS

Agenda Item 14. Ordinance 2009-22, Five Year Capital Improvement Plan – 1st Reading

Ms. Delmar reviewed Agenda Item 14. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Judith H. Delmar, City Manager]

SYNOPSIS

The City Commission will consider adoption of the proposed 5-Year CIP for fiscal years 2009-2010 through 2013-2014. The proposed 5-Year CIP totals \$34,979,616 in building and infrastructure improvements, equipment purchases and land acquisition.

RECOMMENDATION

It is recommended that the City Commission approve after first reading Ordinance 2009-22 adopting the Five-Year Capital Improvement Plan for fiscal years 2009-2010 through 2013-2014.

BACKGROUND

In accordance with section 6.05 of the City Charter, Ordinance 2009-22 approves and adopts the proposed 5-year Capital Improvement Plan (CIP) for the period FY09'10 through FY13'14. The 5-Year CIP document was previously distributed to the City Commission for review. Capital improvements and capital acquisitions proposed for Year 1 of the 5-Year plan are incorporated into the FY09'10 budget, as is appropriation of funding sources necessary to implement Year 1 of the plan.

The 5-Year CIP document includes a list of all capital facility and infrastructure improvements which are proposed to be undertaken during the next five years and supporting information to explain the necessity for the improvements. In addition, the CIP includes all capital equipment proposed for acquisition during this period. Cost estimates, method of funding and time schedule for the proposed improvements and equipment acquisitions are identified in the document.

The proposed 5-Year CIP totals \$34,979,616 and includes \$767,050 in land acquisition, \$2,517,630 in equipment acquisition, \$4,672,060 in building improvements, \$26,414,876 in infrastructure and recreation improvements and \$608,000 in other capital outlay.

Improvements and equipment needs for the next 5 years were submitted by department heads with a justification of necessity and a recommended time schedule for completion or acquisition. These requests were prioritized by the City Manager in view of the available funding resources and urgency of need and either retained in the proposed 5-Year Plan or deferred until future 5-Year plans are developed.

Items included in the proposed 5-Year CIP can be classified in three categories as follows:

- 1 - Corrects existing or impending deficiency
- 2 - Improves productivity/efficiency or permits reallocation of existing resources
- 3 - Enhances quality of life

Items in Category 1 comprise 22.2% of the cost of the CIP (\$7,677,717). These are improvements and equipment acquisitions which are urgently needed to correct or prevent system or infrastructure failures, threats to the public safety or welfare, or decline of service levels. Some of our currently utilized equipment is 10-20 years old or older with high maintenance costs and low operational reliability, making replacement a high priority. Also included in this category is the \$1 million wastewater treatment plant rehabilitation.

Items in Category 2 are equipment acquisitions or improvements that will improve productivity and efficiency or otherwise enhance current service levels. These items represent 64.6% of the cost of the CIP (\$22,355,225).

Items in Category 3 are improvements in the area of Culture/Recreation which are viewed as important to the community in terms of enhancing the quality of life but which might receive a lower priority in view of the urgent needs which must be addressed. These items represent 13.2% of the cost of the CIP (\$4,571,674), however 33.3% of this cost (\$1,522,800) is funded by state, county or federal grants or donations from private sources.

FISCAL IMPACT

Some of the improvements proposed for the utility system are eligible for low-interest SRF financing. With the exception of the Wastewater Treatment Plant rehabilitation and upgrade improvements which will require financing, it is anticipated that operating revenues and impact fees will be sufficient to fund the utility system improvements included in the CIP. Funding of the non-utility system components of the CIP requires no new taxes or fee increases for our citizens but will be accomplished through utilization of

existing cash surpluses and current year operating revenues, future grants, private contributions, and impact fees.

Costs of all capital improvements and equipment acquisitions are distributed over 5 years as follows:

Year 1 - FY2009'10	9,576,073
Year 2 - FY2010'11	5,092,405
Year 3 - FY2011'12	10,470,859
Year 4 - FY2012'13	4,652,887
Year 5 - FY2013'14	5,187,392
5 Year Total	34,979,616

All items scheduled for Year 1 are included in the proposed FY09'10 operating budget presented to the City Commission for consideration. Changes since the proposed budget was originally presented to the City Commission on August 11 are as follows:

38,269	Adding grant-funded mobile radios for Fire Department
250,000	Adding grant-funded Kiwanis Park improvements
748,762	Correcting cost of grant-funded Airport runway extension from \$335,634 to \$1,083,496
122,692	Correcting cost of grant-funded Airport MITL project from \$196,205 to \$318,897
-40,000	Deleting Airport fuel truck funded by General Fund subsidy

1,119,723 Total change in Year 1 (FY09'10) Capital Outlay budget from original document

OTHER OPTIONS

Items may be re-prioritized or deleted from the 5-Year Plan, and items not currently included may be added. The City Commissioners may choose to defer adoption of the Plan until a later date, however, adoption of a 5-year capital program is required by City Charter.

[End agenda memo]

Ms. VanBlargan read Ordinance 2009-22 by title only.

AN ORDINANCE OF THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA, RATIFYING, APPROVING, ACCEPTING AND ADOPTING A 5-YEAR CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2009-2010 THROUGH 2013-2014; REPEALING ALL ORDINANCES IN CONFLICT WITH THIS ORDINANCE AND PROVIDING FOR AN EFFECTIVE DATE.

Commissioner Thornhill made a motion to approve Ordinance 2009-22 after first reading. The motion was seconded by Commissioner Howell.

Roll Call:

Commissioner Thornhill	"YES"
Commissioner Howell	"YES"
Commissioner Rogers	"YES"
Commissioner Wheeler	"YES"
Mayor Van Sickle	"YES"

The motion carried 5-0.

Agenda Item 15. Ordinance 2009-23, FY08'09 Budget Amendment #3, 1st Reading

Ms. Delmar reviewed Agenda Item 15. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Judith H. Delmar, City Manager]

SYNOPSIS

The Commission will consider adoption of the third amendment of the FY08'09 Budget adopted on September 16, 2008.

RECOMMENDATION

It is recommended that the City Commission approve Ordinance 2009-23 after first reading.

BACKGROUND

Ordinance 2008-34 estimating revenues and appropriating funds for Fiscal Year 2008-09 was adopted by the City Commission on September 16, 2008 and amended by Ordinances 2009-07 and 2009-09. We are presenting for first reading a third amendment of Ordinance 2008-34 to modify the estimates of revenues and appropriations budgeted in various funds. Exhibits A and B and supporting attachments provide the detail for the proposed amendment. This budget amendment is based on financial reports for the accounting period ending on 7/31/09. The following is a summary of changes included in the proposed amendment:

Revenues & Balances Fwd	Increase(Reduction)
General Fund	516,254
Special Revenue Funds	60,463
Debt Service Fund	0
Capital Projects Fund	82,750
Airport Fund	0
Utility System Fund	(163,000)
Total Increase(Reduction) of Revenues & Balances Fwd	496,467
Appropriated Expenditures & Reserves	
General Fund	35,727
Special Revenue Funds	12,815
Debt Service Fund	0
Capital Projects Fund	102,252
Airport Fund	0
Utility System Fund	0
Reserves	345,673
Total Increase(Reduction) of Appropriated Expenditures & Reserves	496,467

The proposed budget amendment increases the City's total budgeted expenditures by \$150,794 and increases reserves by \$345,673 for a net increase in appropriated expenditures and reserves of \$496,467 (from \$57,679,505 to \$58,175,972).

Reasons for this amendment include:

- balances forward must be adjusted to conform to the audited fund balances at 9/30/08.
- revenue projections in the General Fund must be adjusted to reflect the March revision in the State revenue estimate for Municipal Revenue Sharing (-\$4,477) and Half-Cent Sales Tax (-\$23,632); these revenues were reduced twice after October 1, with a total reduction from the original estimates of \$72,398.
- revenue projections in the Utilities Fund must be adjusted to reflect the shortfall in water service charges relative to budget (-\$200,000).
- payroll expenditures are increased in the Community Policing Division (+\$12,815) to adjust for the Police Officer position added on July 1 with 50% funded by the Lake Wales Housing Authority.
- revenues and expenditures in the General Fund must be adjusted to record donations and expenditures related to the Veteran's Memorial; a tentative budget of \$7,000 for donations and \$5,000 for expense is established
- revenues and expenditures must be adjusted in the Capital Projects fund to reflect the County funding and the full cost of the Barney's Dream playground equipment (+\$82,750).
- expenditures in the Capital Projects fund must be adjusted to carry forward the FY07'08 encumbrance of \$19,502 for Police rifles, funded by impact fees.
- funds must be appropriated in the General Fund for the purchase of various items of equipment; i.e., In-Car Cameras (+\$9,833) for patrol vehicles; a trailer to replace one stolen from the Cemetery (+\$1,152); and perimeter fencing for Barney's Dream playground (+\$4,000).
- expenditures must be adjusted in the General Fund for addition of a security system and repairs to the Kirkland Gymnasium (+\$9,620)
- expenditures must be adjusted for repair of the A/C (\$+3,700) and other maintenance/repair at the Depot (+\$4,231); the additional expense is partly offset by the \$3,000 reduction in the grant to Historic Lake Wales Society that the Commission approved in October 2008. This reduction was inadvertently omitted from the previous budget amendments and is included in Amendment #3.
- expenditures must be increased in the Utilities Fund for M&R related to water lines and storage tanks (+\$51,110); the additional cost is offset by an equal reduction in capital outlay budgeted for replacing the 9th St. booster station.

OTHER OPTIONS

Most of the budget amendment is not optional.

We are required by Charter to reduce budgeted appropriations when it appears that revenues will be insufficient to meet the amount appropriated; this is the case with state-shared revenues in the General Fund and water service charges in the Utilities Fund.

FISCAL IMPACT

See Exhibit A and Exhibit B attached to Ordinance 2009-23.

[End agenda memo]

Ms. VanBlargan read Ordinance 2009-23 by title only.

AN ORDINANCE OF THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA, AMENDING ORDINANCE 2008-34 AS AMENDED BY ORDINANCES 2009-07 AND 2009-09 TO FURTHER MODIFY THE ESTIMATES OF EXPENDITURES FOR THE OPERATION OF THE SEVERAL DEPARTMENTS OF SAID CITY FOR THE 2008-2009 FISCAL YEAR AND TO FURTHER MODIFY THE APPROPRIATION OF FUNDS RAISED AND COLLECTED FROM ALL SOURCES SET FORTH IN THE ESTIMATE OF REVENUES FOR SAID FISCAL YEAR; REPEALING ALL ORDINANCES IN CONFLICT WITH THIS ORDINANCE; AND PROVIDING FOR AN EFFECTIVE DATE.

Commissioner Wheeler made a motion to approve Ordinance 2009-23 after first reading. The motion was seconded by Commissioner Howell.

Roll Call:

Commissioner Wheeler	"YES"
Commissioner Howell	"YES"
Commissioner Rogers	"YES"
Commissioner Thornhill	"YES"
Mayor Van Sickle	"YES"

The motion carried 5-0.

Agenda Item 16. Resolution 2009-10, Professional Services for MITL System

Ms. Delmar reviewed Agenda Item 16. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Teresa Allen, Public Services Director]

SYNOPSIS

The City Commission will consider acceptance of additional grant monies from the FAA for rehabilitation of Runway 06/24 Medium Intensity Taxiway Lights and authorization of an agreement for professional services related to construction engineering for the project.

RECOMMENDATION

Staff recommends that the City Commission take the following actions:

1. Accept the grant offer from the Federal Aviation Administration for the rehabilitation of Runway 06/24 Medium Intensity Taxiway Lights (MITL) at the Lake Wales Municipal Airport, and authorize the City Manager to execute the Grant Agreement on the City's behalf.
2. Approve Resolution 2009-10, which amends Resolution 2008-15, Master Agreement and Task Order #10 with Hoyle, Tanner & Associates, Inc. to include construction engineering in the amount of \$50,000 to rehabilitate the Medium Intensity Taxiway Lights (MITL) System on Runway 6-24.

BACKGROUND

On May 27, 2008 the City received notification that the Federal Aviation Administration (FAA) had allocated \$92,796 from the Federal Aviation Administration (FAA) for the design phase to rehabilitate the medium intensity taxiway lights system on Runway 06/24 at the Lake Wales Municipal Airport. The Commission at its regularly scheduled meeting on June 17, 2008 accepted the grant agreement.

Then at its regular June 2, 2009 meeting, the City Commission approved Resolution 2009-05, Master JPA with the Florida Department of Transportation to allow their participation in aviation projects at the Lake Wales Municipal Airport. These projects include a \$218,255 project (construction phase) for the rehabilitation of the medium intensity taxiway lights system on runway 06/24 (FAA: \$207,343; FDOT: \$5,456.; City: \$5,456).

On August 17, 2009, the City received notification of an additional allocation of \$95,610 FAA for the construction phase of the MITL rehabilitation project. This brings FAA's total share for the project to \$302,953.00.

FDOT and the City's share are increased by \$2,516.00, bringing the total share of each to \$7,972.00.

FISCAL IMPACT

Funding is allocated as follows:

FAA	302,953.00	
City	7,972.00	(funds will be available in 09/10 City budget)
State	7,972.00	

Project total: \$318,897.00

OTHER OPTIONS

The City has already accepted the grant agreement for this design phase of this project from FAA

[End agenda memo]

Ms. VanBlargan read Resolution 2009-10 by title only.

A RESOLUTION OF THE CITY OF LAKE WALES, POLK COUNTY FLORIDA, AMENDING RESOLUTION 2008-15, AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR PROFESSIONAL SERVICES PERTAINING TO THE CONSTRUCTION ENGINEERING TO REHABILITATE RUNWAY 6-24 MEDIUM INTENSITY TAXIWAY LIGHTS (MITL) SYSTEM WITH THE FLORIDA DEPARTMENT OF TRANSPORTATION.

Commissioner Thornhill made a motion to approve Resolution 2009-10. The motion was seconded by Commissioner Howell.

Roll Call:

Commissioner Thornhill	"YES"
Commissioner Howell	"YES"
Commissioner Rogers	"YES"
Commissioner Wheeler	"YES"
Mayor Van Sickle	"YES"

The motion carried 5-0.

Agenda Item 17. "Rumble on the Ridge—A Salute to Veterans"

Mr. Gallup reviewed Agenda Item 17. The full staff memo is incorporated into the minutes.

[Begin agenda memo, prepared by Harold Gallup, Economic Development Director]

SYNOPSIS

Approval of the street-closing request will allow the "Rumble on the Ridge" special event be held on Saturday, November 14, 2009.

RECOMMENDATION

Staff recommends that the City Commission take the following actions:

1. Approve the request from Lake Wales Main Street for a One Day Special Event on November 14, 2009 that includes displays, vendors, entertainment, and beer sales areas and consumption of alcohol within the event area using "Special Containers" for the event as permitted in Ordinance 2008-30 Sec. 5-5(a)(2);
2. Authorize the closing of that portion of Stuart Avenue and Park Avenue between 1st Street on the West and Scenic Highway on the East side of the event area, and that portion of Market Street between Stuart Avenue and Central Avenue in the event area on November 14, 2009.
3. Authorize the closing of that portion of 1st Street between Central Avenue and Park Avenue for the purpose of parking motorcycles of event attendees after the Veterans Parade on November 14, 2009.

BACKGROUND

This event is planned as part of "A Salute to Veterans" on November 14, 2009. There will be a separate event / parade request coming from the VFW as they have done in the past.

This event has been in a planning mode for several months and was originally projected as a three-day event. The organizers and participants have decided that this year the event would be for the one day and serve as the "model" for expanding the event to a three-day event next year.

The event is being done in cooperation with Hot Tails Cycles located adjacent to the Longleaf Business Park. The deferral to next year for a three day event will allow coordination of many different facets of such an event in a way that the merchants and the community can be better prepared to host a successful expanded event.

In other cities in Florida and Polk County, there are templates of very successful events that have generated significant funding for Main Street, the local businesses, and the City. The event is projected to attract between 1,500 to 3,000 attendees, and 25 to 50 vendors. The Main Street organization conducted a survey of the local retail businesses and professional offices in the event area concerning the closing of the streets. There are approximately 60 retail shops and/or offices in the event area. There are approximately 30 in the retail classification. The survey returned 22 responses for a +/- 73% response. Those supporting the event represented +/- 81% of the response, opposing +/- 4.5% of the response and partially supporting, i.e. the Veterans Parade was +/- 4.5% of the responses.

CURRENT FISCAL IMPACT

The current fiscal impact will be the use of Police Officers for the event, inclusive of members of Voice and these are budgeted in the cost of events in the Police Budget for 2009/2010 FY. There is no over-time hour expense for the event. The cleaning of streets will be on a normal schedule and the event staff will do trash removal. Any dumpster rental will be at the expense of the event.

Services such as electrical, sound equipment etc. are all part of the cost of the event to Main Street and Hot Tails Motorcycles. The event sponsors will absorb any and all losses from the event. Any Profits from the event will be divided, after recovery of expenses, three ways: Main Street, Hot Tails Motorcycles, and seed money for the projected 2010 event previously referenced.

FUTURE ECONOMIC IMPACT

There are no requirements for individual vendor license. However, based on the conservative projected attendance of 1,500 to 3,000 people the anticipated local Gross Dollar expenditure by attendees could range from \$18,750.00 to \$37,500.00 spent in the areas food, gas, and retail purchases. The Sales Tax impact would be as high as \$2,625.00. These are conservative estimates for the event.

[End agenda memo]

Mr. Gallup said this event is a one-day model of what they hope to present next year as an extended event over the same weekend.

Commissioner Wheeler made a motion to:

1. Approve the request from Lake Wales Main Street for a One Day Special Event on November 14, 2009 that includes displays, vendors, entertainment, and beer sales areas and consumption of alcohol within the event area using "Special Containers" for the event as permitted in Ordinance 2008-30 Sec. 5-5(a)(2);
2. Authorize the closing of that portion of Stuart Avenue and Park Avenue between 1st Street on the West and Scenic Highway on the East side of the event area, and that portion of Market Street between Stuart Avenue and Central Avenue in the event area on November 14, 2009.
3. Authorize the closing of that portion of 1st Street between Central Avenue and Park Avenue for the purpose of parking motorcycles of event attendees after the Veterans Parade on November 14, 2009.

The motion was seconded by Commissioner Howell.

By voice vote:

Commissioner Wheeler	"YES"
Commissioner Howell	"YES"
Commissioner Rogers	"YES"
Commissioner Thornhill	"YES"
Mayor Van Sickle	"YES"

The motion carried 5-0

CITY MANAGER'S REPORT

CITY COMMISSION TRACKING REPORT

Ms. Delmar introduced the new Public Works Director Tom Moran, who told the Commission about his background. Mr. Moran said he is a registered engineer in the State of Florida. He believes in doing things right the first time so everything turns out right.

Mayor Van Sickle said he has been accused of being somewhat schedule-driven because he is a firm believer in schedules. Now, that we have a new Public Works Director, he wants to see a utility project schedule to keep him informed of what is going on and what we need to do before moving to something else. He said he personally likes to see schedules because it helps to manage the critical areas. Mr. Moran agreed. He said the ultimate goal is the City and we all have to work together to make that happen.

Adult daycare facility: Mr. Gallup said the project funding is back on track. A guaranteed maximum contract is scheduled to go before the Board of County Commissioners for approval the first week in October; the engineering plans are being revised as per City comments; the City's Building and Fire Officials will review the changes in hopes of issuing permits by the end of October; demolition of the old health department building is expected to be completed by the end of November; and then the construction of the new adult daycare facility should begin.

Mr. Galloway said the county's attorney spoke to him the day before yesterday and said that this item is on their budget hearing agenda for tomorrow night. It's been removed from the agenda once before so hopefully the county will approve it with their budget tomorrow night.

Commissioner Wheeler said he would like to make it clear that this adult daycare facility will not only be for people 55 years or older. It is also for any disabled adult to allow their caregivers to work or to take a break. Mr. Gallup said that is correct.

Rental inspection ordinance: Ms. Delmar reported that the rental inspection ordinance is going to be part of a broader overhaul of the health and sanitation Code Enforcement ordinance.

Giving preference to local vendors and contractors: Ms. Delmar said we have not forgotten about this item; however, we have not had time to do it yet.

COMMUNICATIONS AND PETITIONS

There were no comments made by the public.

CITY COMMISSION COMMENT

Commissioner Rogers said he had a memo in his Commission mailbox from the Ridge Scenic Highway Corridor Management Entity asking for a \$100.00 donation from the City to defray some of their expenses.

The consensus of the City Commission was to donate \$100.00 to the Ridge Scenic Highway Corridor Management Entity.

Mimi Hardman, chairman of Ridge Scenic Highway Corridor, thanked the Commission for its \$100.00 donation.

Commissioner Thornhill asked the status of the building next to the Gym. Mr. Galloway said probably within the next 30 days, the property will go to public sale. A new owner will pick it up and then they will either do something constructive with it or the Code Enforcement process will begin afresh. There are no liens attached to the property because prior to the filing of the foreclosure action, the City Commission had released the fines on that structure. The owner of the property made a presentation to the Commission convincing it that things would improve. The owner then borrowed money against it, but nothing has been done to the structure. The judgement is probably going to be in the \$300,000 range.

Commissioner Thornhill asked if the alley work has begun. Mr. Moran said that he received an email today from the Streets Division Supervisor, Beverly Pennington, saying that it would be her next project.

Commissioner Howell said there is water built up on Dr. J. A. Wiltshire Avenue again. Ms. Pennington said FDOT is working to resolve that problem.

Commissioner Howell asked who is responsible for fixing the huge pothole on Washington Avenue near Florida's Natural. Ms. Pennington said the county. She has been in contact with the county concerning that, but they have done nothing about it. She will follow up.

Commissioner Howell asked when the 25-mph speed limit sign would be put on Dr. J. A. Wiltshire Avenue. Police Chief Gillis said he will check on it.

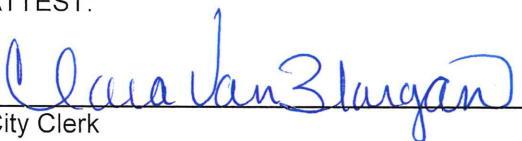
Mayor Van Sickle said about six months ago the City Commission approved lowering the speed limit on Thompson Nursery Road. Mr. Galloway said that when he had spoken to the county's attorney he said that they would have to do an examination of that area to determine whether or not it warrants a reduction of speed. The attorney also said that the county's road or transportation division could perform the needed analysis but not without a formal request. Mr. Galloway said his suggestion would be that if the Commission would like the examination performed that it direct him to correspond back to the county's attorney requesting him to do whatever is necessary to have that done. The County Commission is the only body to lower that speed limit. Police Chief Herbert Gillis said an AGO (Florida Attorney General's Office Advisory Legal Opinion) says that a chartered municipality has a right to lower the speed limit on a county road without the county's approval. We had the same situation with the county on Chalet Suzanne Road. This Commission was able to lower the speed limit on that road. He said he would provide the opinion to Mr. Galloway.

There being no further business, the meeting was adjourned.



Mayor/Commissioner

ATTEST:



City Clerk