

A workshop meeting of the City Commission was held on April 13, 2010 at 5:00 p.m. in the Commission Chambers at the Municipal Administration Building. The meeting was called to order by Mayor L. Jack Van Sickle.

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

**COMMISSIONERS ABSENT:** None.

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

**Agenda Item 1.           Alico Project**

Mr. Gallup reviewed Agenda Item 1.

[Begin synopsis, prepared by Harold Gallup, Economic Development Director]

Discussion on the request of Alico Land Development Company for the Winslow's Point Project for consideration of obtaining utility services for the project from the City of Lake Wales. The Project lies south of the City Limits on Highway 27. The Project will execute appropriate documents for annexation and shall be involved with solutions for the Crooked Lake Park environmental issues that are under an Operating Order from the Department of Environmental Protection. We would be considering this under the provisions of Section 21-3(a)(2) of the Code of Ordinances of the City of Lake Wales to assist in solving environmental issues specific to the DEP Order.

[End synopsis]

City Manager Judy Delmar said this item was for discussion of a commitment for consideration of utility service for the Alico Land Development Company.

Economic Development Director Harold Gallup said the Alico Project is an approximate 260-acre to 265-acre parcel, plus or minus, located south of the City limits on Hwy. 27 and south of Fat Boys Restaurant. The project will incorporate 535 to 540 residential units and approximately 124,000 square feet of mixed commercial-type development fronting on Hwy. 27, with a beginning time frame of five to six years, but maybe longer depending on the economy.

The developer needs to do an analysis of development costs which would revolve around the county providing utilities and then building their own sewer plant and getting water from another source or having utilities served by the City of Lake Wales. This project is partial to some effort staff is working on with DEP in regards to environmental issues at Crooked Lake Park where their sewer system is failing. The ability to develop this property and provide solutions to the environmental problem, Sec. 21-3(a)(2) of the [City of Lake Wales] Code of Ordinances would allow the City to consider providing utilities outside its normal boundaries if it pertains to solutions to environmental problems.

Alico is asking for a very informal commitment to enable them to do their cost analysis. The City is asked to submit a letter stating that it is receptive to the discussion for providing utilities under an agreement that this would be at a zero cost to the citizens and providing a long-term revenue stream back to the City, and providing that the plant and line capacity are there within the given timeframe, which is currently six years. All these issues would have to be evaluated at that time. Without the letter from the Commission, Alico would not be able to meet concurrency, could not get the land-use plans, and would not be able to get financing. The agreement is a non-binding, long-term projection that would allow either side to walk away at any time. Alico will decide the most cost-effective way for their utility service after their cost analysis is complete.

Mr. Gallup said one of features of the project is that Alico plans to dedicate approximately 50 acres of the property as a conservation area that can never be developed and with that status never changing. During the process, Alico is willing to execute an agreement that will automatically take place if and when the property becomes contiguous to the City. As part of the development agreement, each individual homeowner's mortgage package will include an agreement for annexation so there will be no need to get homeowner consent at the time of annexation.

Commissioner Rogers pointed out that there is a sewer line across the street from that property that services Oakley and a water line within a half a mile on the left just south of the old Candlelight Restaurant on south Hwy 27, and that Alico would have to pay the costs for connection. Mr. Gallup said there would be a zero cost to the citizens and the fees generated would supply the City with long-term revenue. Commissioner Rogers said, because the City could back out without penalties, and because there would be no cost to the City, he thought it was a worthwhile project to look into.

Commissioner Howell asked if the 500 plus homes would be on the City's tax roll and Harold said they would only if the property was annexed. She said she could see all the up-sides, but wanted to know what the down-side was. Ms. Delmar said both the pros and cons needed to be considered. One down-side is that the property is in the County and therefore will be developed by county standards, which might be a concern with the City Planner. There was also the issue of selling capacity outside the city limits where we won't have a tax base. But, we would be getting revenues at 125% of what we would get if it was inside the city, so the one might outweigh the other. Mr. Gallup said it had been discussed in meetings that, although it would have to meet county standards, the plans could be reviewed by staff and city standards could be incorporated.

Commissioner Thornhill said that he would want it stipulated in the agreement that if it was to be annexed in the future, it would have to meet the City's current guidelines. He asked if it was an age-restricted development and was told it was not. He commented that he realized this was a dream or wish but hopefully it would work out and eventually get on our tax roll. Commissioner Thornhill said he was in support as long as the City is not obligated and could back out at any time.

Commissioner Wheeler said Alico was not asking for a commitment to provide service, but just a commitment to being willing to discuss and negotiate for the service. He said it sounded very vague and nebulous, which he guessed it needed to be as they only need some basis for planning. He questioned including the annexation agreement when the property was not in any way close to being contiguous to the City. Ms. Delmar pointed out that the Alico property is a lot closer to the city limits than the Eagle Ridge Mall was at the time of annexation. The mall was not in any way contiguous either, but it was made to be.

Mayor Van Sickle said his original concern had been the cost of putting in the lines but apparently Alico will be paying for that, not the City. He said he would be in support as long as there is sewer capacity at that time, which he said was closer to capacity than our water. He said the Planning Department said we had a few years worth of development before there is a critical issue. But in six years we can back out if we no longer have the sewer capacity, unless Alico is willing to pay for the upgrade of the sewer plant. He added that he thought the project, especially the commercial aspect, was a win-win situation and that maybe the City would grow out that way, making it contiguous to the City. Mr. Gallup added that the City planned to use re-use water, which he said would aid with the water capacity.

## **Agenda Item 2. Kirkland Gym Update**

Mr. Gallup reviewed Agenda Item 2.

[Begin Synopsis, prepared by Harold Gallup, Economic Development Director]

Discussions of repairs required for the facility that will require actions on the exterior walls, roof, water proofing of below grade exterior walls and recommendations of additional work on the building to preserve and stabilize the building. The report will cover the area that is not open at this time also other

areas that are in need of committed repair funding to stop water intrusion and damage to flooring, including the basketball court.

[End synopsis]

Harold Gallup presented an overview of the most probable and pressing conditions affecting the rear portion of the gym shower and locker room area and the major issues that may impact the gym itself. Each Commissioner received a number of pictures and a written update that identified the internal and external structural problems at the ground level and at the top, including the leakage and cracks on the exterior south wall, the roof, the gutter system, and the extensive cracks and water intrusion on the west wall. He reviewed the two options, the immediate action that needed to be taken for the stabilization of the building and the estimated cost of \$101,500.00 to \$166,000.00, which excluded the cost of the gutter system.

Ms. Delmar asked Mr. Gallup to discuss the floor issue (not included in the printed information the Commissioners received). Mr. Gallup said the gym floor is to the point where it cannot be refinished again and explained the type of work and the cost for what needed to be done in about two years if there is no additional water intrusion. He said the floor is tongue-and-groove oak, and will have to be taken out and hand installed.

Mayor Van Sickle said a lot of numbers were given to them for things that need to be done immediately and others years from now. He said what the Commissioners needed is the total cost for immediate repairs, the cost for the floor issues, and the cost for a five year maintenance plan. He added that it was his understanding that the numbers they received did not include fixing the weight room. He said he believes they are talking about a quarter of a million dollars altogether. Mr. Gallup said it would take every bit of that and went over the cost for each.

Commissioner Thornhill asked if the gym had been examined for damages after the 2004 hurricanes and if funds were received by the City's insurance. Human Resources Director Sandra Davis said the City did receive funds but she could not recall how much. Ms. Delmar said the roof was repaired but she did not remember what major work was done. She did not think there was that much concern about the building at that time other than some repairs, though there was major work done on other buildings in the City. Commissioner Thornhill asked if the roof had been replaced or if it was just repaired. Human Resources Director Sandra Davis said she did not have the details with her. Commissioner Thornhill said it may be too late to file a claim for the damage, as it has been five years since the hurricanes. But, he said the report stated that the damage to the gym was caused by high winds like a hurricane. We are not sure it was caused by the hurricanes but he said he would like the gym to be examined to find out. Mr. Gallup said that once the structural engineers make their analysis we would be able to make that determination. But, that in the past five years we have had heavy rains and hot summers with variable temperatures causing natural expansion and contraction. After five years it would be hard to prove it had been caused by the hurricanes. Ms. Davis said she could send Harold's report to the insurance company, have them look at what we paid for hurricane damage and see if any of it qualifies. She said she would have to go through her records to see if we had a replacement roof or had it fixed. Ms. Delmar said the insurance company did send a structural engineer to look at all our building damages. Commissioner Thornhill said his hope would be that it was not too late to have that portion reexamined for hurricane damage and he requested staff to look into it. The City might have missed the boat by not doing what it should have. If the City is due the money, then it should get it and then spend it on what it needs to be spent on.

Commissioner Thornhill said he assumed none of the repairs were budgeted. Ms. Delmar said he was correct. She said they expected additional repair costs when they were looking into the shower and weight room problem, but had not counted on all the additional problems that were discovered. Commissioner Thornhill asked how much was usually budgeted a year for maintenance. Ms. Delmar said \$150,000 a year for general maintenance on all the buildings. Commissioner Thornhill suggested that staff first contact the insurance company, then get the engineering done to find out what the issues are, and then start the bid process for the work. Mr. Gallup said they would set up a list of specific specifications for each element to be put out for bid. Commissioner Thornhill asked how much of the work

could be done by the City's maintenance crew. Mr. Gallup said they could do minor things like painting and fixing some of the cracks, but that two of the three maintenance people could not be taken off their regular jobs for extended periods of time as there are many facilities that they have to maintain.

Commissioner Wheeler said there were other options that could be considered like demolishing the back section so they could rebuild it right, which he thought was the only long-term solution. He said the gym was old, built in sections with add-ons, the weight room being one of them. The building always had problems because he thought it was engineered wrong. Another option would be to put a gable roof over it. Mr. Gallup explained why he did not support that option. Commissioner Wheeler said we needed to find a long-range solution because the gym will forever be a problem. Ms. Delmar said about \$850,000 was put into that building in 1996. Commissioner Wheeler said the question is do we need the shower and weight room if the main function of the building is basketball. He questioned the need for a shower room and bathroom that accommodates 30 or 40 people, for lockers and for that large of a weight room. He suggested demolishing that portion so they could build something smaller but better. Mr. Gallup said the mission of the gym would be a policy decision made by the Commission. Originally, it was a school gym and the showers were needed, but the mission has changed. He said staff could do a cost analysis but he would estimate \$75 - \$110 a square foot to replace it. Commissioner Wheeler said he thought it would be unfair for them to do cheap repairs now and then continue doing repairs on and on. Mr. Gallup said the building is old and attaching something new to an old building causes other problems.

Commissioner Wheeler suggested they might want to include the pool issue as there was talk about co-using the shower room for both the gym and pool. If we rebuilt that portion we could do it so it could be more easily monitored. Mr. Gallup said they could address whatever tasks the Commission would have them take.

Ms. Delmar asked for Commission direction and wanted to know if they wanted staff to wait and budget the repairs in next year's budget, or if they wanted to keep the problem from getting worse by doing the repairs this year from the Fund Balance.

Commissioner Rogers said we could not allow it to get worse and he was in favor of taking it from the Fund Balance because eventually the building would become unsafe. He said he remembered that at some point Warner Southern College was interested in the gym. Mr. Gallup said the interest had been shown by Webber and they had tied it to securing the building next door. They could not get that building so they dropped it. Commissioner Rogers asked Mr. Gallup how safe the building was. Mr. Gallup said the main body of the building was safe, but the problem was that if there was a strong east to west wind with a shear factor, the roof could come down through the weight room and shower room, but that it was not imminent. Mr. Rogers believed we needed to take immediate action to correct the erosion problem because more water will get into the cracks and eventually it will get to a point that the gym will have to be closed down. He suggested that after the immediate repairs are finished, we need to watch closely so we don't have an unfortunate accident. Mr. Gallup said it was not going to get better and we did not want to wait until it became a safety issue.

Commissioner Rogers asked Ms. Delmar if she had any ideas on where they could get the money. Ms. Delmar said there are no grants that cover operating expenses. She said we could get the costs nailed down and then look at the existing budget to see what could be cut. She said we have spent most of the capital that was budgeted, so it would have to come out of the operating budget. Staff could see if there was any budget surplus, but that was unlikely, so it would have to be pulled from the General Fund balance. Mr. Gallup said to just slam something in the crack would be the wrong approach because we do not know what the ultimate problem is. That analysis would cost about \$12,000 to \$15,000. Commissioner Rogers said if there were no grants we would have to come up with the money for the immediate expenses this year and then look ahead in the next budget for the rest. Ms. Delmar said if the Commission wanted staff to take care of the immediate repairs, estimated at \$65,000 to \$75,000, we would have to look at the current year's budget.

Commissioner Howell suggested that, if it was going to cost \$250,000 for the repairs, we should just tear the building down and build what we need. She said that she saw a weight room in another facility that had a glass window so you could see what was going on inside. It could be worked in with the pool

committee to get what we need. She said it was an old building when she went to school there and said if we had had the right engineers inspecting after the hurricanes, they would have seen that the walls were splitting because they were splitting when she was in school. Ms. Delmar said whether or not the damage we see can be attributed to hurricane damage is another question. She said the gym was one of our buildings in better condition after the hurricanes, and it was used to house the construction crews and relief workers. Commissioner Howell recommended that instead of spending a lot of money to repair an old building, we should build a new one. There was discussion about the historic aspects of construction and Ms. Delmar said whatever was done would have to be within historic renovation and restoration guidelines.

Mayor Van Sickle agreed with Commissioners Wheeler and Howell and said that even after the cost of these repairs; in two years we will have spent \$75,000 to repair the floor. Ms. Delmar said we have been spending about \$6,000 on building repairs a year and every three to four years we have to program in the refinishing of the gym floor. The Mayor said we were not looking at \$150,000 to \$250,000 but way more than that over the next five years. He said the showers are not conducive to public showers and we needed to look at the total cost over the next five years. He believed it could possibly be half a million dollars altogether, which would make no sense to spend that kind of money on an old building just to get it up to standards when we already put three quarters of a million dollars in the building and don't have a lot to show for it.

Mayor Van Sickle had some other concerns. He said the vandal problem needed to be addressed as many of the pictures showed broken windows and that type of thing. Ms. Delmar said we can't keep ahead of the vandals. Mayor Van Sickle said he sure would like the police department to put the vandals in jail, as it is foolish to spend money to build things only to have them torn up.

The Mayor's second concern was using the fund balance. He said we had a very good audit and are almost there on the required criteria. But, when you start looking at the indicator numbers, our fund revenue versus our debt, we are still not looking too good. We worked so hard to get to this point, but have skipped maintaining the buildings and may have to do some catch-up. But he did not want to use that fund balance. Ms. Delmar said it would have to come out of one of two places: reduction of services, meaning that the departments would have to give back part of their budgets; or the fund balance. She said revenues and charges could not be raised. The Mayor said it looks like we will have a 20% shortfall next year so we already will have to cut one fifth of the budget or we will have to raise taxes. Raising taxes, he said, was not an option. We have so many foreclosures because people are out of work and can't afford the present taxes. We will have a tough time cutting one dollar out of five from next year's budget. He added that we are five or six years behind on maintaining the buildings.

Commissioner Wheeler suggested selling off the excess property the City owns for the funds. Ms. Delmar said we would not get much. We have seven properties with a fair market value of about \$4,500 each, though there are two that are worth more.

Mayor Van Sickle said the direction for staff is to find out the repair costs. But he noted that after fixing it we still would have a building that has more problems than realized with a lot of operational maintenance costs. He said that two Commissioners think it would be better to put the money into a new historical building and he could not disagree with that. Mr. Gallup asked if they wanted to take the back part off and restore that end wall and incorporate that into the pool project. At this time, we do not know where the pool would be located. The Mayor said it has to be separate from the pool because they still don't know how much the pool will cost or if it is a viable project, yet.

### **Agenda Item 3. Real Estate Asset Disposal Program**

Ms. Delmar reviewed Agenda Item 3.

[Begin synopsis, provided by Harold Gallup, Economic Development Director]

Discussion of the categorizing of the Real Estate Assets held by the City but not essential to the operation of the City or any of its operating departments for disposal by one or more methods. To discuss the

elements of the policy and procedures for creating the program and effectively passing these under utilized assets back to the tax rolls of the City and providing positive development opportunities to improve the lives of our citizens.

[End synopsis]

Ms. Delmar said we have a total of nine residential infill housing properties and eight non-residential properties. Two of the non-residential properties have a higher fair market value, those on Tillman Avenue and First Street. These two properties would be along the lines of what Commissioner Wheeler was talking about. She said out of the nine residential properties, six of them have a fair market value of less than \$5,000. One of them has six lots, and the Mayor said those lots are fairly nice. He said the City needs low-cost housing for single mothers and low income families so suggested turning them over to Habitat for Humanity to get those on the tax roll. He added that the neighborhood was a good one for raising a family.

Ms. Delmar said that Mr. Gallup would like to discuss a plan he had for disposing the properties. She said that one of the things she wanted to get clear directions on was putting a value to these properties. She said the value of the properties were so low that we might not want to spend the money to get them appraised. We may want to go with the fair market value as a minimum price if we go to auction. We have to be able to set some kind of value unless we just want to hand them over.

Commissioner Rogers suggested that if someone has a house next to an old vacant lot and can clean it up and pay insurance on it, we should give them first right of refusal. He said he would like the six lots to go to someone with plans to build a house because then it would be on the tax rolls. But, in some cases, the lots are only 50' wide and with the setbacks, and without a variance on the property, it would be hard to build a house on them. If someone could get first right of refusal on the small lots and we could sell it to them for even \$100 we would be ahead because the lots are not worth much anyway and anything we can get would be better than nothing. He also said he would like the lots on Tillman Avenue pulled from the list because it could be valuable to the Police Department or to the college.

Ms. Delmar said most of the commercial lots are on Lincoln Avenue and there are plans in the works for those. Staff needs the Commission to declare for the record what properties they want put on the surplus property list. She said there was a request to pull the two properties on Tillman Avenue and she asked if there were any other properties they wish to pull from the list. She said an interest was expressed for the property outside the city limits near the business park that used to be the Candlelight Water Plant so they may want that one pulled from the list. There was also interest shown for the City property across the street from the Administration Building on Park Avenue. She explained that we have to go through legal procedures for a public auction, but we may not have to do more than advertise for sealed bids. We do need to set a minimum value on the property to cover the cost to the City.

Commissioner Rogers suggested going down the list and setting a value on each property. Commissioner Wheeler suggested starting with those with the highest value like the Ridge Fertilizer property. Ms. Delmar said that property has potential for the future public works building if the City moves forward with the pool. Commissioner Rogers suggested pulling that one. Mayor Van Sickle asked if we had the property across from the fish market on Scenic Highway that has code violations because of disrepair. Ms. Delmar said it was not a city building. The Mayor said we needed to get rid of all the property we could and agreed with pulling the property on Tillman Avenue and then set a price for the others. He suggested asking a realtor what they could sell them for.

Mr. Gallup said that if we give a property to an organization like Habitat for Humanity who has a qualified buyer, we would need to see a financial package and know there is a qualified license builder. We would need to know that all of the legal papers are completed. When we turn it over to a bank there has to be a minimum value set for the property. This value would go toward the 20%, or whatever percent is required by the bank, for down payment money. If you put a zero value on the property the institution, i.e. Bank of America, Wells Fargo and the like, will place no value for contribution that exempts the borrower. When we get into any of these home loan programs we need to set a value that is the highest value for the use. We should not be giving property away.

Commissioner Wheeler said that Habitat for Humanity did not work that way. They don't care what value you put on the lot because it is given to them. They only need to go through a bank if they are going to buy something, which would not happen very often. Mr. Gallup said there are programs that do look at the value of the property. He said it makes the ability to get a mortgage easier in the tight market of today so we need to set a minimum value for the bid.

Mayor Van Sickle said we needed to set the value but it is hard to know what the value should be when you don't know where the lot sits or what surrounds it. Ms. Delmar suggested the assessed or the fair market value that the property appraiser's office sets. Mr. Gallup said in theory it is supposed to be 100% of the market value at the time the property appraiser made the determination. He explained how the property appraiser comes up with the adjusted value. Ms. Delmar said those numbers are in the record as assigned by the property appraiser. Mayor Van Sickle said that the value may have been assigned several years ago and the value is less in today's market. Commissioner Wheeler said they could start with the adjusted market value, and if no one is interested, lower what we will take. Mr. Gallup said that the public record value is recognized by realtors, brokers, property appraisers, and bank financing teams as the established floor they can attach when writing up a proposal or mortgage. Therefore, it does give us the bottom line in theory.

Mayor Van Sickle said that he liked Commissioner Roger's idea to see if property owners next to a vacant lot would like them because then the City would not have to maintain those properties, and the people living there may make them look better. The Mayor explained how an appraisal works and said it has been so long since property there has been sold. It would be hard to come up with comparables for the adjusted market value. He said his point is to get the properties on the tax roll and for them to get out of the real estate business.

Ms. Delmar said that is why staff needed some guidance. She said staff's recommendation would be to put them up for public auction with the adjusted market value as the minimum bid because the public had some costs associated with these properties, though not much.

Commissioner Rogers pointed out a lot that he seriously thought was too small to build a house on and he did not think there would be a serious bidder. He asked if a buyer would have to get a variance under the City's Code to build a house there. Planning & Development Director Margaret Swanson said we have some provisions for existing, undersized lots for infill housing in neighborhoods so they do not have to get a variance. Commissioner Rogers asked about the setbacks and Ms. Swanson said the side setbacks were just 5 feet.

Mayor Van Sickle said the Commission direction is to put the lots up for public auction with the adjusted market value as a starting point. Ms. Delmar said staff would bring this back to be formally declared surplus.

The Mayor asked that staff first look into the project with Habitat for Humanity, or any other group that wants to put low income people in housing. Ms. Delmar asked if he was referring to the 3<sup>rd</sup> Street parcel and he was. Commissioner Rogers asked if they should set a year time-limit for the start of construction. Commissioner Wheeler said that the Habitats he is familiar with keep an inventory of lots. They start building whenever they have people that meet their qualifications. If we give them the property there is no guarantee they would have qualified people for it within the year. Commissioner Thornhill said that they also have a list of people who are qualified already and are waiting for a lot to become available in their chosen area. Commissioner Rogers asked if Commissioner Wheeler thought their lots would meet Habitat's qualifications and he said he did not know. Commissioner Howell asked if they would contact Habitat for Humanity first or have the auction first, and was told they were only offering the Habitat that one property on 3<sup>rd</sup> Street. Commissioner Howell said we may be able to get Habitat to do it in other places as well to fill up that neighborhood.

Commissioner Howell asked if no one bid at the adjusted market value, how low they should go. She did not want someone to come in and snatch up all the available property for \$1,000 each. If Habitat could use the properties, then that is great; not just in one place, but everywhere. We have to have a bottom

line. Ms. Delmar said they would see if Habitat for Humanity could use the property before putting it up for auction, which would be the last resort. She suggested pulling the Candlelight property and the 351 W. Park Avenue property, as there has been strong interest in those two properties.

Mayor Van Sickle said the Commission has some direction: pull the properties with the higher market value and for the other properties, pursue Habitat for Humanity to provide low cost housing for people who qualify. Commissioner Howell said there are private industries that could do the same thing as Habitat.

Commissioner Wheeler said that this was the last workshop he would be attending and he wished everyone well.

**OPENED TO PUBLIC COMMENT**

Jack Neal, 435 E. Central Avenue, said he was a volunteer for Lake Watch and brought with him a disposable device made by that group that could be placed in a lake to soak up oils and poisons for them to try. Ms. Delmar asked him to get with Public Works Director Tom Moran who deals with storm water issues. She asked if they had to be disposed of as hazardous waste and he said he did not know. He said there was a similar commercial device on the market called Water Goat, the only difference being it has a screen or net that hangs from it for collection but that it would not be good to use in a retention pond. He said the one he has is better than nothing and would not cost much.

**CLOSED TO PUBLIC COMMENT**

There being no further business, the meeting was adjourned.

ATTEST:

  
\_\_\_\_\_  
Mayor/Commissioner

  
\_\_\_\_\_  
City Clerk