

A workshop meeting of the City Commission was held on August 10, 2010 at 6:00 p.m. in the Commission Chambers at the Municipal Administration Building. The meeting was called to order by Mayor L. Jack Van Sickle.

COMMISSIONERS PRESENT: Michael S. Carter; Terrye Y. Howell; John Paul Rogers; Jonathan Thornhill; Mayor L. Jack Van Sickle.

COMMISSIONERS ABSENT: None.

CITY REPRESENTATIVES PRESENT: Judith H. Delmar, City Manager; Clara VanBlargan, City Clerk; Jacquie Hawkins, Deputy City Clerk; and Dorothy Pendergrass, Finance Director.

Agenda Item 1. Roll Call

Agenda Item 2. Budget Discussion

Ms. Delmar reviewed Agenda Item 1. The full staff budget summary memo is incorporated into the minutes.

[Begin agenda memo]

Mayor and Commissioners:

Submitted herewith is the proposed FY10'11 budget document which 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. The 5-Year Capital Improvement Plan for FY2010-11 through FY2014-15 will be forwarded to the City Commission within the next few weeks. Year 1 of the 5-Year CIP is included in the document presented at this time. 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 12.20% below the rolled-back rate of 8.3456 mills which is the rate that would generate the same amount of revenue with 2010 property values as the current rate generated with 2009 property values. On July 20, 2010, the City Commission adopted the current millage rate of 7.3277 as the Interim Millage Rate for proceeding through the FY2010-2011 budget adoption process. While it may be lower, the Final Millage Rate cannot exceed the Interim Millage Rate.

The following chart shows the tax levied at the current/proposed rate for taxpayers at various assessed valuations:

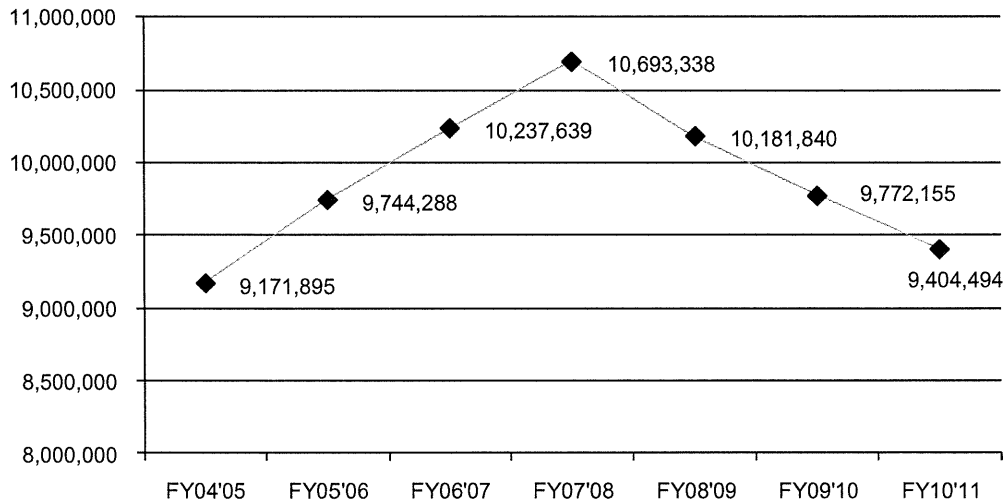
| Assessed Value | Taxable Value | | Tax Levy 7.3277 mills (current & proposed) |
|----------------|---|---|--|
| | with 1 st \$25,000 homestead exemption | with 1 st & 2 nd \$25,000 homestead exemption | |
| \$60,000 | \$35,000 | - | \$256.47 |
| \$75,000 | \$50,000 | - | \$366.39 |
| \$100,000 | - | \$50,000 | \$366.39 |

| | | | |
|-----------|---|-----------|------------|
| \$150,000 | - | \$100,000 | \$732.77 |
| \$175,000 | - | \$125,000 | \$915.96 |
| \$200,000 | - | \$150,000 | \$1,099.16 |

OTHER REVENUES

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 2009 to June 2010 was 1.1%, 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 three years. Revenues from state and other intergovernmental sources are also projected to be lower than last year. As a result, General Fund revenues in FY10’11 are projected to be \$367,661 less than budgeted in FY09’10. Further, General Fund revenues are projected to be \$777,346 less than actually received in FY08’09 and \$1,291,909 less than actually received in FY07’08. This declining revenue trend is illustrated in the following chart:



Note: Revenues do not include loan proceeds, insurance proceeds or interfund transfers.

FUND BALANCE

When the Property Appraiser’s Office forwarded its preliminary estimate of taxable value in June, it was apparent that ad valorem revenues in FY10’11 would be substantially lower than in FY09’10 –not only in the General Fund, but also in the CRA and Library funds. To create “savings” in FY09’10 that could be carried forward to help fund FY10’11, a spending freeze was immediately implemented except where such a freeze would violate an existing contract, critically impair departmental operations, or create a potential threat to the public safety or welfare. As a result, it is anticipated that General Fund departments will save more than \$375,000 in budgeted FY09’10 appropriations that will be carried forward to fund operations in FY10’11.

As strongly recommended by the City’s auditors, it has been the goal to increase the General Fund balance to 15-20% of the total operating budget. In terms of the proposed FY10’11 budget, this would require a General Fund balance of \$1.61 to \$2.15 million.

On September 30, 2009, unreserved fund balance of the General Fund was \$2,511,060, while total fund balance reached \$2,983,010. Unreserved fund balances represented 24.13% of total general fund

expenditures, while total fund balance represented 28.66% of the same amount. Excluding the Tax Anticipation Reserve/Pool Construction Account (\$1,042,442), the fund balance of the General Fund was \$1,940,568 or 18.6% of FY09'10 expenditures.

If revenue and expenditure trends reported at June 30 are maintained through the end of the year, it is estimated that revenues could exceed expenditures by as much as \$495,000 at 9/30/10, allowing us to carry forward a fund balance of \$3,478,686. This is the equivalent of 32.6% of the proposed FY10'11 General Fund budget, or 22.7% if the Tax Anticipation Reserve/Pool Construction Account is excluded. However, in order to provide for emergencies or other unanticipated expense in the 4th quarter of this fiscal year, we are more comfortable with carrying forward a total fund balance at 9/30/10 of \$3,358,686, thus allowing us to conservatively budget \$375,000 in FY09'10 "savings" (excess revenues over expenditures) to supplement estimated FY10'11 revenues in funding next year's expenses.

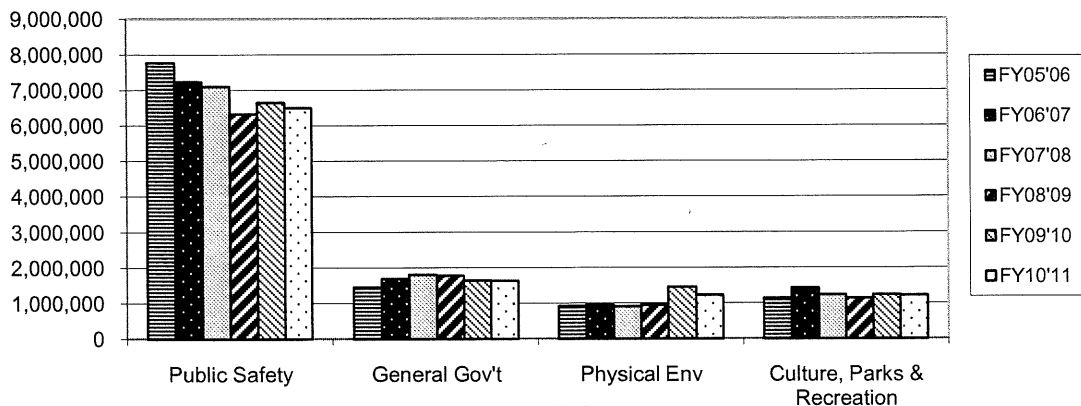
It should be emphasized that, if the proposed budget is adopted, the General Fund balance at 9/30/11 is estimated to be \$2,872,475 –this is \$486,212 less than it will be at 9/30/10 and about \$110,000 less than it was at 9/30/09. The latter is due to the fact that some of the surplus revenues generated in FY08'09 will be used to fund a portion of the repairs to the Kirkland Gym that are budgeted in FY10'11. Regardless, the fund balance at 9/30/11 is projected to be 26.9% of the FY10'11 General Fund operating budget or 17.0% if the Tax Anticipation Reserve/Pool Construction Account is excluded –still within the range recommended by the City's auditors. We are recommending, however, that fund balance not be reduced below this level at this time in order to ensure there will be sufficient resources to cover future costs until the economy improves and annual revenues begin to increase.

EXPENDITURE OVERVIEW

Initial budget requests submitted by the departments exceeded General Fund revenue projections by more than \$2.2 million dollars. By significantly reducing the initial requests and utilizing the current year budget savings discussed above, 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).

By necessity, the proposed FY10'11 Budget responds to reductions of ad valorem proceeds and other General Fund revenues by reductions in spending on core municipal services as well as parks, recreation and other "quality of life" services. Although expenditures in the proposed FY10'11 budget are \$621,924 below expenditures in the FY09'10 budget –an overall spending reduction of 5.5%– \$223,825 is attributable to reduced transfer requirements to other funds (Debt Service and Capital Projects).

Taking into consideration the fact that there are cost increases for fuel, utilities, insurance, pension benefits and other non-discretionary items, it can be seen that the remaining \$398,099 reduction is achieved only by reducing expenditure budgets for operating equipment and supplies, maintenance and repair, contract and professional services, programs and other items that are required to provide the level of service expected from each department. In addition, three vacant positions have been left open for the remainder of FY09'10 and have been cut from the proposed FY10'11 budget (2 police officers, 1 code enforcement officer).



Also taking into consideration the fact that reductions in ad valorem and other revenues have necessitated significant cut-backs in capital equipment replacement, maintenance and repair, and operating supplies every year since FY08'09, it must be acknowledged that most of our departments have now reached the lower limit and can make no additional cut-backs without reducing or eliminating services to the public. This is particularly true in our public safety departments.

As stated previously, the proposed budget includes no employee lay-offs, salary reductions, or days off without pay. The proposed budget includes no Cost of Living Adjustment (COLA) for employees. The cost for each 1% across-the-board salary increase is approximately \$89,250, and a 3% increase would cost about \$267,750. On October 1, 2008 employees received a 1% COLA; however, this adjustment followed a 12-month period which saw a 5% increase in the CPI. In December 2009, employees received a 1% one-time lump-sum increase in the form of a Christmas bonus. Although operating budget cuts have occurred in all departments, the proposed budget includes \$52,895 for commissioner and employee training and training-related travel. Tuition assistance will not be offered except to fund one class per semester for employees who began a degree program prior to October 1, 2008. Tuition assistance to begin new degree programs will not be funded in FY10'11.

The proposed General Fund operating budget totals \$10,733,706. This represents a reduction of 5.5% from the current year's budget. Significant reductions will be discussed later in this memorandum.

SUMMARY OF ALL FUNDS

| | |
|-----------------------|---------------------|
| General Fund | \$10,660,613 |
| Special Revenue Funds | 4,202,079 |
| Debt Service Fund | 2,279,722 |
| Capital Projects Fund | 0 |
| Utility System Fund | 9,928,173 |
| Airport Fund | 1,285,660 |
| TOTAL | \$28,356,247 |

The expenditure total of \$28,356,247 is comprised of operating costs in the amount of \$21,509,044 and capital outlay in the amount of \$6,847,203. Transfers in the amount of \$3,127,147 bring total expenditures plus transfers to \$31,483,394. The proposed operating budget expenditures for FY10'11 are 9.1% or \$2.73 million less than the actual total expenditures for FY08'09 (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 C St. and vicinity sewer improvements, airport runway extension and perimeter fencing, Lincoln Avenue parking improvements, Downtown improvements, and miscellaneous equipment purchases budgeted as follows:

| | |
|-----------------------|-----------|
| General Fund | 32,000 |
| Special Revenue Funds | 721,390 |
| Capital Projects Fund | 0 |
| Utility System Fund | 4,913,813 |
| Airport Fund | 1,180,000 |

| | |
|-------|-------------|
| TOTAL | \$6,847,203 |
|-------|-------------|

REVIEW OF DEBT SERVICE

As required by Charter, a summary of the City's outstanding principal balance at September 30, 2010 is presented as follows:

SunTrust Capital Improvement Revenue Note, Series 2003; 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: \$6,014,242; last payment 2017.

SunTrust Utility System Revenue Note, Series 2005; issued finance construction of chlorine contact chamber at Wastewater Treatment Plant and city's cost portion of reuse transmission lines. Annual interest rate: 4.20%. Balance: \$560,931; last payment 2015.

Wachovia Utility System Improvement Refunding Revenue Note, Series 2006A; issued to refund existing bonds and fund Water and Sewer system improvements. Annual interest rate: 4.09%. Balance: \$4,894,869; last payment 2017.

Wachovia Utility System Refunding Revenue Note, Series 2006B; issued to finance construction of south side force main and other Utility system improvements; initially issued as a non-revolving line of credit during May 2006 but converted to a term loan on October 1, 2009. Annual interest rate: 1.14%. Balance: \$2,550,000; last payment 2027.

CRA Redevelopment Revenue Note, Series 2007; issued to finance redevelopment capital improvement projects. Annual interest rate: 3.77%. Balance: \$8,760,418; last payment October 2028.

SunTrust Refunding Revenue Note, Series 2009; issued to refund Public Improvement Bonds, Series 1997 (which refunded 1991 and 1989 bonds for financing various capital projects) and to refund the 2008 Motorola lease which originally funded fire and police equipment. Annual interest rate: 3.19%. Balance: \$1,870,300; last payment 2015.

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: \$791,240; last payment 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: \$508,370; last payment 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: \$1,017,105; last payment 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: \$917,158; last payment 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.

Florida League of Cities Master Lease Program, 2006 for lease-purchase of Fire Truck. Annual interest rate: 4.28%. Balance: \$181,921; 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: \$31,500; last payment 2012.

The City's total indebtedness at 9/30/10 is \$28,278,054 which is equal to 4.4% of the 2010 taxable valuation of \$643,195,776. Debt payments due during FY10'11 total \$3,742,524 and represent 17.4% of the City's operating budget (excluding interfund transfers and capital outlay). A schedule showing the City's outstanding debt at September 30, 2010 is included in the Charts & Graphics portion of the proposed budget (page c-3).

BUDGET HIGHLIGHTS

A summary of the important aspects of the proposed FY10'11 budget document is provided as follows:

1. A 10% increase for workers' compensation, liability, property and casualty insurance premiums is budgeted in accordance with preliminary estimates received from our property, casualty and workers' compensation providers; actual cost increases, if any, will be determined in mid-August.
2. A 10% increase for health care coverage is tentatively budgeted. We are currently out to bid on health care coverage, and the actual increase, if any, will be determined during the next few weeks.
3. Pension contribution rates have been budgeted for FY10'11 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 09'10 | 1.4% | 21.9% | 27.8% |
| FY 10'11 | 2.5% | 24.4% | 30.9% |
| Change | +1.10% | +2.5% | +3.1% |

The above rates represent the City's contribution to the three pension plans. In each case, the employee contributes 5% of his or her annual salary to the plan.

4. Changes in departmental staffing in FY10'11 as compared to the FY09'10 amended budget are detailed in the following chart:

| | | |
|--------------------------|--------|---|
| Human Resources | + 1.00 | Clerical position transferred from Support Services and Customer Service to perform Switchboard/Receptionist duties |
| Support Services | - 0.75 | Clerical position transferred to Human Resources |
| Billing/Customer Service | - 0.25 | Clerical position transferred to Human Resources |
| Finance | + 0.50 | Accounting position added to begin preparing for transition of duties |
| Facilities Maintenance | - 1.00 | Facilities Maintenance Tech position transferred to Field Operations |
| Facilities Maintenance | + 0.50 | Custodial position added to make 2 P/T custodians responsible for Municipal Admin Bldg, Police Dept, and Kirkland Gym |
| Field Operations | - 1.00 | Parks Superintendent position eliminated with retirement of employee |
| Field Operations | + 1.00 | Turf Specialist position added to maintain athletic fields |
| Field Operations | + 1.00 | Facilities Maintenance Tech position transferred from Facilities Maint |

| | | |
|--------------------|--------|---|
| Field Operations | + 0.25 | Annualized effect of Maintenance Worker position added 1/1/10 |
| Police Department | - 1.00 | Special Investigations position eliminated to fill vacant patrol position |
| Community Policing | - 1.00 | COPS position eliminated to fill vacant patrol position |
| Code Enforcement | - 1.00 | Vacant Code Enforcement Supervisor position eliminated (responsibilities assigned to COPS supervisor) |
| Library | - 0.25 | Hours reduced for P/T Library Clerk position |
| | - 2.00 | Net Change in positions since amended FY09'10 Budget |

5. Capital expenditures proposed for FY10'11 are itemized in the following chart:

| Item | Cost | Funding Source |
|---|-----------|------------------------------------|
| Airport - Runway Extension | 830,000 | Airport Grants |
| Airport – Perimeter Fencing | 250,000 | Airport Grants, General Fund |
| Airport – Runway 17-35 Improvements | 100,000 | Airport Grants, General Fund |
| Economic Development – Lincoln Avenue | 20,000 | CRA Tax Increment Revenues |
| IT – System Backup Server | 12,000 | General Fund Revenues |
| Library - Books & Subscriptions | 60,000 | Library Fund Revenue |
| Longleaf Business Park – Landscaping & Signage | 50,000 | Proceeds from sale of lots in LLBP |
| Parking Improvements - Lincoln Ave | 75,000 | CDBG Commercial Vitalization Grant |
| Parks & Recreation – Irrigation Wells LWLL Fields | 20,000 | Operating Revenues |
| Police Dept – AED's (portable defibrillators) | 7,000 | Byrne Law Enforcement Grants |
| Police Dept - Video Systems/Cameras | 18,000 | Byrne Law Enforcement Grants |
| Reuse System – LWCC Golf Course Transmission Line (Engineering) | 85,000 | Impact Fees |
| Reuse System - Misc New Services | 5,000 | Utility System Operating Revenues |
| Sewer System – C St & Vicinity Improvements | 929,543 | CRA Bond, Tax Increment Revenues |
| Sewer System – Cable Sewer Cutter | 600 | Utility System Operating Revenues |
| Sewer System - Force Main/Lft Stn Crooked Lake | 435,870 | Loan Proceeds, Impact Fees |
| Sewer System – Root Cutter 8" & larger | 5,000 | Utility System Operating Revenues |
| Sewer System – Sliplining | 140,000 | Utility System Operating Revenues |
| Sewer System - Treatment Plant Rehabilitation | 991,500 | Loan Proceeds, Operating Revenues |
| Sewer System - Treatment Plant Upgrade/Expansion | 2,005,300 | Loan Proceeds, Impact Fees |
| Sewer System – Vactor Truck Nozzles | 5,000 | Utility System Operating Revenues |
| Streets Division – Irrigation Well US 27 Medians | 10,000 | Operating Revenues |

| Item | Cost | Funding Source |
|---|--------------------|------------------------------------|
| Streetscape Improvements - Downtown | 331,390 | CDBG Commercial Vitalization Grant |
| Streetscape Improvements - Lincoln Ave Lights | 150,000 | CDBG Commercial Vitalization Grant |
| Water System – Elev Storage Tank Modification | 168,000 | CRA Bond |
| Water System – FlexNet/Auto Meter Reading | 116,000 | Impact Fees, Operating Revenues |
| Water System - Misc New Services | 25,000 | Utility System Operating Revenues |
| Water System – Tapping Machine | 2,000 | Utility System Operating Revenues |
| TOTAL CAPITAL EXPENDITURES | \$6,847,203 | |

6. 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, 2010.

| | 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 | 5.33 | 2.11 | 2.85 | 4.43 | 7.29 | 18.93 | 2.49 | 4.36 |
| 10/1/10 | 5.46 | 2.16 | 2.92 | 4.54 | 7.47 | 19.40 | 2.55 | 4.47 |

For inside-city residential customers using an average of 8,000 gallons per month, water charges will increase from \$24.43 to \$25.02, and sewer charges will increase from \$44.45 to \$45.56; the combined bill for water and sewer will increase from \$68.88 to \$70.58.

7. The FY10'11 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 \$20.36 per month to \$20.87 per month.
8. The proposed FY10'11 revenue budget includes reimbursement of \$11,872 for public services provided to sponsors of special events. Over the years, special events such as parades and events downtown and in Lake Wailes park have increased in number from five or six in 1993 to more than 20 in 2009. Historically, the City has provided set-up, clean-up, and traffic control as an in-kind service. In 2009, nearly 1,500 man-hours were contributed by the City for special events at a cost to the public of more than \$50,000.

| | Allocation of In-Kind Expense | | | Total In-Kind Expense | Proposed 25% reimb | Public Expense |
|---|-------------------------------|------------------|--------------|-----------------------|--------------------|----------------|
| | Police Dept | Support Services | Field Ops | | | |
| 4th of July | 1,423 | 553 | 799 | 2,774 | | 2,774 |
| Airport Jet Rally | | | 49 | 49 | 12 | 37 |
| Arts Council - Art Show | 1,877 | | 1,190 | 3,067 | 767 | 2,300 |
| Boat Races on Lake Wailes | 1,877 | | 245 | 2,122 | 530 | 1,591 |
| Christmas by the Lake | | | 49 | 49 | 12 | 37 |
| Christmas Parade | 1,212 | | 571 | 1,783 | 446 | 1,337 |
| Family Fitness Day | 938 | | 82 | 1,020 | 255 | 765 |
| Going to the Dogs | | | 49 | 49 | 12 | 37 |
| Hillcrest School Walk-a-thon | 78 | | 65 | 143 | 36 | 107 |
| Homecoming | 821 | | 65 | 886 | 222 | 665 |
| Main Street Events (3) | 10,792 | | 65 | 10,857 | 2,714 | 8,142 |
| Mardi Gras Celebration | 11,144 | | 179 | 11,323 | 2,831 | 8,492 |
| Martin Luther King Celebration | 6,764 | | 758 | 7,522 | 1,881 | 5,642 |
| Pioneer Day | 2,190 | 1,768 | 1,190 | 5,148 | 1,287 | 3,861 |
| Polk Sr. Games | 469 | 332 | | 801 | 200 | 601 |
| Roosevelt Alum Parade/Cultural Festival | 821 | | 98 | 919 | 230 | 689 |
| Tour of Lake Wales | 117 | 177 | | 294 | 74 | 221 |
| Veteran's Day Parade | 704 | | 49 | 753 | 188 | 565 |
| YMCA Bike-a-thon & 5K Run | 704 | | | 704 | 176 | 528 |
| Total Expense for Special Events | 41,931 | 2,829 | 5,503 | 50,263 | 11,872 | 38,391 |

When the special events ordinance was approved in the early 1990's, the policy was adopted whereby the event sponsor is able to retain all fees charged to vendors or event participants to help offset the sponsor's costs for the event. Unlike many other cities, Lake Wales has never required sponsors to pay an event fee and has never required event vendors to hold a city occupational license or pay a business tax provided they pay a fee to the event sponsor and are licensed to do business in the county. The city has never received any income from special events to help offset the cost of public services provided.

While we are not suggesting that in-kind services for parades and other special events be eliminated, it is staff's suggestion that event sponsors pay a fee equal to 25% of the cost of in-kind services. Staff will work with the event sponsors to reduce the amount of in-kind services needed from the city (i.e., shorter or straighter parade routes with fewer corners to navigate, more sponsor participation in set-up or clean-up, shorter hours for the event, etc.).

If the Commission wishes to implement this suggestion, staff will prepare an ordinance for consideration with the millage and budget adoption ordinances. If the Commission does not wish to implement this suggestion, the revenue budgeted for special events reimbursements will be deleted.

9. With the exception of the two items discussed below, no modifications of the organizational structure have occurred in FY09'10 or are planned for FY10'11.

Changes to Code Enforcement Process

Shortly before the hiring freeze was implemented in early June, the city's Code Enforcement Supervisor retired. Although hiring a new code inspector would have been possible if it were determined that code enforcement operations were severely impaired by the staff reduction, the Police Chief chose instead to reengineer the code enforcement function by consolidating it with the Community-Oriented Policing Section.

It was determined that a lack of efficiency in the traditional code enforcement process had created a system that was ineffective. The improved code enforcement process will allow enforcement action to begin within 7 days following identification of a violation. In addition, the civil citation system will be used to achieve swift compliance, when possible, rather than using the Code Enforcement Board. In cases involving foreclosed or vacant properties, the parcel will be posted using the high-visibility signs recommended by Commissioner Thornhill. This will clearly demonstrate the City of Lake Wales is taking enforcement action as expected by the community.

The Police Department has begun the process of recruiting 2 to 4 volunteers to join the VOICE Unit for the purpose of conducting basic code enforcement. Each volunteer will receive 24-hours of training related to code enforcement procedures, traffic control and vehicle operations. When complete, the new VOICE members will support the community-based approach to code compliance.

Each month a Community Cleanup will be conducted within a particular section of the city. This community-based approach employs education, enforcement and compliance to ensure the entire CRA area receives comprehensive code enforcement services yearly.

The City's response to public nuisances has improved significantly by employing private vendors to edge, mow and sweep properties. If a property is an imminent risk to the health, safety and welfare of the public, vendors are employed within 24 hours to mitigate the hazard. If a property owner fails to comply with a notice of violation, private vendors are used to edge, sweep and mow properties that could become a public nuisance. Normally, this action will be taken within 10 days. In both instances, the costs associated with this action are placed against the property through an administrative lien.

To further improve efficiency, the department acquired the iWorQ code enforcement software. This software will move the code compliance officer out of the office and into the field. Through integration with the Polk County Property Appraiser's database, the code compliance officer can conduct all enforcement activities in real time while in the field. Warnings, notices to appear and civil citations will be created and issued from the officer's vehicle. In addition, the software will track activity and schedule tasks such as inspections. The law enforcement officers from the COPS will also use the software to issue warnings, which will automatically be sent to the code compliance officer for inspection. In addition, the Planning and Development Department can use the software to refer violations of the Land Development Regulations (LDRs) to the code compliance officer.

Finally, the Chapter 12 revision will contain the changes necessary to increase the effectiveness and efficiency of the code enforcement process. The final draft has recently been presented to the City Attorney for review and approval after which it will be forwarded to the City Commission.

Administrative Transition Plan

Within the next two years, the Accounting Manager will retire. The Accounts Payable Administrator will retire about twelve months later. This 50% turn-over in Finance Department staff becomes an even greater concern because the City Manager will retire in just over two years, in November 2012. Some of the duties of Assistant City Manager that were retained when taking the position as City Manager included budget preparation, TRIM compliance, and preparing monthly financial statements for presentation to the City Commission. All of these responsibilities must be transferred to the Finance Department in such a way that the transition is as seamless as possible.

Responsibility for the monthly financial statements has been transferred from the City Manager to the Accounting Manager within the last six months. In June, responsibility for the TRIM compliance process was transferred from the City Manager to the Finance Director who will now handle all of the reporting to the Department of Revenue.

Responsibility for preparing the annual budget and the 5-Year CIP has not yet been transferred from the City Manager to the Finance Department, but this transition will take place during the next twelve months so that there are no delays in completing the FY11'12 budget. The current operating budget is

composed of more than 100 linked spread-sheets that require the manual entry of current and prior year budgets and actual expenditure data in addition to the budget request data for the next fiscal year. The 5-Year CIP budget is almost as voluminous.

Over the next year, our Accounting Manager will convert these two budgets into documents that will require less manual work because they will utilize data that is imported directly from the accounting system. This conversion will, by virtue of the magnitude of the project, be the primary focus of the Accounting Manager for the next year. To facilitate this work, we have recently added a part-time Accounting Clerk to assist the Accounting Manager with her existing duties. It is planned that over the next eighteen months, this Accounting Clerk will be sufficiently trained in the duties of the Accounting Manager to move into her position at the time she retires.

Other duties connected with the Assistant City Manager position that are not already being handled by department heads are gradually being delegated to other employees, and this process should be complete within the next 12 to 18 months. Aside from the budget, the responsibility for the City's web site is the most complicated transition to manage, but the IT Director has begun assembling the resources to complete the transition well ahead of the 2-year deadline.

It is the goal to have a replacement for the City Manager in place by the beginning of June 2012 so that he or she may take a key role in development of the FY 12'13 Budget. Funds to pay for this employee will be included in FY11'12 Budget.

10. As stated previously in this memorandum, significant cut-backs have been necessary to balance the budget at the 7.3277 millage rate. Except for the use of savings resulting from the current year's spending freeze, General Fund balance is not reduced and is maintained at the level recommended by the City's auditors. Also as stated, we are recommending that fund balance not be reduced below this level at this time in order to ensure there are sufficient resources available to fund critical services without a tax increase if shortfalls should occur before the economy improves and annual revenues begin to increase.

Reductions made to balance the budget include the following:

- Police Department staff is reduced by a total of 2 vacant positions; 1 COPS officer has been transferred to fill a vacant patrol position and 1 officer in the Special Investigations section has been transferred to fill a vacant patrol position. The result is that both the COPS unit and the Special Investigations section are reduced by 1 position. This necessarily leads to a reduction in level of service provided by the Police Department.
- The Code Enforcement department is reduced by 1 position; however, it is believed that consolidation with the Community-Oriented Policing Section will improve the efficiency and effectiveness of the department.
- The contract with the Historic Lake Wales Society (\$30,000) for operation of the Depot Museum is not funded in the FY10'11 budget. In addition to the \$30,000 operating contract, \$38,868 was budgeted in FY09'10 for insurance, maintenance & repair, telephone, copier lease and miscellaneous IT expense for a total of \$68,868. Due to the fact that extensive repair work was necessary on the rear exterior wall of the building, it is estimated that expenditures for the Depot in FY09'10 will total between \$75,000 and \$80,000. This is actually about half the amount that should be budgeted on an annual basis to operate the Depot properly with two employees and a minimal budget for operating and programs.

Throughout the country, museums of all sizes are suffering funding cut-backs that make operations difficult, if not impossible, to continue. Funds allocated to the Depot have been reduced each year since FY05'06 and were cut dramatically in FY08'09. In view of the fact that resources are growing more scarce every year and by necessity must be allocated first to services the City is required to provide, we are recommending that the Depot Museum no longer be opened on a regular basis until such time as the economy improves and revenues return to the point that museum operations can be funded at an appropriate level.

Until adequate resources are again available, the Depot can be opened for Pioneer Day and occasionally by appointment for school groups or other groups provided that the Historic Lake Wales Society arranges for volunteers to supervise the building when it's open. The FY10'11 budget includes \$26,285 for utilities, minimal maintenance & repair, and insurance. This is a 62% reduction from the FY09'10 funding level.

Included in the Special Events budget is \$3,900 for Pioneer Day, a 2.5% reduction from the \$4,000 budgeted in FY09'10.

- The contracts with the Lake Wales Little League organization (\$60,000) and K.D. Enterprises (\$11,500) for maintenance of the baseball fields are not funded in the FY10'11 budget. Instead, a Turf Specialist position is added to Field Operations to maintain these fields in-house. After increasing the budget for chemicals and other supplies, the savings is approximately \$30,000 – a 42% reduction from FY09'10. The City purchased a \$40,000 mower in FY06'07 for use by the Little League organization in maintaining the fields, and this mower will be returned to the City for use by the employee assigned to ball field maintenance.

We are sensitive to the fact that the Little League organization and K.D. Enterprises have maintained the baseball fields at a high standard. With an employee dedicated to the Little League fields and the Northwest Complex fields, the City will make an effort to adhere to the mowing schedule utilized by the current contractors and maintain the fields at the accustomed standard. If the economy improves at some point in the future, the City may again consider contracting out the maintenance of these fields; however, during the current period of increasingly limited resources, it is necessary to reduce the allocation of resources for baseball field maintenance.

- The grant to Green & Gold for operation of the B Street Center is reduced by 10%, from \$35,000 in the current year to \$31,500 in FY10'11.
- The budget request from Main Street is reduced by 10%, from \$60,000 to \$54,000; this is \$16,000 or 22.9% less than budgeted in the current year.
- The contract with Kimbrough & Associates for services relating to CRA Area 3 redevelopment is reduced from \$45,000 in the current year to \$31,500; this is a 30% reduction.
- The grant to the Lake Wales Senior Center is reduced by 10% from \$6,000 in FY09'10 to \$5,400 in FY10'11.

11. There has been a bit of discussion in recent years and particularly in FY09'10 about the City's "failure" to provide funding for recreation.

Impressed by the quality and success of parent-run recreation programs (Little League, soccer, football, pram fleet) and YMCA-run programs (basketball) in Lake Wales, the prior city manager felt that the City should not be competing with these well-run recreation programs for participants. He believed the public would be best served by allocating its limited resources to the maintenance of parks, ball fields, and other recreation facilities instead. Accordingly, after some turnover in the position, the parks & recreation director position was eliminated in July 2004.

Supervisory and administrative duties previously assigned to the parks & recreation director were absorbed by staff in the Public Services Department and the City Manager's office. In July of 2005, a recreation manager position was created with responsibility for youth recreation programs and assigned to a police officer with expertise in this area. There were problems with the implementation of this arrangement, and it was subsequently eliminated after a few years. Currently there is no recreation manager position funded, and no funding is included in the proposed FY10'11 budget.

This is not to say, however, that the City is not providing funds for recreation. The proposed budget allocates \$515,710 for parks, a reduction of 12.5% from the \$589,585 allocated in FY09'10. At the same time, \$621,590 is allocated for recreation facilities, and this is an increase of 23.8% from \$502,265 budgeted in the current year. The total funds allocated for parks and recreation in the proposed FY10'11 budget is \$1,137,300 – this is up 4.2% from \$1,091,850 budgeted in the current year. Add to this the \$639,091 allocated to the Library (not including Books-by-Mail), and the total spent on providing “quality of life” recreation and leisure services in FY10'11 is \$1,776,391.

Staff has compiled a list of recreation and leisure services currently offered by the City of Lake Wales:

| Program or Facility | Responsible Department | Out-of-Pocket Cost to Resident * (unless reserving for exclusive use) |
|--|------------------------|--|
| Lake Wales Bike & Walking Path | Parks | None |
| Rails-to-Trails Bike & Walking Path | Parks | None |
| Basketball Court at Lake Wailes Lake | Parks | None |
| Lincoln Avenue Playground | Parks | None |
| Mobley Park Playground | Parks | None |
| Crystal Lake Park & Playground | Parks | None |
| Barney's Dream Playground | Parks | None |
| Skateboard Park | Parks | None |
| Picnic Areas – Crystal Lake Park, Kiwanis Park, Austin Center, Twin Lakes, Stuart Park | Parks | None * |
| Fishing Pier at Lake Wailes | Parks | None |
| Boat Ramp at Lake Wailes | Parks | None |
| Albert Kirkland Sr. Gymnasium | Recreation Facilities | None |
| Shuffleboard Courts | Recreation Facilities | None |
| Tennis Courts | Recreation Facilities | None |
| Soccer/Multi-Purpose Fields | Recreation Facilities | None |
| Northwest Complex/Florida Field | Recreation Facilities | None * |
| Kiwanis Park Ball Fields | Recreation Facilities | None * |
| Youth and Adult Leisure Programs | | |
| Preschool Story Time (weekly) | Library | None |
| Toddler Story Time (weekly) | Library | None |
| Baby Story Time (weekly) | Library | None |
| Teen Programs (weekly) | Library | None |
| “Tween” Programs (weekly) | Library | None |
| Relaxation Yoga (2 classes per week) | Library | \$10/single class \$32/block of 4 classes \$60/block of 8 classes |
| Knitting Classes (4 classes per session) | Library | \$20/block of 4 classes |
| Open Knitting (weekly) | Library | None |
| Book Discussion (2 monthly) | Library | None |
| Kid's Craft Program (weekly) | Library | None |
| Kid's Chess Program (twice weekly) | Library | None |

| Program or Facility | Responsible Department | Out-of-Pocket Cost to Resident * (unless reserving for exclusive use) |
|---|------------------------|--|
| Magic the Gathering Program (twice weekly) | Library | None |
| Wii Wednesday Gaming (weekly in summer, monthly during school year) | Library | None |
| Computer 101 – Adult Basic Computer Class | Library | None (eff. 10/1/10, \$5 per person per 3-hr class) |
| Basic Spanish | Library | \$125 for 6 classes |
| “Step-by-Step Guide to Publishing Your Book” | Library | \$10 per person |

It is acknowledged that there is a benefit to be derived from employing a recreation manager to coordinate city support of the various parent-run and YMCA programs and develop youth programs that won't conflict or compete with successful programs run by others. The cost to add a recreation manager (salary and benefits) with administrative support (secretary, phone, etc), vehicle, and program operating supplies will cost an estimated \$125,000 to \$150,000. As stated above, this position is not funded in FY10'11, and it is not anticipated that there will be sufficient resources available to fund it in FY11'12.

Included in the FY10'11 is the contract with the Boys & Girls Club to manage the Albert Kirkland Sr. Gymnasium. This contract is budgeted at the same amount as in FY09'10, i.e., \$55,698, and will fund two employees to supervise the gym during all hours it is open.

Also included in the FY10'11 budget is \$125,000 for major repairs to the gymnasium building, but it is not anticipated that the building can be fully opened (showers, weight room) until these repairs are completed and the operating budget is increased. It is estimated that \$200,000 will be required in FY11'12 to replace the gymnasium floor, and a minimum of \$30,000 will be required in the following year for exterior painting, tucking and other work to repair and preserve the exterior of the building.

Needed now, but deferred until FY11'12, is the resurfacing of the tennis courts and racquetball courts. It is estimated this work will cost \$30,000 to complete. Funds must also be found to replace aging playground equipment.

In short, we are in the same position vis-à-vis a recreation manager position as we are in relation to field mowing contracts and the Depot Museum. If the economy improves at some point in the future, the City will consider hiring a recreation manager to operate a full-fledged recreation department; however, during the current period of limited resources, it is necessary to focus the resources we do have on the increasingly costly maintenance of our recreation facilities.

12. The city's 24-year old wastewater treatment plant is about half-way through its expected life of 50 to 67 years. In an attempt to keep operational budgets low and sewer rates down, sufficient monies have not been budgeted over the years to fund the maintenance required to keep the plant operating at an optimum level. As a result, essential components of the wastewater treatment process are beginning to fail and are now in need of major repair or replacement in order to eliminate functional obsolescence and ensure that the plant will perform reliably and cost-effectively for the remainder of its expected life.

Engineering plans for the rehabilitation of the facility are currently under review. Plant improvements for this rehab are on the list for funding by the State Revolving Fund low interest loan program. Also on the funding list is a plant modification that will increase capacity from 1.9 million gallons per day (mgd) to 2.1 mgd and construction of facilities required to treat wastewater from the Crooked Lake Park sewer system which is under order by the DEP to take corrective actions to eliminate potential adverse impacts on Crooked Lake. Total funding approved by SRF is \$3.4 million, of which \$1.96 will be allocated to treatment plant rehabilitation.

The second major concern is the sewer system improvements project needed in the vicinity of C St. to eliminate flushing manholes and sewer lines running above ground. This project will cost an estimated \$2.12 million, of which we currently have \$929,543 set aside. While CDBG applications will be submitted to offset some of the cost, it may be necessary to seek SRF loan financing for this project too.

Staff is mindful of the fact that the City Commission does not want to borrow any more money. At the same time, we must emphasize that the wastewater treatment plant rehabilitation and the C St. and vicinity sewer improvements are projects that can be delayed no longer. The way in which these improvements will be funded is a matter of policy and something the Commissioners will ultimately decide. It should be noted, however, that financing is an acceptable methodology for funding infrastructure improvements that will benefit multiple generations. Either the people today, through higher taxes or higher user fees, pay for improvements that will benefit future generations or the cost is allocated across generations through the use of financing.

CONCLUSION

By necessity, the proposed FY10'11 Budget responds to reductions of ad valorem proceeds and other General Fund revenues with spending cuts across the board. No functional area is untouched by cut-backs in capital equipment replacement, maintenance and repair, or operating supplies. As stated earlier in this memorandum, it must be acknowledged that most of our departments –particularly our public safety departments-- have now reached the lower limit and can make no additional cut-backs without seriously compromising service to the public.

Staff worked together to close the \$2.3 million shortfall in their initial budget requests, and we are presenting the City Commission with a balanced budget that requires no tax increase. In fact, we have an effective 12.2% tax reduction because we are able to maintain the current rate of 7.3277 mills which is less than our roll-back rate of 8.3456 mills. Carrying forward the “savings” resulting from the spending and hiring freeze imposed on June 1, we are able to lessen the impact of plunging revenues in FY10'11.

It was the stated goal of the City Commission during the budget workshop that no employees would lose their jobs. Although no salary increases are included, the proposed budget contains no employee lay-offs, no pay cuts, and no days off without pay.

For the next few years, our financial resources will be severely strained as we continue to deal with the fiscal impact of tax reform, the problems in the housing market, and the economy in general. We must ensure sufficient financial resources to carry us through the difficult period ahead, and this will require strong budget controls, strict adherence to purchasing procedures, and timely financial reporting –all of which measures are currently in place. In both the short-term and the long-term, we must have the resources for the services we are required to provide. To accomplish this goal, some difficult cut-backs must be made in FY10'11.

Should the Commissioners wish further information or clarification of the proposed FY10'11 budget document, we will be pleased to provide it.

[End agenda memo]

The City Commission thanked the City Manager and City staff for a job well done on the budget.

Mayor Van Sickle requested that each Commissioner comment on the proposed budget, what they like and dislike, so they would know where each other stood on the issues. He said this would be followed by public comments and he asked that participants stick to their issue so the meeting would end at a reasonable time. Following the public comments, the Commissioners would then have time to discuss items again and give direction to the City Manager. He explained that the Commission could not make any decisions, but only give direction to City staff, hopefully with a consensus. Those items where a consensus could not be reached would be brought back to the City Commission meeting for resolution on September 10th.

Mayor Van Sickle made the following comments:

- Public Safety:
Mayor Van Sickle said that only two items, police department and physical environment, had less funding than last year, and it was very unique that City staff was able to do that. Ms. Delmar pointed out that public safety included the Fire Department, Police Department, and Building Department. The Mayor said there had been three vacated police positions that would not be filled.
- In-kind Services:
The Mayor said that in the past the City provided in-kind services for events such as Pioneer Day and Mardi Gras, costing the City a little over \$50,000 a year. This year's budget proposed that the City pay 75% of the cost and the sponsors pay 25%. He said he thought that was reasonable but if the budget became tighter, sponsors might have to share more of the costs.
- Administrative Transition Plan:
Mayor Van Sickle explained that the City Manager is in the DROP program and will be retiring in a couple of years. The City has to plan for the future. The proposed budget has the needed funds for an interim City Manager to start six months prior to her leaving, to be her assistant and to gain as much knowledge as possible from her before she leaves. The public needs to be aware that the Commission and City staff is planning for the future.
- Contracts:
 - Depot Museum:
Mayor Van Sickle said there is a proposal for the Depot Museum to go to part-time status. He said the City does not have the money to pay to have the museum opened full-time and we have to start cutting some things, though there are some dollars budgeted for the museum. He explained that there is a possibility that the Historic Lake Wales Society might agree to have the museum property transferred to them so they would fund and manage it.
 - Ball-fields:
Mayor Van Sickle said we spend a lot of money maintaining the ball-fields. City staff looked at what had been spent on contracts and decided it made sense to bring that work back in-house. He concurred with the decision to hire another employee who would do the mowing with the \$40,000 mower the City provided to the Little League last year. It will be the employee's responsibility to fertilize and maintain the fields. When the employee is not working on the fields, he or she can be utilized on other mowing jobs throughout the City.
 - Kimbrough and Associates:
Mayor Van Sickle said City staff proposed a 30% reduction but he proposes a 20% reduction.
 - Main Street: Mayor Van Sickle said the number proposed was too high. He was not against promoting Main Street but the City is not promoting Eagle Ridge Mall, though it is going through tough times and not many shops are left open, nor are they promoting other shopping centers.
- Grants:
 - Green and Gold Foundation:
Mayor Van Sickle said City staff proposed cutting this grant 10% but he proposes a 20% reduction.

- Lake Wales Senior Center:
Mayor Van Sickle said city staff proposed a 10% reduction but he proposes no reduction. He said the organization tries to raise money to maintain itself and he thought they provided a needed service for senior citizens. He recommended finding the needed funds.
- Parks & Recreation:
 - Expenditures:
Mayor Van Sickle said the City is spending \$1.776 million a year for parks and recreation and city staff proposed a 4.2% increase, mainly due to the \$125,000 for major repairs to the gymnasium.
 - Tennis Courts: The Mayor said he has gotten many emails and calls about the tennis courts. He said the City is trying to get back to maintaining its infrastructure, which should include the tennis courts, so he proposed that the City find the \$30,000 needed to include them.
- Employee Bonus:
Mayor Van Sickle proposed a 1% bonus this year for City employees if possible because they have been doing more work with less. He said the City can't afford a raise but he thought this would help.
- Millage Rate:
Mayor Van Sickle said a lot of people are going through hard times with some out of work and if the City keeps the budget at last year's rate, cuts have to be made. He said some people will get a tax break depending on when their house was bought and if it was homesteaded, because property values are lower. This will help people get through the next 18 months until there is a change in the economy.
- Capital Improvements and Debt Service:
Mayor Van Sickle said we currently do not put much money away for capital improvements, which is one of the things he has been trying to get the City to do. In the past, bond money was used to fix things like roads, which we will be paying for over the next 20 years. Eventually, the City needs to be in the place where it has capital funds to do infrastructure repairs so it does not have to borrow the money.

Commissioner Rogers said that unfortunately cuts will have to be made this year. There is no personal animosity. It is strictly business. He then made the following comments:

- Contracts:
 - Main Street:
Commissioner Rogers said at first he had been in favor of bringing Main Street back in-house to save some money but, after some investigation, he found that most of the businesses on Main Street do not support it. If the businesses are not interested in helping themselves, the city should not either. In the 22 years of supporting them, nothing much has changed. Main Street is a private organization and by supporting them shows favoritism. Therefore, to have everyone treated fairly, he proposed divorcing the city from them. He was not saying it was anyone's fault but it is time to economize and quit spending. The city does not support other businesses outside the perimeter of Main Street, like the Eagle Ridge Mall and other shopping areas in the city and he feels that helping one area over another was discrimination. He said it was not illegal to support Main Street as the state statute allows it, but we should be arrested for throwing money away on Main Street instead of concentrating on our infrastructure and other things that

we do need. The City has to get its priorities in order, get on a sound financial basis, and pay as it goes.

- Kimbrough & Associates:
Commissioner Rogers said the budget for Kimbrough & Associates was reduced 30%. He does not feel that was justified and he would hope that the Commission would see it his way.
- Depot Museum:
Commissioner Rogers said that after talking with staff, it was his understanding that nothing else could be done about the cutbacks to the Depot Museum. Ms. Delmar said they were waiting for a response from the Historic Lake Wales Society. Alex Wheeler was going to talk with them about their interest in having the city convey the Depot properties to them because they may be in a better position to get funding.
- Parks and Recreation:
 - Library:
Commissioner Rogers said he believed that the figure given for parks and recreation did not include the Library. Ms. Delmar said it was included. Commissioner Rogers said he did not think the Library could be cut, and the parks have to be maintained.

Commissioner Rogers said he thought Ms. Delmar and Ms. Pendergrass did a good job on the budget, and that department heads have done a good job in cutting down their budgets. He said the proposed budget seemed carved in stone.

Commissioner Howell, for the record, disclosed that she is part of the Green and Gold Foundation and the Roosevelt Alumni Social Club. She then made the following comments:

- Employee Bonus:
Commissioner Howell said she did not understand why some employees were given \$3,000 to \$4,000 raises when we supposedly did not have the money to give them this year. However, she understood that a raise should be given when someone is doing double the work, and that it is a different case with the Union. Nevertheless, she was concerned about given the 1% bonus on top of a big raise. Ms. Delmar explained that when you compare last year's budget to this year's budget, some positions are receiving more but when the former City Manager, Assistant to the City Manager, and Utilities Director left, those responsibilities were given to other employees and their compensation was adjusted accordingly. The only individuals in this budget that actually received pay increases were union employees who earned sufficient education credits to go to the next-step in the plan. We have to budget for those and they are the only budget increases above and beyond what employees are making to date.
- Reductions:
 - Police Department:
Commissioner Howell said on the books it looks as though we lost two positions, but actually, they are positions that were never filled. She said she did not want people to think we were giving up police protection and safety. Ms. Delmar said the positions were not filled due to the hiring freeze.
 - Code Enforcement:
Commissioner Howell said that although one code enforcement position was lost due to retirement, the city had consolidated that position with the police department, hopefully to make code enforcement better.
- Contracts:

- Depot Museum:
Commissioner Howell said that hopefully the Historic Lake Wales Society would help us help them. She said if they are willing to have the Depot property and the trains transferred to them, maybe we could find the money to help them out with a secretary, though she said she did not know if the funds could be found to do that. She said this needs further discussion.
- Main Street:
Commissioner Howell said there needed to be more discussion about what to do with Main Street. She understood that when it was done in-house before, it did not run as efficiently as it should have, and if Main Street was brought back in-house we would need to hire a director to run it.
- Kimbrough and Associates:
Commissioner Howell said right now there is no growth on Lincoln Avenue and so she understood the 30% reduction.
- Ball-fields:
Commissioner Howell said she was in favor of bringing field maintenance in-house and hiring a city employee to take it over. The fields may not be as pretty but they will be maintained.
- In-Kind Services:
Commissioner Howell questioned the 25% reimbursement requirement for non-profit organizations. She said some organizations do not make money off their event and some make a lot of money. She said she was glad that the City supported Pioneer Day Celebration because it is a function that people appreciate.
- Grants:
 - Green & Gold for operation of the B Street Center:
Commissioner Howell said the B Street Center offered many necessary services like GED and computer classes, daycare, and assistance in getting social security benefits and food stamps. She said the Center submits a monthly report and she encouraged the Commissioners to review them. She said she understood the 10% cut.
 - Senior Citizens Center:
Commissioner Howell said she proposed giving them the full amount if at all possible. If not, hopefully they can make the 10% up with fundraisers.
- Parks & Recreation:
 - Boys & Girls Club:
Commissioner Howell said she was in favor of supporting the Boys and Girls Club.
 - Albert Kirkland Gymnasium:
Commissioner Howell said the phases for fixing the gym were needed and we should follow up by keeping up with the maintenance because both children and adults use the gym.
 - Tennis Courts:
Commissioner Howell suggested that before any work was done to the tennis courts, a professional should look at them so we know what needs to be done. We may not need to rebuild them and it may need a \$5,000 repair rather than \$50,000.

Commissioner Howell said she thought that staff did very well in sticking to what the Commission had asked, and that the report was very simple to read. She said there were no job losses, and no reduction in pay. When the situation gets better we will be able to hire more people for parks and police. She said they are counting on the Economic Development Director to get more businesses here and thought the city would be fine for the coming year.

Commissioner Thornhill said Ms. Delmar listened to what the Commissioners had to say and citizens who watch this meeting or read the report will know that the City is trying to live within its means. He made the following comments:

- In-Kind Services:
Commissioner Thornhill said he agreed with the 75%/25% contribution for in-kind services.
- Safety:
Commissioner Thornhill said he was in favor of providing for public safety such as police, fire, and clean water but he was concerned with limiting police and would like to see traffic patrol added, though he understood why they had to make the cuts.
- Code Enforcement:
Commissioner Thornhill said he liked the new procedure for code enforcement issues with citizens getting a warning first. It is working and he has gotten favorable calls from the public in that regard.
- Contracts:
 - Depot Museum:
Commissioner Thornhill said he was historic minded and that he was in favor of either helping the Depot Museum more, or transferring the property to the Historic Lake Wales Society and providing an employee.
 - Ball-Fields:
Commissioner Thornhill said he was in favor of bringing the maintenance of the fields back in-house.
 - Main Street:
Commissioner Thornhill said he had thought he would want Main Street brought back in-house to save money, but after hearing that there were the same issues the last time it was in-house he would like to see the Chamber of Commerce doing more in promoting Main Street. He thought this needed further discussion.
 - Kimbrough and Associates:
Commissioner Thornhill said he was in favor of increasing the proposed funding for Kimbrough and Associates.
- Grants:
 - Green & Gold Foundation:
Commissioner Thornhill said he would like the funds for the B Street Center reduced further. He had only seen one monthly report from the B Street Center so he really did not know what we are getting for the money we give to them.
 - Senior Center: Commissioner Thornhill proposed 100% funding. He liked the idea that they are making the attempt to fund themselves.
- Parks and Recreation:
 - Library:

Commissioner Thornhill proposed no decrease in funding for the Library because there should be unlimited access to learning.

- o Tennis Courts:
Commissioner Thornhill said he was in favor of fixing the tennis courts to avoid injuries as the schools use the courts.
- o Employee Bonus:
Commissioner Thornhill said he saw no problem with the 1% bonus because the employees deserved it. He said he did not want to vote for his own raise and said he would give up his. The Mayor suggested that the entire Commission be exempt and the City Manager said she would also give up hers.

Commissioner Carter said staff did exactly what was asked of them; not raise taxes, no lay-offs, and no salary reductions. He said the format and content of the report was easy to read and easy to follow. He said if we compare our budget to other municipalities in Polk County we should be very proud because all the other cities are experiencing some kind of trauma in the form of lay-offs, reduced salaries, or raising taxes etc. He made the following comments:

- Administrative Transitional Plan:
Commissioner Carter said he was in favor of the transition plan proposed for the City Manager, which is a needed part of the budget, not only with the transition of the City Manager but for others that are preparing to retire within that same timeframe.
- Contracts:
 - o Depot Museum:
Commissioner Carter said he would like to continue reviewing the situation with the Depot Museum to see what can be done because we need that historical presence in the City.
 - o Ball-Fields:
Commissioner Carter said he was in favor of bringing the maintenance of the ball fields in-house.
 - o Main Street:
Commissioner Carter said he would like to review this to see what is in the best interest of the city, getting input from downtown merchants and from the Main Street members before making a final decision, though he did not think we should just drop it.
 - o Kimbrough and Associates:
Commissioner Carter said he would like a better understanding of what the city and community are getting out of spending that money. He said he was not sure if, for the money spent, there was benefit, but he needed more information.
- Grants:
 - o The Senior Center:
Commissioner Carter said the Senior Center should get the full amount asked for because it provides a much-needed service that is good for the community.
 - o Green & Gold Foundation:
Commissioner Carter said he was in favor of leaving the grant for the B Street Center at the present funding level because the Center does an awful lot of good for the community. He recommended that the commissioners go to one of the monthly Unity in

Community meetings to find out the diversity and commitment of that group for themselves.

- Parks & Recreation:
 - Albert Kirkland Gymnasium:
Commissioner Carter said he would like to see the hours of operation for the gym increased so kids in the area will have something to do at 8:00 p.m. He thought this might reduce the amount of crime.

OPENED TO PUBLIC COMMENT

Cliff Tonjes, Water's Edge, on behalf of the downtown merchants, spoke in opposition of the City providing support to Main Street.

Jan Privett, Main Street Director, explained the services provided by Main Street and said that it is a much needed service for the growth and economics of Lake Wales. Commissioner Rogers said he was not against Main Street, he just did not think the City should support it.

Ruth Dampier, 1154 S. Lake Shore Blvd., commented that no matter what we do to advertise, it is hard for businesses to survive, so eventually they go out of business. The property owners should negotiate with the businesses to help prevent that from happening.

Mimi Hardman, 300 S. Lake Shore Blvd., said she appreciated all the support that the City has provided to the Depot Museum. The Historic Lake Wales Society is still discussing the possibility of taking ownership of the property. She urged the Commission to at least provide the money for a part-time or full-time employee to run the operation.

Carl Hessler, Executive Director of the Lake Wales Arts Council, thanked the City for all its care in the support of the Lake Wales Arts Council.

CLOSED TO PUBLIC COMMENT

Ms. Delmar said she got a consensus to restore the grant to the Senior Center at its current funding level, but everything else would require more discussion.

Administrative Transition Plan:

- Mayor Van Sickle said he was in favor of the two-year administrative transition plan proposed by the City Manager in preparation of her retirement.

Depot Museum:

- All Commissioners were in favor of conveying the Depot Museum to the Historic Lake Wales Society for the operation. Commissioner Howell and Commissioner Thornhill were in favor of the City funding a part-time or full-time position for the Depot Museum if funds are available. Commissioner Carter said he was in favor of keeping the Depot Museum open full time.

Green & Gold Foundation:

- The Mayor, Commissioner Rogers, and Commissioner Thornhill were in favor of a 20% reduction in the grant to the Green & Gold Foundation for the operation of the B Street Community Center instead of the 10% reduction being proposed.
- Commissioner Howell and Commissioner Carter were not in favor of reducing the grant because the Center provides a wide range of needed services to the community.

Lake Wales Senior Center

- All Commissioners were in favor of not reducing the \$6,000 grant to the Lake Wales Senior Center.

Kimbrough and Associates:

- Mayor Van Sickle said he was in favor of a 20% reduction in the contract with Kimbrough & Associates instead of the 30% reduction being proposed.
- Commissioner Rogers and Commissioner Thornhill said the proposed percentage reduction is too high.
- Commissioner Howell said she was in favor of paying a consultant \$45,000 a year, but there have not been any new buildings or businesses there in the last three or four years.
- Commissioner Carter said he needed more information. He believed that the City was not getting the maximum benefit of its money spent.

Tennis Courts:

- Mayor Van Sickle, Commissioner Thornhill, Commissioner Rogers, and Commissioner Carter said they were in favor of resurfacing the tennis courts.
- Commissioner Howell said they were in favor of consulting with a professional to make sure the work is done right to avoid wasting any money.

1% Employee Bonus:

- Mayor Van Sickle said he was in favor of a 1% bonus to all City employees.
- Commissioner Howell said she was not in favor of the 1% bonus to all City employees because some employees have already gotten a raise.
- Commissioner Thornhill said he was in favor of the 1% bonus to all City employees but exempting the Commission.
- Commissioner Carter said he was in favor of the 1% bonus to all City employees though he agreed with Commissioner Howell and asked if there was a way to exclude those who received a raise in the past year.

Main Street:

- Mayor Van Sickle said he was in favor of reviewing the amount being proposed to fund Main Street because it seemed too high.
- Commissioner Rogers said he would like to take another look at supporting Main Street. To support things like that is good only when you have the money and the City does not. The City does not promote businesses like the Eagle Ridge Mall that are not in Main Street.
- Commissioner Howell said she was in favor of supporting Main Street if they were helping the City to grow and were bringing in business. She said it didn't work in-house in the past so more discussion was needed on what to do with it.
- Commissioner Thornhill said he had been in favor of the possibility of bringing Main Street back in house, but he believes the Chamber of Commerce should do more to promote it. He said Main Street needed more discussion.
- Commissioner Carter said he was in favor of revisiting the Main Street issue to see how the downtown merchants, the Main Street members, and the public feel about the services it provides. He suggested a transitional phasing out period so that it can be turned over to private enterprise.

In-Kind Services:

- Mayor Van Sickle, Commissioner Howell, and Commissioner Thornhill said they were in favor of event sponsors paying a fee equal to 25% of the cost of the in-kind services provided by the City.

Fireworks:

- Ms. Delmar said she mistakenly left out of the budget 10,000 for fireworks and asked for consensus.

- All Commissioners were in favor of adding the \$10,000 back into the budget for fireworks.

Capital Improvements and Debt Service:

- Commissioner Carter said the amount of debt service the city has is overwhelming. It is the second highest per capita in this town so we absolutely do not need any more debt. He said he was concerned with how the city would pay for the C Street project and water treatment plant, but that more debt was not the way to go.

Legal Fees:

- Commissioner Carter said he was concerned with the amount of money the city spends on legal fees, which is twice as much as on retainer fees. He said he wondered if staff was doing everything possible to reduce the non-retainer legal costs. He asked if it was necessary for the city attorney to be present at workshops when no decisions could be made. Ms. Delmar said he was not present at this workshop per her request.

Contract Services

- Commissioner Carter questioned the \$1.2 million spent on contracted IT services. Ms. Delmar said that number included all the contracts in the General Fund, including solid waste collection.

Books by Mail:

- Commissioner Carter said the program is a good one but questioned spending \$75,000 a year on postage for Books by Mail. Ms. Delmar said that was fully funded by the County and none was paid for by the taxpayers of Lake Wales.

Sam P. Robinson Waste Water Treatment Plant:

- Commissioner Carter suggested expanding the reuse facility that we already have in place and eliminate some of the needed irrigation wells that are budgeted because he understood that there is grant money available to do this.

Albert Kirkland Gymnasium:

- Commissioner Carter said one of his concerns with the gym was the supervision problem and not necessarily with the vandalism. He said he saw in the minutes for last August that Mr. Gallup was going to see if someone from Webber University could step in as an intern to fill the void. Ms. Delmar said the conversation with them had revealed that they could not do that.

Grants:

- Commissioner Carter said City staff needed to be more proactive in pursuing grants because apparently grant money is available that we are not fully taking advantage of. He said that yesterday he met with the U.S. Department of Agriculture in Davenport who said grant money was available that would cover 55% of the restorations of the gymnasium and all the City would need to do was fill out the paperwork. There is also grant money available for the waste water treatment plant expansion instead of funding it with loan proceeds or impact fees. He said the City was going more in debt while missing grant opportunities. The problem with getting grant money for the C Street project is that according to the 2000 Census, the City's population is 194 people too many. He said he contacted Congressman Adam Putnam's office to see if we could get a waiver. He requested that the City have at least one person on staff to evaluate everything in this budget for capital and other expenditures to see if there is grant money available before we go forward with borrowing any money.
- Ms Delmar said there are three utility projects in the budget that the City plans to borrow money to fund, which has already been discussed. She explained that we have to do the projects so we have to show the funding source in the budget. We will apply for grants, but until grants are awarded, we cannot show that as a funding source in the budget and so we need a backup. We may have to borrow some money but only to the extent that we have no other funding source. We have to either show it funded, or increase operating revenues by raising user fees.

- Commissioner Carter said he understood that. He was asking that we do everything possible in all due diligence to exhaust all the grant opportunities before we say we have to borrow any money. Ms. Delmar said that was the intention.

Ms. Delmar for clarification reviewed the consensus as follows:

- \$6,000 fully funded for the Senior Center, which is an increase of \$600 of what is in the budget
- \$10,000 for the fireworks
- \$600, \$50 a month, for employee recognition - Ms. Delmar said that would tie in with the Core Committee's plan for monthly recognition.
- \$30,000 for resurfacing the tennis courts at Crystal Lake Park and at the N.W. Complex - Mayor Van Sickle said he agreed with Commissioner Howell's request to have a true tennis court resurfacing professional give the estimate for the job so it's done correctly. Ms. Delmar said they had needed to resurface the courts for several years but it was one of those things that got pulled every year. Ms. Delmar said it was Polk County and the school board that funded that project and we may be able to get a contribution from them toward the resurfacing project.

Ms. Delmar listed those issues that needed further discussion for the level of funding as:

- Green and Gold Foundation for operation of the B Street Community Center
- Kimbrough and Associates
- Main Street

Commissioner Carter said dropping the funding for Main Street was not the right answer and would not be fair to anyone. He suggested developing some type of transition plan and finding out what the concerns are from the Main Street Director and how the program would work in a different environment. Ms. Delmar explained that it would be very difficult to bring Main Street in house with the amount of work that the Director was now doing. The task would have to be assigned to an employee who has other duties. Regardless of the level of service that is being provided now it was less when it was done in house. Commissioner Carter said he is not sure what the right answer would be, which is why this must be reviewed by all.

Mayor Van Sickle said trade-offs will have to be made if we are adding \$30,000 back in the budget for the resurfacing of the tennis courts and adding in money to cover the 1% employee bonus. He said the money has to come from somewhere.

Commissioner Carter said going back to what Commissioner Rogers said earlier, someone once told him that the government should never do anything that a private enterprise can do unless it can do it better. He said this might fall into that category. Perhaps the government should back off and let Main Street plan their own future, but with some kind of transition plan etc.

Jan Privett, Main Street Director, said that was the original plan, which is why the amount requested had been reduced. Commissioner Rogers said it has been 22 years. Ms. Privett said they have only been working at this level for two years. Ms. Delmar explained that Main Street had requested \$60,000 and the City reduced it to \$54,000.

Mayor Van Sickle said with the Main Street issue makes it difficult for the City Manager to come back with a firm grip on the proposed 1% employee bonus. Commissioner Carter said he was in favor of the 1% employee bonus though he agreed with Commissioner Howell and asked if there was a way to review those who received pay raises in the past year and exclude them. Mayor Van Sickle said that might be illegal. Commissioner Carter said that was a question for the City Attorney and was worth looking into. He said he would like to have a monthly, employee recognition, not a lot of money, maybe \$50 each month, with a cash bonus or gift certificate.

Ms. Delmar said the Commissioners needed to be aware that any money saved from contracts and grants that are funded by the General Fund cannot be used toward the resurfacing of the tennis courts or on the Depot Museum. She said the 1% bonus would be covered by the General Fund, Utilities, and the CRA.

Commissioner Rogers said CRA Funds keep decreasing every year so we must spend those funds wisely.

Ms. Delmar said that at this point anything added to the General Fund as an expense would have to come from fund balance or somewhere else because we have a cap on the taxes, which are not going up, and we are not raising user fees. Mayor Van Sickle said he did not want to pull much more than a few thousand dollars from fund balance.

Ms. Delmar explained that in order to fund a part-time or full-time position at the Depot Museum, we would have to find close to \$30,000. Commissioner Howell said whether part-time or full-time, they would need someone there and because we still do not know what they were going to do, there needed to be more discussion. Ms. Delmar said if the Historic Lake Wales Society accepted the property, all the expense would be theirs. She said when discussing it with them she told them the City could probably fund up to the \$30,000 level if they agree to take possession. The \$30,000 would not be enough to cover the utilities and an employee. Commissioner Rogers said he believed they were asking for a total of \$56,670. Ms. Delmar said that was basically close to what they got last year but with M & R added it was around \$80,000.

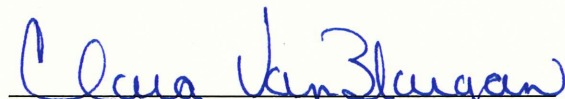
The Mayor asked Ms. Delmar if she needed more direction from the commission or if she could come back with a proposal. Ms. Delmar said she had gotten mixed directions. She suggested that she make adjustments on the issues with a consensus and leave the remaining items as proposed in the budget until the discussions in September.

There being no further business, the meeting was adjourned.



Mayor/Commissioner

ATTEST:



City Clerk