

A workshop meeting of the City Commission was held on September 14, 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; Albert C. Galloway, Jr., City Attorney; Clara VanBlargan, City Clerk; Jacquie Hawkins, *Deputy City Clerk*

Agenda Item 1. Roll Call

Agenda Item 2. Utility Capital Project Funding Options

Finance Director Dorothy Pendergrass said that when she looked at the utility fund dealing with capital projects, several issues came up that needed direction from the Commission. The Finance Department needs a clear understanding of that direction and wanted to make sure the Commission had the updated numbers relating to several capital projects so they could make clear decisions based on that new data.

1. WASTEWATER TREATMENT FACILITIES REHAB, MODIFICATION, AND CROOKED LAKE PARK LIFT STATION AND FORCE MAIN

Ms. Pendergrass reviewed the questions that needed Commission direction regarding the WWTP as follows:

Does the Commission want staff to process the Declaration of Intent? A Declaration of Intent is a document for the IRS which insures the status of the State Revolving Fund retains their tax exempt status.

Commissioner Carter asked what the downside or worst case scenario would be if it was not processed. Ms. Pendergrass said the worst case scenario would be that the city would not be in IRS compliance and the status of the bonds would be converted to taxable, which would give the bond holders the recourse to come back on the city. Commissioner Carter said it would affect the marketability of those bonds.

Commissioners Howell, Thornhill, and Rogers said they would like the process to go forward.

Does the City Commission want the completion of the "Loan Application" for SRF funding for the Wastewater Treatment Plant rehab, the Wastewater Treatment Plant modification, and Crooked Lake Park Lift Station & Force Main?

Mayor Van Sickle had two concerns:

- He said he had a problem with the Crooked Lake Park project. He said he knew their system was failing and something needed to be done, but though this would improve the city's chance of getting a state revolving fund, we would be paying for it. Ms. Delmar said staff was working on an agreement to be presented to the owner of the Crooked Lake Park System that would amortize costs of the installation of the lift station and the debt service that we incur by borrowing the money, so we will be repaid. If that agreement is not executed prior to the start of the construction, we won't do the project. Our position is that if that affects our line of credit for SRF funds, we would probably defer the expansion component, just doing the rehab, and go out for bank loans if we need it.
- Mayor Van Sickle asked for clarification that the rehab was for restoring the sewer treatment plant, and the modification is to increase the number of gallons that can be treated. It was confirmed. He added that for \$2 million dollars we were not getting a lot.

Commissioner Rogers asked the following:

- Commissioner Rogers asked if the city will own the infrastructure once we hooked up to the system and Ms. Delmar said we would. Ms. Pendergrass said she was asking in the draft cooperative agreement that the \$32,000 for the debt service be reimbursed to the City. There is also the projection of reoccurring revenue of \$110,000 from this system and as the Finance Director she encourages reoccurring revenues whenever she sees the opportunity, but in the draft drawn up, the city's obligation to that system ends at that lift station force main. Any environmental issues the homeowners have will remain with that system, so the city does not take on that obligation or liability. She said she is working on the wording for a clause that states that if faced with an environmental issue in an emergency situation the City Manager would have the right to stop the use of that force main, but she will leave the legal wording for the City Attorney. Ms. Delmar said the clause is to make sure our system is protected from any environmental danger that the Crooked Lake Park Sewerage system represents.
- Commissioner Rogers asked if the city would collect from the individual property owners or from the prior owner of the plant. Ms. Pendergrass said that in the draft the City will collect from the owner of the Crooked Lake Park Sewerage system. The draft cooperative agreement requires an escrow account or line of credit and if for some reason the Crooked Lake Park Sewage System owner does not make a payment within 60 days, the City will start drawing down on the escrow line of credit. In 90 days the City will take over direct payment from those customers. Ms. Delmar said she believed Commissioner Rogers was asking if we would bill the individual customer or the owner of the system. Ms. Pendergrass said it would be the owner of the system as long as it was paid in a timely manner.
- Commissioner Rogers asked if they would be responsible for repairing any of the lines going to our force main or if we would be responsible for the repairs but bill them for the cost. Ms. Pendergrass said the city would not have the responsibility for fixing their lines on the other side of that force main. Just like a homeowner, our responsibility would be right up to that meter and then anything on the other side belongs to that system.

2. C STREET & VICINITY PROJECT

Ms. Pendergrass reviewed alternative one for the cost to the city as follows:

- Original estimate - \$2.6 million
- By August 25th it had changed to \$3,088,388.
- As of September 9th it changed to \$3,632,781 so the Finance Dept. is looking at a capital project with an additional million dollars.

Ms. Pendergrass wanted the commission to be aware of the updated numbers and for them to realize that because they are preliminary numbers they can still change. She said she needed direction on how the commission wished her to proceed for funding the project, and if not financing the project, then other alternatives.

Commissioner Howell asked the following questions:

- She wanted to know how the estimate could go up by one million dollars in 60 days because it makes her wonder what will happen over the next 60 days.

Steve Elias from Envisors said the number he has for the estimate is \$3.1 million, about \$500,000 more than originally talked about. He listed the following as reasons for the increase:

- The first estimate was for the conceptual or preliminary engineering report, but now they are looking at survey data, and walking through some of those alleys and right-of-ways.
- A good amount of clearing and grubbing will be needed though they plan on taking the path of least resistance, or proposing to, to go through the back alleys and lots in the area.
- Alley restoration was another surprise and money was included for repaving some of those alleys, though they could go cheaper.
- Relocation of some utility lines.
- A lot more details have become available to them.

- He said there was still a 15% built in contingency.

Commissioner Howell asked Ms. Delmar if this went out for bid yet because if it keeps escalating like this in these times, we may need to find an engineering group that can do the job right for less money. If it went up a half million dollars in 60 days, by December it could be a million dollars, which makes her afraid for what could happen in a year. She said it did not go out to bid so we were just listening to people we worked with a long time ago. Ms. Delmar said we could not go out to bid until a certain percentage of the engineering is complete. Commissioner Howell said if it jumped up because they want to do the alleys, we have millings to do that and we won't be driving back there anyway.

Ms. Delmar said she was hearing that the commissioners wanted staff to find another engineer who will give us a better figure. Commissioner Howell said we might have to. She said she realized that we would have to pay for another firm to redo what has been done, but if they can do it much more cheaply, it may be worth it. Ms. Delmar asked how much engineering and been done so far and she was told \$20,000 worth. Ms. Delmar said we had \$250,000 budgeted for engineering.

Mr. Elias explained that once you see the actual right-of-way maps you can see what you are dealing with. The only thing the city is obligated to do at this point, other than to cancel it, is to move forward with the design to further define the project so you can get a firmer price. To this point they can only estimate by their best concept of what the project will be. It's an existing neighborhood. Commissioner Howell said they knew that because it was made like that and we are looking at \$3.1 million dollars just to dig a hole and lay the pipes deeper. She said she is not an engineer but there must be something else.

Mayor Van Sickle made the following comments:

- Mayor Van Sickle explained his view of the numbers. He had assumed that the budgetary estimated number of \$2.6 million with a 15% contingency was a reality estimate because he was never told it was a map estimate, and because he assumed that people had looked at the pumping station, he used that estimate to try to come up with \$2.1 to \$2.2 million.
- Mayor Van Sickle said that to have an estimate increase by 30% in such a short period of time was not good and made him angry. He realized that Envisors is dealing with some unknowns but the city was trying to plan for capital financing. He hoped that the numbers would go down when it goes out to bid as the TPO road construction bids coming in are about 60% of what their estimates were. He said if the last estimate is a realistic estimate, and they can get a 30% to 40% decrease with the construction costs, that would be advantageous.
- Mayor Van Sickle said we have some major decisions and it may be tens of thousands of dollars for financing. The CDBG grants are not available because we already have an outstanding project, and we may not be in a position to use low interest loans. Ms. Pendergrass said the city's current projection for the current revenue at our current rate is sufficient to pay the operating cost, existing debt, and the proposed debt. But the projections do not support any additional capital within the 5-year plan. The four projects only make up 42% of the 5-year plan, with another \$11 million for other identified priority projects. Mayor Van Sickle said what it amounted to is we have the money for this but not for anything else. In the past, that is exactly what the city has done and we are trying to get to a point where we can put money in the bank for when we need it versus borrowing the money and continuing to pay for it long after the project deteriorates. He did not think Envisors' first estimate could have been a good one to have that estimate increase 30%.

Ms. Delmar asked if there had been a survey of the project area in the face of the issues facing us including trees and grubbing and alleyways. Mr. Elias said they did a survey of the manholes so they could get the elevations of the pipes, their sizes, and slope, but not for right-of-ways or anything like that, though they walked through the site to get a general understanding of the project. He said the estimate was for the entire project and if the city wanted to scale back on some of the projects and just address the health issues, they could do that. Mayor Van Sickle said the commission addressed that issue at a past meeting and did not want to do with less just to save money. The situation we are in at that location of town is due to it being patched in the past and they do not want to do the same thing. We need to figure out how we are going to pay cash for this project and not finance it because we also have the sewer treatment plant project, which in his opinion should be paid for with low

interest loans. He said it will cost about \$200,000 just to put in for the various grants and that is a lot of money. The Commissioners need what they feel are comfortable, realistic numbers before they can make those kinds of decisions.

Commissioner Carter asked the following questions:

- Commissioner Carter wanted to know if the contingency was 10% or 15% because the document he has says 10% and they keep referring to 15%. Ms. Pendergrass said two contingencies were added into the project; the first one for 15%, which is the one that the commission saw on July 13th; Envisors asked her to put in another 10% on August 25th on top of the 15%. She received confirmation by email that they wanted both contingencies in there, one for \$260,519 and the other for \$601,166. Commissioner Carter asked Ms. Pendergrass if she thought 25% contingency was normal and Ms. Pendergrass said that she did not come up with that number and could not make a personal opinion on it because she was not an engineer and she did not know what it takes for these projects to be done. She can only rely on the data the engineers provide. Commissioner Carter asked if the \$3.1 million included the 25% contingency. Mr. Elias said the contingency was 15% and not 25% according to the last cost estimate and it is included in the \$3.1 million.
- Commissioner Carter asked for the timeline for the half a million dollar increase and said he assumed that it would be spread out over the life of the project as opposed to being incurred in the early stages or later stages. Mr. Elias said they were looking at a multi-phased construction effort. Ms. Delmar said they would not know the unanticipated costs until they get into the project.
- Commissioner Carter asked for confirmation that we could not get the CDBG grant money until May of 2012 and it was confirmed. Ms. Delmar reminded him that getting the grant was not guaranteed.

Commissioner Thornhill made the following comments:

- Commissioner Thornhill said he was also concerned with the increased cost and that the commission had expected to be presented with good solid information and estimates so they would be ready to make decisions during the July 13, 2010 workshop. He knew there might be some necessary tweaking, but certainly not a 30% increase.
- He said he knew there would be some unknown issues and they had talked about the contingency before.
- Commissioner Thornhill said the Commission intention and goal is to do the best it can to pay for this project in cash, without loans, knowing that they would put in for the loans just in case it is needed.
- We have to do the engineering regardless and if we pull out now we would be a wasting the money already spent and it will cost the city an additional \$20,000 so he believed we should go forward with the engineering for the design specs etc. and then bid it out.

Mayor Van Sickle said he agreed with Commissioner Thornhill though he said, if he had known what he knows now, he would not have accepted the Envisor bid at all. He said on the document before him, dated September 14th, which is today, the estimate is \$3.6 million so he still is not sure what the correct number is, \$2.6, \$3.6, or \$3.1. He said he understood engineering estimates and contingencies but that many changes means someone did not do their homework before it was first presented. He said it makes him angry and he would like to get another engineering firm but the city doesn't have the money to do that.

Mr. Elias promised they would cut as many corners as they could to keep the quality but reduce the cost by doing things like using recycled materials for the roads. The Mayor said the problem was not the total dollar figure, but the numbers that are running faster than we can. Once we know the correct total, the commission will have to figure out how to come up with the dollars.

Commissioner Howell said the numbers are not fixed and she does not know which is correct so she said paying another \$20,000 to another firm might be cheaper when compared to the total project if we can get it done cheaper. We might be saving more than \$20,000. She asked what engineering firm was contracted to do the sewer plant and Ms. Delmar said Kimley-Horne. Commissioner Howell said we need

someone who will do a great job at 2010 prices and give a fixed price. The job needs to be done and will be done, but needs to be done by the right engineering firm.

Commissioner Carter said if the consensus of commission is that it has lost confidence with Envisor, we need to fire them tonight. Ms. Delmar said that if that is the consensus of the commission it would have to be put on the agenda for the next commission meeting as they cannot vote in a workshop.

Mayor Van Sickle asked Mr. Moran what the \$20,000 spent so far on engineering amounted to. Mr. Moran said that all the survey work, drawings, design work and data that Envisors did, belongs to the city. If we want to go with another engineering firm, that information can go to the new engineering firm. The newly hired engineer may or may not accept that data because he is signing that the information is correct. Therefore he may require another survey rather than depend on survey data given to him from another engineer's work. He said he was afraid everyone was getting wrapped around the \$2.6 estimate. He said that when they started back in October or November, he estimated the cost to be between \$2.5 and \$5 million. Things are still fluctuating. He said the price for Envisors' contract did not merit doing a topographical and visual survey of the whole area and what they gave the city so far was equitable. The change in the estimates is the way it is sometimes. If Envisors had been able to spend six months on the estimate they may have been able to provide an accurate one but they only had about a month to do the survey work and compile an estimate. Mayor Van Sickle said he was not opposed to the change from the 2.6 figure but that three changes have been made in a very short period of time; and another change has taken place even today. Maybe the city did not study it well enough for the Finance Department to come up with a number to work with. Mr. Moran said the \$3.1 figure has been kicked around and was generated after that document was prepared. Ms. Delmar said that that document had been prepared and reviewed by Envisors and they gave Ms. Pendergrass the go-ahead to distribute it.

Mayor Van Sickle said we now have an estimate of 3.1, with a 15% management reserve, so the contract value when competed will be less than \$3 million. There is approximately \$177,833 to apply for low cost loans and the CDBG grants. That will bring it down even more and we can tell Ms. Pendergrass that there is \$2.6 million project that we are going to budget for, and we can say this is how we are going to do it. We may borrow some money or we can program it over the three phases but we would not need 2.6 or 3.0 million all at one time. We could make an intelligent decision that is best for the city that will let us go forward with the sewer treatment plant and add in for the other 5-year programs, plus have a utility reserve so we won't always be behind the curve when we need money. He said maybe we rushed to get the first estimate out, one that was not realistic, and that is why it is jumping around so much, but the changes make it very difficult in a very tight market.

Mr. Moran said that spreading the money over the life of the project depends on what was added and in what phase of the project. If we add additional money for street repair, which takes place only in Phase Two, the additional money will show up in only that phase whereas if the increase was for the pipes, it would show up in all three phases. So they could not say it could equally be spread out over the three phases because it depends on the price increase and where it falls in the project phase. Ms. Delmar asked if it was possible to include a budget for street repair and Mr. Moran said that was included in the \$3 million job, but this is for the whole project and there may be more street repairs done in one phase of the project over another.

Commissioner Carter asked how they came up with the \$500,000 increase if they do not know what it will be spent on. Mr. Moran said that \$500,000 is for the whole project and not individual phases. He said you take an estimate of the amount of piping needed and the cost overall but that would be for the entire project and not for individual phases, though Envisors can do an estimate by phases if the commission requests it.

Ms. Pendergrass said that the original worksheet is in section 2 on page 3 and the commissioners received an updated worksheet today for comparison and to be able to see line by line, by column the actual increase by year and by project phases. They did give the information as to which phases should be increased in which years.

Mayor Van Sickle made a proposal for a possible solution to take \$1 million of management reserve to get us through the first phase of the project and maybe by then we can get the CDBG grant and if that is not viable, we may have money in the budget by then. Right now we have maybe a 95% estimate of \$3.1 million with a 15% management reserve. We are looking at less than \$3 million for the whole project, of which we possibly have \$2 million now. If we get favorable construction bids it could or should be less. He asked Mr. Elias if he agreed that construction costs were down. Mr. Elias said they got with contractors over the past week to get accurate numbers for this budget meeting and the \$3.1 million was their estimate. But, he said over the past two years he has seen bids that went 20% to 30% lower than the fair market price so it is very possible it could be lower if done within the next year or so.

Mayor Van Sickle said he wanted to move this project along as quickly as possible and wished they could get the money together to do the project all at one time, but he knew that was unrealistic. If they can pay for a big portion of it with existing funds, he believed that would be the smart thing to do. Right now the debt service is getting to a point that the present commissioners may not be around to see that debt paid off. He asked if it would be realistic to develop into the budget the \$2 million over the next couple of years. Ms. Delmar said the \$1 million he was referring to was the Tax Anticipation/Pool Reserves.

Commissioner Howell said she hoped the pool money was not being used in this proposal. Mayor Van Sickle said it was because right now we know we only have half of what we need and it will be a few years before we have money to do the pool and this project has to be done now.

Ms. Pendergrass said the last payment for the Series 2006 Debt Issuance will be on October 1st of 2016, freeing annually \$850,000. The problem is getting from where we are today to when we start seeing pay-as-you-go capital. She said if we find a way to pay the \$2 million, which is not in the utility fund and would have to come from other sources, and it turns into a \$3 million project three years down the road, she would come before the commission to recommend short term financing over a three year period realizing that in 2016 we will have extra funds. If they wanted to get a low interest state revolving fund over a 20 year period, the annual debt service would be around \$60,000 a year for a million dollar loan. What she did not want to happen is two years down the road when she told them that the million dollars was not in reserve and not available that they tell her she should have told them sooner. She said that "sooner" was now. It is not crises today and it won't be for two years, but unless that money comes from a source that is unknown to her, it will have to be financed. Ms. Delmar said that when Ms. Pendergrass referred to the million dollars, she was talking about additional costs from \$2.6 million to \$3.6 million. Ms. Pendergrass said that was correct but it would only be an issue if the money did not come in.

Commissioner Rogers asked if it would be fair to say that if we had to borrow the money we could not pay the debt service unless we went up on user fees or ad valorem taxes to pay for it. Ms. Pendergrass said no because at the current rate structure, the current customer base will support current operating existing debt and proposed debt but there would not be available funds for other projects within the 5-year CIP. You can afford the debt that is outlined, but you cannot afford additional capital. We are talking about a six year period without additional capital outlay and she did not know how realistic that was for any system.

Commissioner Howell said they were working with the \$2.6 number fairly well, though still in a crunch. Ms. Pendergrass said when they were talking about the \$2.6 million, a million was coming from the CRA bond proceeds, (Ms. Delmar said it was actually \$929,543) and we were talking about \$750,000 from CDBG grants. She said several commissioners talked about paying for it with cash so she wanted to have this workshop to let them know there is not a million dollars in utilities cash reserve, and the money would have to come from a different source or be financed. Ms. Delmar said that other sources would have to come from general fund or the pool reserve fund.

The Mayor said in six years nearly a million dollars a year will be freed up. His feeling was not to go into the expense of a low interest loan because we already did that for the sewer plant. He'd rather use that \$100,000 for repairing the sewer. Ms. Delmar said also the interest payment which could also go toward the project. He said the commission could not make a decision at a workshop but can give direction.

Commissioner Carter asked the following questions:

- He wanted to clarify that for a million dollar loan the debt service would be roughly \$60,000 and said that he did not think they exhausted all of the options.
- Commissioner Carter said he did not know how we possibly could pay cash for the project and he was not in favor of using the pool fund, or at least not all of it. That will leave us a million short that will have to come through grants or loans or raising ad valorem taxes and user fees to cover it. He said a \$1.00 addition to the user fee could go into a reserve fund.
- Commissioner Carter asked what the raising of the ad valorem tax by 1 mil would get them and Ms. Delmar said roughly \$550,000 that we would get between January and February. He said that seemed to be an option to consider though he did not know if it could be done in time.
- Commissioner Carter asked that staff put together a three-year financial sustainability plan with some sort of raise in ad valorem taxes and user fees to build up some reserves. Mayor Van Sickle said that any time you raise ad valorem taxes it hurts economic development because new businesses will go to other areas where the taxes are lower. Commissioner Carter said he appreciated that but the amount of debt service in the city could be a negative aspect also. Ms. Delmar said this was a utility system cost and we also have the fire sub-station, which is a legitimate ad valorem expenditure. She added that in order to fund \$1 million, it would take about 1.5 mil. Ms. Pendergrass said that typically a utility fund or enterprise fund is meant to be self-sufficient and user fees are meant to generate enough revenue for operating and capital needs. For utility fund capital needs she would look more at the rate structure in user fees. She said she needed direction from the commission on which projects they wanted her to move forward with, which they wanted changed, and any they wanted to drop off or change the timing of. The Finance Dept. will bring forward a review of the rate structure and several options. She said it makes her nervous when they are mixing or grouping funds because the ad valorem tax is more for governmental activities such as public safety and she did not want to encourage that in any way, though she would provide the data if they wished.
- Commissioner Carter said he would appreciate it and he knew no one wanted a tax increase but we have \$15 million worth of projects to do over the next three years and we have to figure out a way to do them. To borrow the money is ludicrous and will bankrupt us at that rate. Ms. Pendergrass said the Finance Department has been working on a review of the utility system revenue structure for a while and have all the information needed to prepare a presentation but first she needs to know which capital projects the commission wants to go forward with and how you want it paid for so staff can come back with a rate structure proposal. She said the options are manageable but it is a timing issue until the six years are over that have the heavy annual debt service payments of a couple million dollars. She said the utility fund typically will have some sort of debt financing because it is a mechanism of spreading the cost over the generations of people who will benefit from that system, so she was not encouraging the city to be completely debt free. When that debt service is freed up, there will be more pay-as-you-go funds for capital projects. Ms. Pendergrass gave the commissioners a copy of the Preliminary Estimate and Ms. Delmar explained that it was just an example for discussion. If we were to finance the rehab modification of Crooked Lake Park, the lift station, and the C Street project there would be an estimated increase in ad valorem debt service of \$473,700. That would require a \$5.32 increase per month on the sewer rates.
- Commissioner Carter asked for confirmation that over the next three years we have roughly \$15 million of capital improvement projects and the Finance Dept. was asking them to prioritize them so they can bring back options for how the city will pay for them. She said she believed that the commission was saying they wanted her to go forward and obtain financing through the State Revolving Fund for the sewer rehab modification and Crooked Lake Park project. She believed the Commission was saying they wanted the C Street project paid for with pay-as-you-go cash. When she was preliminarily running the numbers and came up with the annual debt service, she had assumed all three projects would be financed through the State Revolving Fund. So she said she would run those numbers again with the new forecast of pay-as-you-go for the C Street project. The city can afford using the SRF with its current rate structure but, it cannot afford any of the other \$11 million dollars of additional capital projects. She said raising the sewer fee the \$5.32 would generate enough additional revenue which would replace what was taken by the debt service to plan the timing for those capital projects for the next five years. When the debt

service drops off and we have another \$850,000 you would have somewhere between \$1.5 million a year for pay-as-you-go capital, but only if you have the increase. Without the increase, the city has about \$300,000 a year left over after operating existing net service and proposed net service or other needs, which would be very tight with no money for capital outlay in a realistic manner.

Commissioner Thornhill said he agreed that they should not increase the debt service and so will be looking for other options. In six years we have almost a million dollars and we can't afford to do the pool before then so it made sense to him to use that million dollars and pay what we can rather than go into more debt or use the reserve funds the auditor recommended keeping.

Commissioner Howell asked for confirmation that eliminating projects in the 5-year plan will not help us. Ms. Delmar said that the projects in year-one of the 5-year CIP are in the current year's budget. Those in years 2-5 are things that though we need to do them, some are growth related and have been moved to the end of the five-year period because they are paid with impact fees and don't really affect the user fees. If we don't have the growth, we don't need to do the project, and if we do have growth, we will have the impact fees to pay for them. The projects in years 2-3 have been prioritized by what staff believes to be the need and those needs can change and can be moved if the funding is not there. It does not necessarily mean we need to go out and borrow the funds because we may be able to put off a project for another year. If not we may need to increase our user fees to fund it.

Commissioner Rogers reminded them that we will receive less ad valorem taxes than we received last year because it is based on the economy and property value is more depreciated. He asked, in reference to the pool money, if the money was escrowed. Ms. Delmar said it was in an account called the Tax Anticipation/Pool Reserve account and has a resolution attached to it that the commission adopted in around 2008 that said if any money was used from that account, it would be temporary and replaced by the end of the fiscal year. Commissioner Rogers asked if the present commission was obligated to a resolution passed by a past commission. City Attorney Chuck Galloway said they could always amend a prior resolution or prior ordinance as long as it would not affect a contract. Commissioner Rogers said he did not want the city to get into more debt especially in a recession and though he knew the C Street sewer project had to be done, he would rather it be pay-as-you-go. He said he thought it would be 5-8 years before we saw a full recovery from the recession so decisions needed to be based on the money we have in-hand.

Mayor Van Sickle said he believed the direction of the commission was to try to pay cash for the \$2 million of that and the unknown part, but hopefully the economy will improve and the money by then will come in. The direction is to go forward with the sewer treatment plant. Ms. Delmar recommended that they also go forward with the account rate study. All of the ground work has been done and we have the expertise in-house to accomplish that without needing to hire an engineer. Commissioner Rogers asked if the engineering reports were finalized and Ms. Delmar said it had just begun for the C Street project.

Commissioner Thornhill said some homeowner associations are fining residents for not watering their lawn. This recession issue is affecting every aspect of people's lives. He did not think they should just raise the rates without a study to determine what would be right.

Mayor Van Sickle asked Ms. Pendergrass if she received the direction on all the items she requested and she said she had. Commissioner Carter said that on page 12 item 2 Ms. Pendergrass had asked the commission if they wanted a rate structure review for FY10'11 and planned implementation for FY11'12 and asked if that included the designated reserve fund. Ms. Pendergrass said the direction from the commission was to go ahead with a review of the rate structure and designated reserve fund.

Commissioner Carter reported that he has seen on many occasions the high school's football field at Legion Field being irrigated during a rainstorm. He said he has talked to SWFWMD and no one seems to be able to put a stop to it. The tax payers are paying for that and it needs to stop.

PUBLIC COMMENT

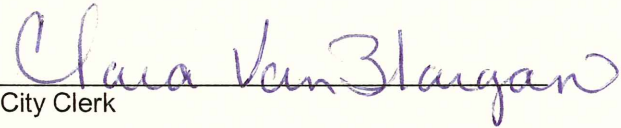
There were no comments made by the Commission.

There being no further business, the meeting was adjourned.



Mayor/Commissioner

ATTEST:



City Clerk