

A workshop meeting of the City Commission was held on June 11, 2011 at 9:00 a.m. at the Tourist Club at Crystal Lake Park. The meeting was called to order by Mayor Michael S. Carter.

**COMMISSIONERS PRESENT:** Jonathan Thornhill; John Paul Rogers; Betty Wojcik; Terrye Y. Howell, Mayor Michael S. Carter.

**COMMISSIONERS ABSENT:** None

**CITY REPRESENTATIVES PRESENT:** Judith H. Delmar, City Manager; Clara VanBlargan, City Clerk; Jacquie Hawkins, Deputy City Clerk

**Agenda Item 1. Roll Call**

**Agenda Item 2. Pre-Budget Discussion, Fiscal Year 2011-2012**

City Manager Judith Delmar explained that the first draft of the proposed budget is done, but we are still early in the budget process. This workshop is an opportunity to discuss concepts and problems and see what direction the Commission is leaning toward to balance the budget.

She explained that the directors had each submitted their bare-bone budget requests. They have included in their requests only expenditures that would be needed to continue the same service level as they are currently providing; i.e., there are no new projects or programs proposed. She said that after the discussion, draft 2 will go back to the directors for a lot more work.

Referring to the handout titled, "Budget Summary – City of Lake Wales – Fiscal Year 2011-2012", Ms. Delmar said the chart gives a thumbnail of where we are right now. She drew attention to the following figures:

- The General Fund budget request exceeds anticipated revenues by approximately \$1.5 million. Much of this is due to increases in payroll benefit costs, especially pension costs which are significantly higher than last year. Medical insurance costs are estimated at a 10% increase, but this number will probably come down. We will be bringing pension issues to a separate workshop for discussion, but any modifications of the pension benefit can only affect costs in future years and will not help balance this budget.
- The Utilities Fund budget request exceeds anticipated revenues by approximately \$3.5 million; this includes capital improvements that need to be completed but are not eligible for funding by impact fees or SRF; these costs must be covered by operating revenues.

The following suggestions were discussed:

- **Increase Taxes:**
  - Mayor Carter did not want a tax increase.
  - Commissioner Thornhill was not in favor of a tax increase because he said he knew insurance costs were going up along with gas, food and everything else so the public can't take more increases.
- **Slash Capital Improvement Expenditures in the Utility Fund:**

Ms. Delmar said that utility capital improvements have been constantly put off because we have not been able to "pay as you go." These are not "pie in the sky" projects but necessary upgrades and replacement of aging infrastructure and equipment. Utilities Project Administrator Sarah Kirkland explained some of the drastic cuts that have to be made in order to balance the budget:

- **Utility Relocate-Sewer US 27 N** – cut from \$150,000 to \$100,000:

Ms. Delmar explained that this was an unfunded mandate from FDOT to relocate the sewer lines and they were given five years to do it. Therefore, this cannot be cut.

- **Lift Station Rehab** - cut from \$325,000 to \$125,000
- **Lift Station Pump Replacement** – cut from \$25,000 to \$15,000
- **Sliplining** – cut from \$390,000 to \$200,000
- **Generator Pumps** - cut from \$100,000 to \$60,000:

There was a discussion about the problems that were caused during the 2004 hurricanes because the City did not have generators to keep the utility system working. Staff would like the City to be prepared this time because without the needed generators, the system stops. Most of the lift stations have been fitted with back-up generators, but two remain to be done. We will probably only be able to fund one lift station generator in next year's budget.

Ms. Delmar explained that getting the generator for the Administration Building has been deferred every year. During the hurricanes in 2004, administrative work had to be moved to the Fire Station because there was no power at City Hall. Employees were kept working by using them in the relief effort, but otherwise they would have had to stay home because they couldn't do their regular work. She explained that a generator is also needed at the James P. Austin Community Center because that is where employees and their families have to go to eat and sleep during an emergency.

Ms. Delmar explained that the utility relocation work on Mountain Lake Cut-off Road and Scenic Highway was another project that could not be cut because it has to be completed before the traffic light can be installed at that dangerous intersection.

Mayor Carter said the utility system has to be maintained. The system is critical and these projects cannot be moved to next year. When something breaks down and has to be fixed it costs ten times more than if maintained properly. Ms. Delmar said there are serious health repercussions also, not only around C Street but in the Greenbriar subdivision and behind the old Walmart where sewage has in the past backed up into people's homes.

Commissioner Wojcik said they cannot only do those projects that are critical and the rest put off till next year.

Commissioner Howell said if those capital projects can't be cut the Commission should not waste time talking about them. They need to discuss ways they can cut the budget. She asked staff to provide them with a list of things that can be cut and they will decide from there.

- **Borrow the money:**

Ms. Delmar said one option was borrowing the money for those things not eligible for impact fees, to be repaid over an extended time period. Ms. Pendergrass said it comes down to either users today paying their way, or the users today and tomorrow paying the way.

- **Lay-off Staff or Reduce Salaries:**

Commissioner Rogers said that staff has done a good job and he did not want layoffs. He asked Ms. Delmar if it looked like layoffs would be necessary, and she said that it did not appear so at this time. Layoffs would only be considered as a last resort.

Commissioner Howell said we may have to layoff some employees or cut salaries to make up that \$1.5 Million. Ms. Delmar said that reducing everyone's salary by one percent would save approximately \$70,000. Commissioner Howell suggested giving a 10% pay cut to every employee making more than \$50,000.

Mayor Carter did not want layoffs. He said we didn't need to balance the budget on the backs of the employees.

Commissioner Thornhill said employees were doing more work for less and he did not want layoffs or salary reduction because they didn't even get a raise last year.

Commissioner Wojcik asked if staff had looked into going to four ten-hour workdays a week to see if that would save money. Ms. Delmar said they had looked into it, but the savings would be insignificant even if City Hall was entirely shut down for three days a week, which would be difficult because some department heads come into work on weekends. Public Services Administrator Teresa Allen said they tried it with her department, but it did not work out due to trying to schedule vacations etc.

- **Cut Services:**

- **Community Appearance:**

Ms. Delmar said the Economic Development Partnership has been discussing the importance of community appearance in capturing some of the tourist dollars going to Legoland. The Partnership thought the entrance on US27 and Mountain Lake Cut-off Road needed improvement because that is the entranceway to Bok Tower Gardens.

Commissioner Rogers said we may have to cut services that are not essential like mowing. Ms. Delmar said the field staff is composed of 12 employees who have to clean the right-of-ways, mow all the parks and fix the streets, and that they actually need to increase the number of employees or contract some of the work out. Commissioner Rogers said that if we have to cut we need to do it somewhere other than in Water, Sewer, Fire or Police.

Mayor Carter said they needed to think outside the box by developing partnerships with the business community because they have a vested interest in the appearance of the City. He suggested that businesses could fund the maintenance cost of, for example, a triangle or right-of-way. Ms. Delmar said they could put up a sign saying, "Maintenance sponsored by..." with the name of the business or organization, which would be a good advertisement for them. She said they used a similar type of system with private groups actually maintaining the landscaping in the triangles and elsewhere in town and it had worked well for a short period of time. Commissioner Wojcik said that Lakeland uses that type of program and staff might talk with them about how it was set up.

- **Recreation:**

Mayor Carter said recreation was a quality of life issue but he realized it may not be the right time for a recreation director. He suggested expanding the Recreation Advisory Committee to include the volunteer leaders of organizations like Little League, the YMCA,

the Boys and Girls Club, and other such organizations so they can coordinate the City's recreation programs, and the City could possibly give them grants to help.

Commissioner Thornhill said he thought the partnership idea was great.

- **Library:**

Ms. Delmar explained that the library has a dedicated funding source established by special act of the legislature and referendum of the voters that is based on property values; so what affects the General Fund affects the library budget.

- **Cut Department Wants:**

Commissioner Howell said the department heads need to trim their wants and stick to only their needs. Ms. Delmar said the directors already cut out the wants and all that was left were the needs.

Commissioner Thornhill suggested trimming the fat, though he realized there was not much fat to trim.

- **Vector Truck:**

There was a discussion about the vector truck that is used to vacuum out the lines and during the hurricanes and other storms was used to clean out storm drains. Ms. Delmar said this is a critical piece of equipment needed for lift stations to operate in emergencies. Ms. Kirkland said they use the truck every day. They can lease one for about \$80,000 a year but a new one would cost \$301,000. Mayor Carter asked what percentage of a day the truck was in use, and Ms. Kirkland said probably 50%. The Mayor suggested they work with another city and each uses the truck 50% of the time. Ms. Kirkland said they are trying to work with the County but if an emergency arises and the truck is needed, it may be unavailable. The Mayor asked what they would do if an emergency came up and the truck was in the shop getting fixed. Ms. Kirkland said they would have to try and borrow one from another county.

- **Fire Station:**

Ms. Delmar brought up that there is a great need for a fire station on the north side of town and the goal is to get started this year. We are working with the mall for donation of a triangular parcel of land east of the retention area on Chalet Suzanne Road, but it will cost about \$700,000 for site improvements and building construction. This will not be budgeted in the General Fund but in the Capital Projects Fund. It is planned to use grants and impact fees to fund the project, but it may be necessary to advance construction monies from the General Fund that will be reimbursed by future impact fees.

- **Engineering:**

Mayor Carter suggested cutting back on engineering costs because we spend too much on things like for the parking lot project.

- **Reduce the Percentage in Reserves:**

Ms. Delmar explained that we have 25% in reserves and we may not need that much and so the City Commission could decide on a lower number it feels comfortable with. Ms. Pendergrass said it could be reduced to 20%.

Commissioner Rogers said that at the last Finance Committee Meeting it was stated that the City's reserve was in good shape. He asked what reserve percentage the auditor recommended. Ms. Delmar said the auditors recommend between 15% and 20% of the operating budget.

Commissioner Thornhill suggested capping the reserve at 15% to 17.5%.

Commissioner Howell suggested 18% – 20%.

Mayor Carter suggested 18%.

- **Use the Pool Fund for Reserves:**

Ms. Pendergrass asked the Commission if they wanted the million dollars plus that was set aside for the swimming pool to be considered as part of the 15% to 20% reserve.

Commissioner Wojcik said it would take three times the \$1,000,000 in reserves for a decent size pool. She said the pool was not a priority and agreed to use the million dollars as part of the reserve.

Mayor Carter agreed that it was not the time for a pool and the \$1 million could be used for the reserve fund but should be tagged and not touched unless necessary in which case it could be replaced when the economy turns. The city could then use it for the pool when the time is right.

Commissioner Thornhill agreed to use the money as reserves and talk later about a pool. He said if that \$1,000,000 was used for reserves they would only have to come up with another \$500,000.

Commissioner Rogers said the money for the pool was not a line item in the budget and they were under no obligation to use it for a pool. Ms. Delmar said the Commission had adopted a resolution setting aside the money in a tax anticipation reserve/pool reserve with the interest going back into the fund to use for operating a pool. The resolution also states that any money borrowed from the reserve had to be returned by the end of September each year. So far, no money has been borrowed. The Commission can use the money for any purpose it sees fit, but a resolution would need to be adopted to supersede the resolution creating the reserve.

Ms. Pendergrass said that she would be bringing a proposed reserve policy to the commission as part of the budget process.

- **CRA:**

Ms. Delmar said the community has not been happy with what has been funded by CRA revenues and wants it to only be used for economic redevelopment the CRA area; therefore, several areas have been allocated back from the CRA to the General Fund including:

- Code Enforcement
- Economic Development except in the CRA area
- The Longleaf Business Park
- Policing, except in the downtown area and at the Housing Authority

The CRA Fund now includes the following:

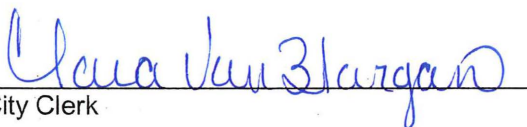
- Economic development that is associated with the CRA area
- Debt service on the CRA bond
- The B Street Community Center
- The Kimbrough and Associates contract
- \$50,000 for gateway improvements

She said the CRA has also been hit by the economic turndown. Property values in the CRA area have declined by 21%.

There being no further business, the meeting was adjourned.

  
Mike Carter  
Mayor/Commissioner

ATTEST:

  
Clara Van Blarigan  
City Clerk