

A budget workshop meeting of the City Commission was held on May 8, 2012 at 5:00 p.m. in the Commission Chamber at the Municipal Administration Building. The meeting was called to order by Mayor Michael S. Carter.

COMMISSIONERS PRESENT: Christopher Lutton; Betty Wojcik; Terry Y. Howell; Jonathan Thornhill; Mayor Michael S. Carter

COMMISSIONERS ABSENT: None

CITY REPRESENTATIVES PRESENT: Terry Leary, City Manager; Clara VanBlargan, City Clerk

[Meetings are recorded but not transcribed verbatim]

Agenda Item 2. Utility System Budget for FY2012-13 and 5 Year CIP

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

During the 2011'12 budget discussions, the City Commission requested the Finance Director provide options for funding of the five-year capital improvement plan.

At the November 1, 2011 Workshop, the City Commission was provided options for funding the five-year capital improvement plan as it related to the Utility System. A forecast for the Utility System was provided within Section 3 of the November 1st handout material.

At the December 20, 2011 commission meeting (agenda item #16), the City Commission was reminded of the November 1st workshop relating to utility rates and funding of the five-year CIP. It was noted that a rate increase is not necessary for funding of existing operating expenditures and debt service. But if the Commission wants to fund significant projects within the five-year CIP, then a rate increase would be needed. Section 1-2 from the material provided at the November 1st workshop provided options for funding projects within the five-year CIP.

At the March 6, 2012 Workshop, the City Commission was provided options for funding the five-year capital improvement plan as it related to the Utility System.

The City Commission has requested additional workshops relating to budget discussions for Fiscal Year 2012'13. This workshop is dedicated for that purpose relating the Utility Fund.

The presentation format includes:

The Basics	A fundamental understanding of the financial status of the Utility Fund
Utility Budget	Provides a draft copy of the Utility Fund Budget for Fiscal Year 2012'13
Utility - CIP	Provides a draft copy of the Utility Fund five year - CIP
March 6 th Workshop	A Copy of the memo provided at the March 6 th Workshop
Water Customers	Water Customers/ERU Count
Sewer Customers	Sewer Customers/ERU Count
Debt	Summary of existing City Debt

[End agenda memo]

Finance Director Dorothy Pendergrass distributed the material to be discussed and reviewed the information. She said the material distributed is only in draft form.

Mayor Carter asked that in the future they receive the information sooner. He said he marked up the packet they had been given in March with his questions and comments, but just before the meeting was handed a new one; he had no chance to look over it or evaluate it. Ms. Pendergrass explained the March CIP and budget schedules were those available at that time, but with the new budget information, the CIP changed.

BUDGET

Commissioner Wojcik asked the following questions:

- Commissioner Wojcik asked if the \$559,999 average available funding for future CIP projects included maintenance or if maintenance was included in the reoccurring expenditures. Ms. Pendergrass said it was included in expenditures.
- Commissioner Wojcik asked if the 2012/13 budget, with a deficit of approximately \$2.5 million, included the capital projects. Ms. Pendergrass said it included all the CIP requests.
- Commissioner Wojcik asked if the sinking fund was included in the budget and Ms. Pendergrass explained that the \$141,000 sinking fund was recorded in the budget under "reserve".

Commissioner Lutton asked the following questions:

- Commissioner Lutton asked if the \$559,999 had to stay in the utility system category and Ms. Pendergrass said it did.
- Commissioner Lutton asked what year the debt service was peeling off. Ms. Pendergrass said 2016 and 2017.

City Manager Terry Leary asked if the personnel category in the 2012/13 budget included an increase in employee salaries and Ms. Pendergrass said there were no increases calculated in. Commissioner Lutton noted that employees not only had to forego a pay raise again, but were asked to cut their current budgets.

5-YEAR CIP

Commissioner Wojcik asked the following questions:

- Commissioner Wojcik asked if the list of CIP projects were those most needed and Public Works Director Tom Moran said they were those most needed plus those carried over from the present year that have not happened yet.
- Commissioner Wojcik asked if the \$2.5 million deficit was due to the capital projects. Ms. Pendergrass said the requested capital improvement projects for 2012/13 amounts to only \$6,335,360.00 of the \$2.5 million.
- Commissioner Wojcik noted that even if they approve the \$5 increase in water fee to pay for the CIP projects it will only generate \$500,000, far short of the \$2.5 million deficit, so they need to look at the projects on the CIP list to determine the most urgent ones.

Mayor Carter asked the following questions:

- Mayor Carter said that at the March 6th workshop, the Commission requested information because they felt uncomfortable with the proposed \$5 rate increase but he did not see those questions addressed in the packet and asked for an update. Mr. Moran said the requests were not addressed in the packet because they are not complete, though the data in the report has been verified. The information that had been asked of staff were as follows:
 - For Staff to calculate how much money will be needed for the galvanized pipe replacement. Mr. Moran said about 69,000 feet of 2' line is needed and they are working on a GIS mapping system to identify where the pipes are.
 - For staff to locate the most urgently needed areas for the piping. Mr. Moran said they are in the process of trying to find which ones will need permitting and which ones can be done without.

- For staff to prioritize the most urgent needs. The following projects were discussed as urgently needed:

Replace galvanized piping: Mr. Moran said 2,500 feet of pipe is most urgently needed in two areas at an estimated \$100 per foot. Utility Projects Administrator Sarah Kirkland said the two areas are on Johnson Avenue between 3rd and 5th street; and between Delmar and Hillcrest.

Commissioner Wojcik noted that at the March meeting it had been explained to them that it is not simple to replace pipes in sections because once you fix one section, the next section is more likely to break because it is so old and brittle. Mr. Moran explained that they can do the PCV pipe in sections but the galvanized pipe needs to be replaced all at the same time.

SR 60 West Extension: Mr. Moran said the project to extend the water line on SR 60 west to accommodate future business development is a priority. Commissioner Thornhill said the extension project has been pushed back over and over for decades.

Mayor Carter asked how long it would take from start to finish if a developer wanted to come to Lake Wales and needed the water. Mr. Moran said it would take about two years.

Economic Development Director Harold Gallup said that this extension would accommodate development associated with the CSX project. A company wanting to move to Lake Wales will not wait two years, but will just build in another location. He said there is a possibility of getting grants such as CDBG to help with the cost but a certain level of plans must be completed in order to qualify. A grant of up to \$250,000 may be awarded but it will be based upon jobs to be created. Ms. Pendergrass said that the \$575,000 was matched with existing impact fees and so is not included in the \$2.5 million deficit.

Mayor Carter suggested that the Commission could approve just the \$100,000 to do the study, and not plan to go forward with it right away.

Asbestos Replacement: Commissioner Thornhill said it would be best to replace the asbestos pipes as quickly as possible. Mr. Moran agreed and said asbestos pipes are 'an accident waiting to happen', because of breaking pipes and because of the health risk to employees working with asbestos.

Fencing around the Lift Station: Mr. Moran said it was a mandate so it has to be done.

Bathrooms at the Water Treatment Plant: Presently there are no bathrooms at the plant and employees have to go to another city building. Commissioner Thornhill asked what happened to the insurance money and Mr. Moran said he didn't know. Ms. Pendergrass said she could ask Human Resource Director Sandra Davis.

Market Street Ground Storage Tank: Ms. Kirkland said the storage tank was listed in last year's budget but was moved to this year's budget because we didn't have the money. The health department said they would work with us as long as it was included in the next budget.

Utility Relocation on US 27 by Vanguard School: Mr. Moran said this was mandated by DOT to be done in five years and the five years is up. Because of this, it is in the budget to do a section every year. The funding was carried over to the next budget because we don't have the utility easement yet from Vanguard.

- For staff to formulate a timetable for the work to be done over a two to four-year time period. Mr. Moran said they are working on that.
- For staff to calculate how much of a utility fee increase would be needed to pay for just the most urgently needed projects. Mr. Moran said they can calculate that once the list of most urgent is established.
- Mayor Carter asked if the City could hire one or two people to do all the engineering studies instead of paying huge amounts of money for the different projects. Mr. Moran said that would be doable but he didn't believe it would be practical.

Commissioner Thornhill explained all the various disciplines that firms do such as engineering, designing, drawings, working the computer software programs, secretarial work, maintenance etc. The City would have to hire people to do the different jobs.

Commissioner Lutton said cities and counties large enough to hire an engineering staff still don't do the designing because of liability issues and it may take 200 man-hours to complete one study.

- Mayor Carter said there is \$6 million dollars worth of impact fees on the report to be used on some of the projects, but as there is essentially no growth, he asked where the impact fees would be coming from. Mr. Moran explained that the projects listed **qualify** for impact fees, if they are available. If not, we would have to find the money and be reimbursed by impact fees whenever they become available.
- Mayor Carter said there seems to be no projected growth in utility revenue and Ms. Pendergrass said they projected no growth because there hasn't been growth for the last three years.

Commissioner Wojcik suggested that we cover that \$2.5 million with debt service and retire the new debt with the expected money when the present debt is satisfied is 2016. Mayor Carter said in their packet it stated that the utility fund could not handle any more debt and he agreed with that. Commissioner Wojcik said we have put off and put off and now have a \$2.5 million list of things that absolutely need to be done, not even including the CIP projects under the general government. Commissioner Howell said she would rather borrow money to pay for things we have to get done than end up having to borrow money to pay for the fines because we didn't get them done, and we still would not have the project done.

Commissioner Howell said they should postpone projects that are not mandated for this year and are not health issues. Those can be discussed after we get the ones we have to do out of the way. Mayor Carter asked how much money would be needed to pay for the mandated projects and those that are health and sanitation issues. Commissioner Thornhill said he believed they should pay-as-they-go by increasing the utility rate and then in 2016 they can pay more when the debt is paid off and lower the utility rate.

Mayor Carter was not in favor of the increase in utility fee because some residents could not afford that in the present economy when everything else is going up. Commissioner Thornhill said he'd rather pay \$5.40 more a month on a water bill than have the millage rate go up, but either way the money has to come from somewhere. He said he didn't want to pay more either but if we don't fix what needs fixing now, we will probably have to pay more to do so in the future.

Commissioner Lutton said it might be helpful to get the whole scope of work under contract so when another section can be funded we don't have to go out to bid again.

Commissioner Lutton asked how many projects can be managed by the utility staff in a year. Mr. Moran gave an explanation of what staff has to do.

Mr. Moran was asked to provide the following prioritized list of the projects:

- Those that absolutely must be done because they are health issues or those like the DOT mandates where fines will be an issue, so the Commission knows what the cost will be and can make a determination as to how to pay for them.
- Those that have to be done in order for the department to operate efficiently.
- Those that can be paid for fully or partially by impact fees.

Mr. Moran said he could probably get the information to them by Friday afternoon.

OTHER DISCUSSIONS

2011 City of Lake Wales Budget Survey

City Manager Terry Leary reminded the commissioners to mark up and turn in last year's budget survey if they had not done so already.

Commissioner Wojcik said although she was not pleased with the survey questions, it would seem that in order to compare the citizen responses received this year with last year is to keep them the same. Mayor Carter said certain questions should stay the same and add some new ones to reflect any needed changes for this year. Commissioner Howell concurred. Ms. Leary said she will work on streamlining the survey and incorporate any necessary changes by the Commission.

Fourth of July Fireworks at the Mall

Commissioner Howell said she voted on moving the fireworks to the mall for she does not mind changes or tradition. She is impressed that the Daily Ridge is paying attention to what is happening in Lake Wales and people are able to make comment. There have always been complaints about the fireworks at the lake such as the fireworks display is not long enough, trash everywhere, and parking issues. It seems as though the ones making those complaints are the ones complaining about the fireworks being moved to the mall. She does not know if there will be a contract between the Mall and Lake Wales, but people are calling her and asking that the contract not be signed until the matter can be discussed again.

Ms. Leary said she does not know if there is a contract but there is a commitment. The Mall has already started the advertising process and staff has been meeting with them. The Mall is hoping that the fireworks addition will help make the event an overall success for both the Mall and the City.

Commissioner Wojcik said as she responded in some of the emails she received, she is not opposed to reconsidering the matter but it could be too late to do so because of the commitment that has already been made. She is in favor of tradition, but it would not hurt to try something new. If it is too late to do anything about it, at least it gives us the opportunity to see how it goes. There was a huge segment of Lake Wales that did not oppose the decision that was made and are looking forward to the big event. Commissioner Wojcik said that the next time something like this comes up she would like to see it brought up in such a way to give the Commission the opportunity to see what the public thinks.

Commissioner Howell asked the City Manager to have Jennifer Nanek to talk to the mall to make sure that everything that was at the lake is at the mall such as food vendors and activities. She said it seemed as though the Mall was sure that the fireworks would be moved there before the decision was made by the Commission.

Mayor Carter said it seemed as though the Mall was sure of an affirmative vote because of its pre-advertising and videoing.

Commissioner Wojcik said she is not opposed to moving the fireworks back to the lake if the Mall is not going to be hurt by doing so. Commissioner Howell said we need to encourage the Mall people to come to the lake and the lake people to go to the Mall.

Mayor Carter said from the tone of the many emails he received was that it wasn't so much the fact of moving the fireworks but the fact that the public did not have an opportunity to have their voice heard before a decision was made. There was no information in the agenda packet to make the public aware of what was going on. If they had known, they would have made more of an effort to come to the meeting.

Changing Time Line for Publishing of the Agenda

Mayor Carter said with the lack of notice to the public about the fireworks he made a suggestion to the City Manager that the timeline of publishing the agenda needed to be moved from Thursday afternoon to Wednesday noon. This will allow the papers an opportunity to get the information they need and to do a story. Mayor Carter said he would like to write some type of article on every agenda of the items to be discussed to help get the word out. Moving the timeline up will allow him to do a better job of it.

Ms. Leary said she was told by the City Clerk that the Commission is responsible for changing the timeline of when the agenda is to be published. Ms. VanBlargan said a couple of years ago the commission felt it needed more time to study the agenda and to answer questions by the public so it changed the timeline from Friday to Thursday. Ms. Leary said this item will be put on the agenda for the next meeting. Commissioner Thornhill said he was all for getting the agenda earlier if it does not cause a strain on staff. Ms. Leary said staff will have to plan ahead. Ms. VanBlargan said most items placed on the agenda are things that can be planned ahead. Commissioner Wojcik said nothing should go on the agenda unless it has a memo from staff describing the item and the recommendation. This is not only helpful to the public but the Commission as well. It is difficult to make an important decision without support documents. She asked that the City Manager make that happen. Ms. Leary said she was aware of the Fourth of July item ahead of time but was not aware that staff did not provide supporting documents until after the agenda was published. Commissioner Howell said publishing the agenda earlier will allow staff time to get the information to them if it was left out. Commissioner Lutton said staff will need to realize that they will have an earlier deadline to turn in their items, which at times could be difficult to meet. Some of the big cities do not do things in such a super deadline way. Everything is well planned. If it is going to be difficult for staff to meet a deadline for a particular meeting then perhaps they should wait to meet the deadline for the meeting after. This sounds cruel but some items will need to be delayed until the next meeting. Mayor Carter said the public needs appropriate time to be informed of any item to be considered for a decision by the commission. This will allow them time to participate and voice their opinion. Commissioner Howell said if an item is not turned in on time then it should wait until the meeting after that.

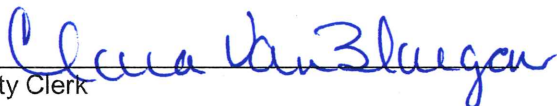
The City Manager said changing the timeline for publishing the agenda will be added to the next meeting agenda.

There being no further business, the meeting was adjourned at 6:52 p.m.



Mayor/Commissioner

ATTEST:



City Clerk