

The regular meeting of the Lake Wales City Commission was held on September 5, 2012 at 6:00 p.m. in Commission Chambers at the Municipal Administration Building. The meeting was called to order by Vice Mayor Terrye Y. Howell following the Invocation and Pledge of Allegiance at 6:02 p.m.

INVOCATION

The invocation was given by Fire Chief Jerry Brown.

PLEDGE OF ALLEGIANCE

COMMISSIONERS PRESENT: Christopher Lutton; Jonathan Thornhill; Betty Wojcik; Terrye Y. Howell

COMMISSIONERS ABSENT: Michael S. Carter voted for the millage rate and budget approval via telephone.

CITY REPRESENTATIVES PRESENT: Terry Leary, City Manager; Albert C. Galloway, Jr., City Attorney; Clara VanBlargan, City Clerk; Jacquie Hawkins, Deputy City Clerk;

[Meetings are recorded but not transcribed verbatim]

MAYOR

City Manager's Administrative Assistant Katie Kinloch announced that a 9 -11 prayer service will be held on September 11th at the west end of the Administration Building from noon to 1 PM to honor those who lost their lives during the terrorist attack, and to pray for our community and our nation, and invited the public to attend.

Police Chief Velasquez presented Sergeant Tim Harrell a retirement plaque. He worked 25 years for the City as a police officer. Vice Mayor Howell commented that Officer Howell was "homegrown" as he finished high school in Lake Wales and stayed here to help keep our city safe, and she was proud of his achievement.

Agenda Item 5. PROCLAMATION: Constitution Week: September 17-23, 2012

Vice Chairman Howell read the proclamation proclaiming the week of September 17-23 Constitution week to Sylvia Carson and two other members of the Daughters of the American Revolution. Virginia Okie reviewed the history of the cannon that was on the USS Constitution and Mimi Hardman explained how that cannon ended up in Lake Wales. The cannon will be dedicated on October 21st at 2 PM at the white historic building where it had been originally placed, which at that time was used as the Woman's Club, Music Club, the Chamber of Commerce and the public library.

CONSENT AGENDA

Agenda Item 6. APPROVAL OF MINUTES: August 21, 2012, Regular Meeting

City Attorney Chuck Galloway said there was a correction to Agenda Item 13 in the minutes as follows: He said his comment had been that there was no deed to be executed; only a settlement statement, which was not in the minutes, and that it may be executed by the City Manager rather than the Mayor. At that point, he said, they found out that the City Manager would be at the Florida League Convention, so Harold Gallup was authorized to sign it.

Agenda Item 7. Annual Fire Services Agreement with Polk County – FY 12'13

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The City Commission will consider approval of the fire protection agreement with Polk County for FY2012-2013.

RECOMMENDATION

It is recommended that the City Commission take the following action:

1. Approve the FY2012-13 Fire Protection Agreement with Polk County for the City to provide fire protection to areas of Polk County outside of the city limits that are distant from available county fire protection. The City will receive \$260,247 from Polk County for the agreement. This amount is an increase of \$1,373 over the 2011-2012 Agreement.
2. Authorize the City Manager to execute the agreement on behalf of the City.

BACKGROUND

The Lake Wales Fire Department has been providing fire protection to property owners in areas outside of the City since 1976. The attached agreement is for service from October 1, 2012 through September 30, 2013 and is similar to the approved agreements of previous years.

As part of the agreement, the City receives 50% of the fire assessment fees collected for all residential and commercial property within the contract area.

OTHER OPTIONS

Do not approve the agreement requiring Polk County to seek other options for protection.

FISCAL IMPACT

Approval of the agreement allows for a revenue amount of \$260,247 to the General Fund.

[End of agenda memo]

Agenda Item 8. Lake Wales High School Homecoming Parade Special Event & Road Closings

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

Approval of the special event permit application and the request for street closings will allow the Lake Wales High School Homecoming Parade to be held on Thursday, October 11, 2012.

RECOMMENDATION

It is recommended that the City Commission take the following action:

Approve the special event permit application from Lake Wales High School for the Homecoming Parade to be held Thursday, October 11, 2012 from 4:00 pm to 6:00 pm.

Approve the request for the road closing of First Street from SR60 to Central Avenue, Central Avenue from First Street to Lakeshore Boulevard, and from Lakeshore Boulevard to North Wales Drive at Legion Field

Approve the closing of Orange Avenue and North 5th Street to Sessoms Avenue

BACKGROUND

Ms. Donna Dunson, Principal of the Lake Wales High School submitted a special event permit application for the Homecoming Parade to be held on Thursday, October 11, 2012 between the hours of 4:00 pm and 6:00 pm. Parade line up begins at 4:00 p.m. in the parking lot of Polk Avenue Elementary School and on south First Street with the parade starting at 5:00 p.m. The requested temporary street closings will involve the following streets;

First Street from State Road 60 to Polk Avenue, north to Central Avenue, east on Central Avenue crossing SR 17 and continuing to Lakeshore Blvd., north on Lakeshore Blvd. to North Wales Drive, Orange Avenue to N 5th Street, N 5th Street to Sessoms Avenue

The crossing of Scenic Hwy (SR 17) requires a road closing permit from the Florida Department of Transportation. This permit request has been submitted to the FDOT office in Bartow. All Departments have reviewed the application and have approved the event. Lake Wales Police Department and VOICE will be available to provide escort for the parade and for traffic control. The Streets Department will be providing assistance with the barricades for the street closings and will take care of normal street cleaning on Friday. The school has provided the required proof of liability insurance.

OTHER OPTIONS

Do not approve the request for the road closings for the event.

FISCAL IMPACT

In-kind service from the City is estimated to be \$1,005.76 for FY2012/2013. Lake Wales High School is responsible for 25% of the total cost for in-kind services in the amount of \$335.25.

[End agenda memo]

Commissioner Wojcik made a motion to approve the Consent Agenda with the corrections to the minutes as identified by the City Attorney. The motion was seconded by Commissioner Thornhill.

By Voice Vote:

Commissioner Wojcik	"YES"
Commissioner Thornhill	"YES"
Commissioner Lutton	"YES"
Vice Mayor Howell	"YES"

The motion carried 4-0.

OLD BUSINESS

NEW BUSINESS

Agenda Item 9. Ordinance 2012-14, Adoption of FY 2012'13 Millage Rate – 1st Reading & Public Hearing

Ordinance 2012-15, Adoption of FY2012'13 Budget – 1st Reading & Public Hearing

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The Commissioners will consider adopting a millage rate of 8.5119 mills for Fiscal Year 2012-2013 which is the City's rolled-back rate. The Commissioners will also consider adopting the proposed operating budget.

RECOMMENDATION

After first reading and separate public hearings, it is recommended that the City Commission take the following actions:

1. Approve Ordinance 2012-14 adopting a millage rate of 8.5119 mills for FY2012-2013.
2. Approve Ordinance 2012-15 adopting an operating budget for FY2012-2013.

BACKGROUND

In accordance with Florida Statutes and the City Charter, Ordinances 2012-14 and 2012-15 are presented for first reading and public hearing. Ordinance 2012-14 establishes the millage rate for FY12'13, and Ordinance 2012-15 adopts the proposed FY12'13 budget. These ordinances must have separate public hearings and must be voted upon individually.

The proposed FY12'13 budget document 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. This document was previously forwarded to the City Commission for review on August 21st.

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

On July 17, 2012, the City Commission adopted an Interim Millage Rate of 9.000 to give itself some flexibility while working through the FY12'13 budget adoption process. Although it may be lower, the final millage rate adopted by the Commission cannot exceed the Interim Millage Rate. The proposed budget was balanced on the rolled-back millage rate of 8.5119 per \$1,000 of taxable valuation. This rolled-back rate of 8.5119 mills would generate the same amount of revenue with 2012 property values as the current rate (7.9998) generated with 2011 property values.

The following chart shows the tax levied at the current rate and the rolled-back rate for taxpayers at various assessed valuations; the difference between the two rates is also shown:

Assessed Value	Taxable Value		Tax Levy		
	with 1 st \$25,000 homestead exemption	with 1 st & 2 nd \$25,000 homestead exemption	7.9998 mills (current)	8.5119 mills (rolled-back)	Difference
\$60,000	\$35,000	-	\$279.99	\$297.92	\$17.92
\$75,000	\$50,000	-	\$399.99	\$425.60	\$25.61
\$100,000	-	\$50,000	\$399.99	\$425.60	\$25.61
\$150,000	-	\$100,000	\$799.98	\$851.19	\$51.21
\$175,000	-	\$125,000	\$999.98	\$1,063.99	\$64.01
\$200,000	-	\$150,000	\$1,199.97	\$1,276.79	\$76.82

At the August 1st budget workshop, it was the consensus of the Commission to proceed into the first budget hearing with the ad valorem revenues increased by the rolled-back rate instead of the current rate. Accordingly, Ordinance 2012-14 has been prepared for first reading and public hearing with a tentative millage rate equal to the rolled-back rate of 8.5119 mills.

The effect of the rolled-back rate (8.5119) compared to the current rate (7.9998) is an increase on fund revenues as follows:

General Fund	225,408
CRA Fund	32,557
Library Fund	20,870
Estimated Fund Balance at 9/30/12	<u>278,835</u>

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 2011 to June 2012 was 1.7%, 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 1st.

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 five years. Revenues from state and other intergovernmental sources (communication service tax, local option gas tax and county optional gas tax) are also projected to be lower than last year.

General Fund revenues in FY12'13 (9,513,565+828,000 = 10,341,565) are projected to be \$247,493 more than budgeted in FY11'12 (9,517,072 - 251,000 pending budget amendment + 828,000 = 10,094,072) and \$18,232 more than actually received in FY10'11.

EXPENDITURE CHANGES SINCE PRESENTATION OF BUDGET

General Fund expenditures in FY12'13 are projected to be \$10,758,235, which is \$154,164 less than budgeted in FY11'12 (\$10,912,399) and \$204,161 less than actually spent in FY10'11 (\$10,962,396).

FUND BALANCE

The City's auditors, for several years, have strongly recommended that the General Fund have an unreserved fund balance equal to 15% to 20% of the total operating costs. The City's General Fund has realized unreserved fund balances equal to:

<u>Fiscal Year</u>	<u>Unreserved Fund Balance</u>
07'08	17.88%
08'09	24.13%
09'10	29.51%
10'11	21.97%

On July 19, 2011 the City Commission adopted Ordinance 2011-11 creating policies for the provision of emergency sinking accounts in the General Fund and the Utility System Fund. This ordinance also defines lower and upper account balance limits for these emergency sinking accounts. In the General Fund, the lower limit is set at 15% of operating expenditures budgeted for the next fiscal year and the upper limit is set at 20%; the same is true of the Utility System Fund.

On August 21, 2012, the City Commission approved agenda item #13 for an acquisition of a proposed fire station site at 600 Chalet Suzanne Rd. (3.76 acres of real estate). The City Commission approved an interfund loan from the General Fund Emergency Sinking Account up to \$100,000. The interfund loan shall be repayable from fire impact fees and shall accumulate 3% interest until reimbursement is received.

In terms of the proposed FY12'13 budget, a General Fund emergency sinking account balance of \$1.50 million to \$2.04 million would be required to remain within the 15% to 20% margins, while excluding the \$100,000 interfund borrowing due to the real estate purchase for the fire sub-station location.

At 9/30/2012, \$1,506,482 (15% of revised operating expenditures budgeted for FY12'13) will be set aside in the emergency sinking fund. If current revenue and expenditure trends continue through the end of this fiscal year, it is estimated that total fund balance at September 30, 2012 will be about \$2.1 million as follows:

Inventory & Prepaid Expenses	80,000
Emergency Sinking Fund	1,506,482
Unreserved/Undesignated	558,400
Estimated Fund Balance at 9/30/12	<u>2,144,882</u>

The proposed General Fund budget for FY12'13 expects a reduction in fund balance of \$416,670. It is estimated that total fund balance at September 30, 2013 will be about \$1.7 million as follows:

Inventory & Prepaid Expenses	80,000
Emergency Sinking Fund	1,506,482
Unreserved/Undesignated	141,409
Estimated Fund Balance at 9/30/13	<u>1,728,212</u>

Unless the economy improves or additional revenues sources are received by the General Fund in FY13'14, the City Commission will need to decrease general fund expenditures by over \$400,000 or the City Commission will be forced to use emergency sinking funds for recurring operating costs.

EXPENDITURE OVERVIEW

By necessity, the proposed FY12'13 Budget responds to reductions of General Fund revenues by reductions in spending on core municipal services as well as parks, recreation and other "quality of life" services. Taking into consideration the fact that there are cost increases for fuel, utilities, insurance, pension benefits and other non-discretionary items, it is only possible to achieve cost savings 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.

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.

The proposed budget includes no Cost of Living Adjustment (COLA) for employees. The cost for each 1% across-the-board salary increase is approximately \$90,000. 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.

SUMMARY OF ALL FUNDS

General Fund	\$10,710,641
Special Revenue Funds	2,598,124
Debt Service Fund	2,162,266
Capital Projects Fund	775,000
Utility System Fund	8,761,742
Airport Fund	185,797
TOTAL	\$25,193,570

The expenditure total of \$25,193,570 is comprised of operating costs in the amount of \$20,426,219 and capital outlay in the amount of \$4,767,351. Transfers in the amount of \$1,981,635 bring total expenditures plus transfers to \$27,175,205.

Capital expenditures include utility system improvements are budgeted as follows:

General Fund	\$46,215
Special Revenue Funds	380,500
Capital Projects Fund	775,000
Utility System Fund	3,507,636
Airport Fund	58,000
TOTAL	\$4,767,351

Capital expenditures proposed for FY12'13 are itemized in the following chart:

Item	Cost	Funding Source
Community Redevelopment – Entryway Improvement	224,500	CRA Tax Increment Revenues
Community Redevelopment – Lake Weaver Fountain	15,000	CRA Tax Increment Revenues
Community Redevelopment – Signage Municipal Complex	7,500	CRA Tax Increment Revenues
Fire Dept. – North Side Sub-station	700,000	Grants, Impact Fees
Fire Dept. – Thermal Imaging Camera	11,000	Grant
Information Technology – E-mail System Upgrade	12,000	Miscellaneous Revenues
Library – Books & Subscriptions	65,000	Library Fund Revenue, Impact Fees
Police Dept – Video Systems/Cameras	16,000	Byrne Law Enforcement Grants
Airport – Master Plan	58,000	Grants, General Fund Transfer
Cemetery – Road Improvements	20,000	Cemetery Trust Account
Cemetery – Mausoleum Roof Replacement	3,215	Cemetery Trust Account
Parks & Rec. – Crystal Lake Park Improvements	25,000	Impact Fees
Parks & Rec. – Lake Wailes Park Improvements	25,000	Impact Fees
Parks & Rec. – Pram Fleet Area	25,000	Impact Fees
Street Dept. – Drainage Improvement – Polk Ave.	52,500	Gas Taxes & SWFWMD
Reuse System – Oakwood Country Club Transmission Line (Construction)	750,000	SWFWMD Grant, Impact Fees, Private Contribution
Reuse System – Misc New Services	10,000	Utility System Operating Revenues
Sewer System – C St & Vicinity Improvements	934,860	CRA Bond, Tax Increment Revenues
Sewer System – Lift Station Upgrades – Fencing, etc	27,500	Utility System Operating Revenues
Sewer System – Utility Relocation – US 27	100,000	Utility System Operating Revenues
Sewer System – Sliplining	250,000	Utility System Operating Revenues
Sewer System - GPS	50,000	Utility System Operating Revenues

Item	Cost	Funding Source
Sewer System – Utility Transmission System – SR 60 W.	575,000	Utility System Operating Revenues
Sewer System – Unsewered Areas	200,000	Utility System Operating Revenues
Sewer System – Vehicle Replacement	17,243	Utility System Operating Revenues
Water System – Bathrooms @ Water Plants	10,000	Utility System Operating Revenues
Water System – Utility Relocation – US 27	200,000	Utility System Operating Revenues
Water System – GPS	50,000	Utility System Operating Revenues
Water System – Market Street Distribution Upgrades	125,000	Utility System Operating Revenues
Water System – Vehicle Replacement	23,033	Utility System Operating Revenues
Water System – Storage Tank/Ground – Market St.	125,000	Utility System Operating Revenues
Water System – Misc New Services	60,000	Utility System Operating Revenues
TOTAL CAPITAL EXPENDITURES	\$4,767,351	

REVIEW OF DEBT SERVICE

As required by Charter, a summary of the City's outstanding principal balance at September 30, 2012 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: \$4,171,742; 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: \$324,639; 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: \$3,633,123; 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: \$2,274,871; last payment 2027.

CRA Redevelopment Revenue Note, Series 2007; issued to finance redevelopment capital improvement projects. Annual interest rate: 3.77%. Balance: \$8,049,736; 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: \$1,124,500; 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: \$620,153; 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: \$435,930; 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: \$884,229; 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: \$826,889; 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. Principal amount of loan is approved at \$350,000; current amount drawn down is \$321,495. Annual interest rate: 2.30%. Balance: \$321,495.

Florida Department of Environmental Protection Revolving Loan Program assistance for funding of construction costs associated with the Wastewater Treatment Plant Expansion Project. Principal amount of loan is approved at \$4,425,207; current amount drawn down during FY11'12 is \$3,267,364. Annual interest rate: 2.30%. Expected principal balance during FY12'13 is: \$4,425,207.

Fixed Base Operator's Prepayment Credit for \$340,000 in leasehold improvements done by the FBO on airport property. Annual interest rate: 0%. Balance: \$115,629; last payment 2019.

The City's expected indebtedness at 9/30/12 is \$27,208,143. Debt payments due during FY12'13 total \$3,642,631 and represent 17.8% of the City's operating budget (excluding interfund transfers and capital outlay). Appendix – 2 provides a schedule showing the City's expected outstanding debt at September 30, 2012.

BUDGET HIGHLIGHTS

A summary of the important aspects of the proposed FY12'13 budget document is provided as follows:

1. No Cost of Living Adjustment (COLA) is budgeted for employees this year.
2. A 9.77% increase for health care coverage is budgeted per our insurance agent.
3. Pension contribution rates have been budgeted for FY12'13 to yield the actuarially determined funding requirements calculated by the actuaries retained by the City's pension boards as follows:

Percent of Salary Contributed to Pension Plan by City			
	General Employees	Police Officers	Firefighters
FY 12'13	10.6%	25.8%	36.5%
FY 11'12	5.7%	27.9%	41.6%
Change	+4.9%	-2.10%	-5.10%

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.

The long-term sustainability of these defined benefit pension plans and the growing cost to the public are great matters of concern. By necessity, pension reform must be addressed by staff and the City Commission during the next fiscal year.

4. Appendix – 20 provides a schedule of changes in departmental staffing in FY12'13 as compared to FY11'12. Two employee positions have been removed. In FY12'13 total personnel includes 173.25 positions compared to 175.25 during FY11'12 (Appendix – 19).
5. 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. The increase will be applied to service provided on or after October 1, 2012.

	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	5.66	2.24	3.03	4.70	7.74	20.10	2.64	4.63
10/1/12	5.80	2.30	3.11	4.82	7.93	20.60	2.71	4.75

For inside-city residential customers using an average of 8,000 gallons per month, water charges will increase from \$25.95 to \$26.63, and sewer charges will increase from \$47.19 to \$48.40; the combined bill for water and sewer will increase from \$73.14 to \$75.03.

6. The FY12'13 Budget includes a 2.5% increase in all General Fund user fees and charges.
7. Contracts, grants and other items of interest:
 - The contracts with the Lake Wales Little League for field maintenance (\$60,000, pg 63) and the Boys & Girls Club for operation of the Kirkland Gym (\$55,698, pg 63) are budgeted at the same level of funding in FY12'13 as in FY11'12.
 - The contract with Kimbrough & Associates for services relating to CRA Area 3 redevelopment is funded at the same level as in FY10'11 (\$38,250, pg 82).

CONCLUSION

By necessity, the proposed FY12'13 Budget responds to reductions of ad valorem proceeds and other General Fund revenues with deep spending cuts. No functional area in the organization is untouched by

cut-backs. Most departments have reached the lower limit in operating cuts and can make no additional reductions without seriously compromising the quality of service to the public.

There is no question that our financial resources will be severely strained for the next few years as we continue to deal with the fiscal impact of property tax reform, the problems in the housing market, and a poor economy in general. 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 actions must be taken both this year and next.

Strengthening the organization at its current size and improving the ability of our employees to provide a high level of service to the community with limited resources will continue to be a primary focus during FY12'13. By continuing to implement strong budget controls, requiring strict adherence to purchasing procedures, and maintaining the timeliness of financial reporting, it is our intent not only to complete FY12'13 without a further draw-down of cash surpluses in either the General Fund or the Utility Fund but to complete the year with cash surpluses that we can carry forward into FY13'14.

[End agenda memo]

City Clerk Clara VanBlargan read Ordinance 2012-14 by title only.

AN ORDINANCE OF THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA, ADOPTING THE FINAL LEVYING OF AD VALOREM TAXES FOR THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA FOR FISCAL YEAR 2012-2013; PROVIDING FOR AN EFFECTIVE DATE.

OPENED PUBLIC HEARING

There were no comments from the public.

CLOSED PUBLIC HEARING

Commissioner Wojcik made a motion to approve Ordinance 2012-14 adopting a millage rate of 8.5119 mills for FY2012-2013 after first reading and public hearing. The motion was seconded by Commissioner Lutton.

By Roll Call Vote:

Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Commissioner Thornhill	"YES"
Commissioner Howell	"YES"
Mayor Carter, via telephone	"YES"

The motion carried 5-0.

City Clerk Clara VanBlargan read Ordinance 2012-15 by title only.

AN ORDINANCE OF THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA, RATIFYING, APPROVING, ACCEPTING AND ADOPTING THE ESTIMATES OF EXPENDITURES FOR THE OPERATION OF THE SEVERAL DEPARTMENTS OF SAID CITY, AND ALL NECESSARY AND ORDINARY EXPENSES OF SAID CITY FOR THE 2012-2013 FISCAL YEAR, APPROPRIATING ALL FUNDS TO BE RAISED AND COLLECTED FROM ALL SOURCES SET FORTH IN THE ESTIMATE OF REVENUES & BALANCES FOR SAID FISCAL YEAR, AND THE REPEALING OF ALL ORDINANCES IN CONFLICT WITH THIS ORDINANCE; PROVIDING FOR AN EFFECTIVE DATE.

OPENED PUBLIC HEARING

There were no comments from the public.

CLOSED PUBLIC HEARING

Commissioner Thornhill made a motion approve Ordinance 2012-15, adopting an operating budget for FY2012-2013 after first reading and public hearing. The motion was seconded by Commissioner Wojcik.

By Roll Call Vote:

Commissioner Thornhill	"YES"
Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Commissioner Howell	"YES"
Mayor Carter, via telephone	"YES"

The motion carried 5-0.

Agenda Item 10. Ordinance 2012-16, Five-Year Capital Improvement Plan FY2012'13 – 1st Reading

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The Commissioners will consider adopting the Five-Year Capital Improvement Plan for fiscal years 2012/13 through 2016/17.

RECOMMENDATION

It is recommended that the City Commission approve after first reading Ordinance 2012-16 adopting the Five-Year Capital Improvement Plan for fiscal years 2012/13 through 2016/17.

BACKGROUND

In accordance with section 6.05 of the City Charter, Ordinance 2012-16 adopts the proposed 5-year Capital Improvement Plan (CIP) for the period FY2012/13 through FY2016/17. Capital improvements and capital acquisitions proposed for Year 1 of the 5-Year plan are incorporated into the FY12'13 operating budget, as are appropriation of funding sources necessary to implement Year 1 of the plan.

The 5-Year CIP document includes all capital facility and infrastructure improvements which staff believes should be undertaken during the next five years and supporting information to explain the necessity for the improvements. In addition, the CIP includes all capital equipment proposed for acquisition during this period. Cost estimates, method of funding and time schedule for the proposed improvements and equipment acquisitions are identified in the document.

The proposed 5-Year CIP totals \$39,249,851 and includes \$825,000 in land acquisition, \$3,716,275 in building improvements/acquisitions, \$30,369,476 in infrastructure and recreation improvements, \$3,313,100 in equipment acquisition, and \$1,026,000 in other capital outlay. Schedule "C", within the 5-year CIP, provides a detail listing of each asset type.

Improvements and equipment needs for the next 5 years were submitted by department heads with a justification of necessity and a recommended time schedule for completion or acquisition. These requests were prioritized by the City Manager in view of the available funding resources and urgency of need.

FISCAL IMPACT

Funding of the CIP will be accomplished through utilization of existing cash surpluses and current year operating revenues, future grants, private contributions, and impact fees. Some of the improvements proposed for the utility system are eligible for low-interest SRF financing. Growth related improvements will be funded by impact fees.

Costs of all capital improvements and equipment acquisitions are distributed over 5 years as follows:

Year 1 - FY2012/13	4,767,351
Year 2 - FY2013/14	9,479,212
Year 3 - FY2014/15	10,249,949
Year 4 - FY2015/16	6,809,465
Year 5 - FY2016/17	7,943,874
5 Year Total	<hr/> 39,249,851

All items scheduled for Year 1 are included in the proposed FY12'13 operating budget presented to the City Commission for consideration.

[End agenda memo]

City Clerk Clara VanBlargan read Ordinance 2012-16 by title only.

AN ORDINANCE OF THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA, RATIFYING, APPROVING, ACCEPTING AND ADOPTING A 5-YEAR CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2012/13 THROUGH 2016/17; REPEALING ALL ORDINANCES IN CONFLICT WITH THIS ORDINANCE AND PROVIDING FOR AN EFFECTIVE DATE.

PUBLIC COMMENT

There were no comments made by the public.

Commissioner Thornhill made a motion to approve Ordinance 2012-16 after first reading. The motion was seconded by Commissioner Lutton.

By Roll Call Vote:

Commissioner Thornhill	"YES"
Commissioner Lutton	"YES"
Commissioner Wojcik	"YES"
Vice Mayor Howell	"YES"

The motion carried 5-0.

Agenda Item 11. Ordinance 2012-17, Amendment to International Property Maintenance Code and related Code Enforcement Procedures – 1st Reading

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The City Commission will consider amending the International Property Maintenance Code and related Code Enforcement procedures that will prescribe standards for maintaining residential structures in the City as well as create new, revised and updated standards for commercial properties.

RECOMMENDATION

City staff requests that the City Commission approve Ordinance 2012-17, on first reading, the amendment to the International Property Maintenance Code 2009 as a part of the Code of Ordinances of the City of Lake Wales.

BACKGROUND

On July 3, 2012, the City Commission adopted **Ordinance 2012-09**, Property maintenance Code and related Code Enforcement Procedures. Following this, staff realized that a significant amount of the code was inadvertently left out which included the definitions needed to implement and clarify the code. Texts in blue of Ordinance 2012-17 are sections that have been added.

Ordinance 2012-09 has already been sent to Municipal Code for codification. If we can act in September, we will save on the cost of revisions and Ordinance 2012-17 will be included in the new codification.

[End agenda memo]

City Clerk Clara VanBlargan read Ordinance 2012-17 by title only.

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF LAKE WALES, FLORIDA, AMENDING ORDINANCE 2012-09 TO INCLUDE SECTIONS OF THE ADOPTED INTERNATIONAL PROPERTY MAINTENANCE CODE THAT WERE INADVERTANTLY EXCLUDED; REPEALING ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HERE WITH; PROVIDING FOR SEVERABILITY; CODIFICATION; AND AN EFFECTIVE DATE.

Building Official Cliff Smith reviewed Agenda Item 11 and explained that a few sections had been inadvertently omitted in Ordinance 2012-09, the main omission being the definitions.

City Attorney Chuck Galloway added that the ordinance was also modified to include provisions of the property maintenance code that only the Building Official can enforce it; so it included language to make that very clear because much of it could not be enforced by a code enforcement officer. So now it's been modified to include it all. But it says who may enforce."

Commissioner Wojcik made a motion to approve Ordinance 2012-17 after first reading. The motion was seconded by Commissioner Thornhill.

By Roll Call Vote:

Commissioner Wojcik	"YES"
Commissioner Thornhill	"YES"
Commissioner Lutton	"YES"
Vice Mayor Howell	YES"

The motion carried 4-0.

Agenda Item 12. Resolution 2012-15, Interchange of US 27 & SR 60 – Statement of Intent to Maintain FDOT Landscaping

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The Florida Department of Transportation has agreed to landscape the interchange of US Highway 27 and State Road 60 as requested by the City and is ready to move forward with design of the project. The resolution states the City's intention to maintain the landscaping subject to development of a mutually agreeable landscaping and maintenance plan. The plan and a formal agreement for maintenance will be brought back to the City Commission for approval upon completion of the design. Installation of the landscaping is anticipated in 2013.

RECOMMENDATION

Staff recommends adoption of Resolution 2012-15 so that design of the landscaping project requested by the City can proceed.

BACKGROUND

At the request of the City, the Florida Department of Transportation (FDOT) has agreed to install landscaping in the open areas at the interchange of U.S. Highway 27 and State Road 60. FDOT will move forward with design for installation in 2013 upon assurance that the City intends to maintain the landscaping.

Resolution 2012-15 states the City's intention to maintain the landscaping, subject to development of a mutually agreeable landscaping and maintenance plan. The plan and a formal agreement for maintenance will be brought back to the City Commission for approval upon completion of the design.

The landscaping plan will emphasize large trees for instant visual impact at the intersection. Parks Board member and landscape architect Marshall Whidden will be coordinating with FDOT on the design. The intention is a high impact design with low maintenance requirements.

Currently, the City's maintenance responsibilities at the interchange are limited to mowing of the slopes of the overpass. Under the project, maintenance responsibilities will be expanded to include maintenance of the trees and FDOT-installed irrigation system and mowing in areas around the trees where FDOT mowers cannot maneuver. Mowing responsibilities will not extend to open areas which FDOT will continue to mow.

Following installation of the landscaping, the FDOT's landscape contractor will be responsible for maintenance for a period of time for the trees to become established before the City's responsibilities commence.

The City's request was made (Resolution 2012-05) as part of the beautification efforts under the Economic Development Plan prepared by the Economic Development Partnership. The project was also proposed and endorsed by the Parks and Community Appearance Advisory Board. Currently, the interchange is devoid of landscaping except for grass and has a very bleak appearance.

OTHER OPTIONS

Decline maintenance responsibilities. The project will not move forward without a statement of the City's intent to maintain the landscaping. It is possible that the project could be revived in future years, subject to the availability of funding.

FISCAL IMPACT

The fiscal impact cannot be accurately calculated without the landscaping and maintenance plan. The City's maintenance costs will increase. Responsibilities will include keeping the irrigation system in working order, fertilizing and trimming trees, and mowing areas close to trees where FDOT's mowers cannot maneuver.

[End agenda memo]

City Clerk Clara VanBlargan read Resolution 2012-15 by title only.

A RESOLUTION STATING THE CITY'S INTENT TO MAINTAIN LANDSCAPING TO BE INSTALLED BY THE STATE IN THE RIGHT-OF-WAY AT THE INTERCHANGE OF STATE ROAD 60 AND U.S. HIGHWAY 27, SUBJECT TO DEVELOPMENT OF A PLANTING AND MAINTENANCE PLAN AGREEABLE TO BOTH PARTIES.

Planning Development Director Margaret Swanson reviewed Agenda Item 12.

OPENED PUBLIC HEARING

Ed Bowlin, Circle Drive, spoke in opposition to the City taking on more work for its employees at this time for the following reasons:

- Several years ago this project came up and was not approved because it was determined to be not feasible.
- Avon Park inmates at that time worked five days a week in Lake Wales and that has been reduced to maybe two days a week.
- The 18 employees in the Parks and Recreation Service Division already have to maintain 136 acres.
- There are only 6 employees in the Streets Division, the division that will be responsible for the new landscaping.
- As it is now, employees are pulled from other departments to do the mowing and to help with streets because the divisions can't keep up.
- The City should not be asking its employees to do even more at this time.
- Other parts of the city will suffer if this is passed.

CLOSED PUBLIC HEARING

Commissioner Thornhill made the following comments and asked the following questions:

- Commissioner Thornhill said he was also concerned with the extra load on employees. Ms. Swanson said FDOT will be responsible for mowing the open areas and city staff will be responsible for mowing between the trees where FDOT mowers cannot go. Staff is planning to plant clusters of trees and on the slopes plant trees to reduce the amount of mowing. The City will also be responsible for maintaining the trees themselves by fertilizing about once a year.
- Commissioner Thornhill asked if the slopes would be planted with a ground cover. Ms. Swanson said they probably will use trees and possibly some underbrush. She said Marshall Whidden, landscape architect and member of the Parks Board, will be working on the design with staff and has some ideas for low maintenance plantings.
- Commissioner Thornhill said he wanted assurance that it would not put extra burden on city employees and that the plantings will be spaced so that a riding mower can do it making handwork unnecessary.

- Commissioner Thornhill said that FDOT does not mow SR 60 right-of-ways as often as we'd like and business owners have had to spray the high grass. He asked if it would be the same with the new landscaping with them only coming whenever they want to. Ms. Swanson said staff does not have control over DOT mowing, but she has never seen the grass at the interchange overgrown. She added that the intersection is a high visibility area, very bleak looking, which is not a very inviting entrance into the city. It also is a high priority on the economic development plan. She said if staff works at it, they can come up with a low maintenance plan.

Commissioner Wojcik reminded the Commission that it was city staff that approached FDOT after bringing the concept before the Commission months ago and staff was directed by them to move forward. Ms. Swanson confirmed that the idea was brought to the Commission in a Resolution requesting that FDOT consider landscaping at that intersection. They now said they would do the landscaping and they are willing to work with the City on the design, but they have to be assured that the City will help maintain it.

Vice Mayor Howell made the following comments;

- Vice Mayor Howell wanted assurance that what will be planted there will be low maintenance. Ms. Swanson said they will be working together with FDOT to plan the landscaping, and the plan will be brought before the City Commission for their approval. If the Commission does not feel that the city can handle it, they do not have to approve it.
- Vice Mayor Howell said that stretching the work of employees had been a concern to her at first, but she feared that if the city turned the project down now, we would not get another opportunity.
- Vice Mayor Howell said that staff needs to work on a low-maintenance plan that requires staff to do only what they are doing now, mowing and edging, otherwise it may not be approved.

Commissioner Thornhill made a motion to approve Resolution 2012-15. The motion was seconded by Commissioner Lutton.

By Voice Vote:

Commissioner Thornhill	"YES"
Commissioner Lutton	"YES"
Commissioner Wojcik	"YES"
Vice Mayor Howell	"YES"

The motion carried 4-0

Agenda Item 13. Award of Contract for CDBG Grant Administration Services

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

Staff is seeking for approval of a contract with Andy Easton & Associates for CDBG Grant Administration Services for the FFY 2011-2012 Community Development Block Grant program, Economic Development category.

RECOMMENDATION

It is recommended that the City Commission take the following action:

1. Authorize the City Manager to negotiate a contract with the highest ranking proposer Andy Easton and Associates.

BACKGROUND

On June 5, 2012, the Commission authorized the City to submit an application in the Economic Development CDBG grant categories for \$750,000 towards infrastructure improvements for the proposed Heartland Assisted Living Facility project.

On June 8, 2012 the City of Lake Wales submitted an application to the Florida Department of Economic Opportunity for a Community Development Block Grant (CDBG) Economic Development Grant in the amount of \$750,000 to fund infrastructure improvements in the public right-of-way on Buck Moore Road to assist in the development of a proposed Assisted Living Facility on the east side of Buck Moore Road South of Bel Ombre.

A professional CDBG grant administrator is required for the administration of the CDBG grant because of its numerous and intricate administration requirements. The use of a CDBG grant consultant will ensure that the program is implemented in accordance with state and federal administrative requirements. On July 12, 2012 staff advertised a Request for Proposals for CDBG Grant Administration Services. Proposals were received from two (2) firms:

Andy Easton & Associates

Chastain-Skillman In accordance with City policy, a selection committee was established comprised of Terry Leary, City Manager, Harold Gallup, Economic Development Director, Kathy Bangley, Assistant Planner, Bonnie Hodge, Director of Purchasing and Jennifer Nanek, Special Projects Manager who met on August 23, 2012 and ranked the proposals on the five criteria and weighted point system. These criteria are the same criteria that have been consistently used by the City to rank CDBG Grant Administration Services over the past 7 years. They are also approved by DEO for ranking the consultants. Based on the aforementioned criteria the Selection Committee has made its recommendation. The two firms were ranked as follows and according to procedure must be read aloud for the record:

- #1. Andy Easton & Associates
- #2. Chastain-Skillman

The two responding firms have proposed the following for its fee structure for their CDBG Grant Administration Services:

Andy Easton & Associates - \$46,000
Chastain-Skillman - \$48,000

Andy Easton has assisted the City of Lake Wales with obtaining nearly \$3 million CDBG grants since 2002. Recently he was selected as Grant Administrator for the Neighborhood Revitalization CDBG grant towards replacing sewer lines in the C Street area.

OTHER OPTIONS

Reject staff recommendation
Re-advertise for additional proposals and re-evaluate based on city policy.

FISCAL IMPACT

The City has applied for a grant in the amount of \$750,000 for the infrastructure improvements. The grant administration fee will be paid for entirely by the CDBG grant at no cost to the City.

[End agenda memo]

Commissioner Wojcik asked if it was a mistake in the description because the grant is for FY11'12 instead of FY12'13. Economic Development Director Harold Gallup explained that FY11'12 was the cycle this grant was applied for and he had called to confirm that it was accurate.

Mr. Gallup reviewed Agenda Item 13.

Mr. Gallup said that in accordance with the city purchasing policy and the CDGB policy section 2.486 he was required to read the following into the record:

RFP #12-352 for CDBG Grant Administration Services was submitted by Easton & Associates, and Chastain Skillman, Inc. The team, made up of Terry Leary, Jennifer Nanek, Bonnie Hodge, Kathy Bangley and Harold Gallup, met and the two firms were rated. The firm of Andy Easton and Associates was rated by the team as follows: 100, 95, 90, 100, and 97 totally 482 points. The firm of Chastain Skillman, Inc. was rated by the team as follows: 72, 78, 74, 79, and 88 totally 391 points. The first ranked firm was Andy Easton & Associates.

Mr. Gallup said the City has complied with all necessary requirements. It is recommended that the City Commission authorize the City Manager to move forward with the negotiations for a contract not to exceed \$46,000 and execute the said contract. He said the contract is a standard, approved CDBG contract; it's their money and their contract so they approve all terms and conditions. After negotiations and execution by the City Manager, CDBG will issue a final approval, which he anticipates will be approved.

Commissioner Wojcik asked for confirmation that this grant will not interfere with our CDBG application for the C Street project because it is an Economic Development Grant, which is a different category. Mr. Gallup confirmed and added that the C Street project grant is in the utility category and this grant is for administration.

Commissioner Howell asked why the contract had to be negotiated if they already won the bid. Mr. Gallup said that particular process is a requirement, though it allows them to amend it, bypass the negotiations, and execute the contract. Commissioner Howell asked why we had to go out to bid if that was the case. Mr. Gallup said that was a requirement. Commissioner Howell asked what would happen if the bids were more than \$46,000. Mr. Gallup said there is an 8% cap which would be \$50,000 and as both bids were within that range there is no indication that it will not be approved. Commissioner Howell said it therefore was simply a formality.

Commissioner Lutton said that if the proposals came in above the 8% they would have had to negotiate. Mr. Gallup said that if the CDBG determined that even the 8% was exorbitant for the scope of work being done, they could reject the bids and the firms would have to submit them again. They have never had that happen, but it is possible.

Commissioner Thornhill made a motion to approve Resolution 2012-15. The motion was seconded by Commissioner Wojcik.

By Voice Vote:

Commissioner Thornhill "YES"
Commissioner Wojcik "YES"
Commissioner Lutton "YES"
Vice Mayor Howell "YES"

The motion carried 4-0.

Agenda Item 14. Transfer of Depot Museum Property Back to the City of Lake Wales

City Manager Terry Leary reviewed Agenda Item 14.

Ms. Leary said the CRA recommended to the Commission at their last meeting that the City take back the Depot Museum property. The Commission agreed to do that provided the Lake Wales Historic Society requested it. They have done so in the form of a Resolution, a copy of which was included in the Commission packet. The issue before the Commission was whether the Commission will accept the property back.

Ms. Leary added that it had been an expensive proposition before it was turned over to the Historic Society because the City covered salaries, payroll tax, utilities and maintenance, which it will not be doing this time.

Commissioner Howell made the following comments:

- Commissioner Howell asked for confirmation that the City was not agreeing to pay salaries, utilities or maintenance. Ms. Leary said that though the City will not be paying salaries, utilities and other expenses. She said she would be getting with the City Attorney and Historic Society to come up with a lease agreement, which will come back to the Commission for approval. Fixing the sewer system will be a one-time expense and she did not see the city taking on a lot more burden because the Historic Society will have to raise the operating money through grants and admission fees etc., which they are willing to do.
- Commissioner Howell asked if they would be taking back the whole thing, including operation expenses if the resolution did not specifically say the City would not be responsible for them. City Attorney Chuck Galloway said if the Commission says it will take back title to the property and will repair the sewer, but says it will not accept the payment of the electric bills and other things discussed, it will not be doing anything other than that. Accepting the property would not mean accepting the other responsibilities.

Commissioner Lutton made the following comments:

- Commissioner Lutton said we would be leasing the building to them. Ms. Leary said it would have to be a different lease agreement than the one they had in the past because the last one included things like salaries etc. which will not be going into this lease.
- Commissioner Lutton asked about the funding for Pioneer Days because it is still listed in the city's budget. Ms. Leary explained that the line item is for in-kind services, for things like staff time and rentals.

PUBLIC COMMENT

Mimi Hardman, President of the Lake Wales Historic Society, said that the Lake Wales Ministerial Association asked that they be allowed to use the tents in the evenings after the celebration closes, and offered to help with the cost of renting them.

Commissioner Lutton asked if the City pays for the police officers and Chief Velasquez said it does.

Manual Crespo, Wildabon Ave., spoke against taking over the museum property as he thought it was an extravagant expense for seldom used structures and will present a burden to the City's already strained finances. He suggested that the money be used instead to create jobs and help the poor.

Barbara Connor, 116 Lake Shore Blvd, spoke in favor of the City taking over the property. She said she realized the City has money problems but it is because the tax base is too small. She said the City could not ignore the sewer problem. If we don't help, the Depot Museum will sit empty and be unused.

COMMISSION COMMENT

Commissioner Lutton made the following comments:

- The previous City Commissions accepted grants for things like the Hardman Complex, the gymnasium, and other historic buildings, and took title to those properties. They made an agreement with whatever entity they were dealing with that they would take care of the buildings.
- The City was fortunate that the old city hall was taken over by Polk State College as well as the Arts Council, another historic building.
- Because the Mayor signs agreements on behalf of all its citizens, a new Commission shouldn't just dump property after it was accepted.
- The City should never have given the building away and he was in favor of taking it back, fixing the sewer problem and then leasing it to the Historic Society, excluding the operational costs. He said he thought the organization was worth helping out.
- The Historic Society plus volunteers put on Pioneer Days, a major event in our small town, every year, and if they can no longer do that, someday we may wish that we had it back.

Commissioner Wojcik made the following comments:

- We as a community value our history and the Commission is charged with being the trust of its history for the citizens of Lake Wales.
- The prior Commission's decision not to cover the cost of operating the museum she understood but she felt they went one step too far in giving away the property.
- The City gave the Historic Society a building with a sewer system in a bad state, so she is pleased with the opportunity of taking the building back into the City's fold of assets to protect it for the posterity of our community.
- She will vote against any request to take on their operating expenses because if the community wants these historic buildings they should support it.

Commissioner Thornhill made the following comments:

- He said he had been part of the prior Commission that turned the museum over to the Historic Society and his main concern had been the operating expenses.
- The buildings were given to the City with the understanding that we would maintain them and yet money was never set aside for that purpose.
- If the Depot Museum closes up it will be an empty building with grass growing up around it. It's best to take care of the building now because there are individuals that are dedicated to make it work.
- The money they got from the infomercials that were staged at Hardman Complex was used to fix the gymnasium, so there was a little offset there.

Commissioner Thornhill made a motion to approve the transfer of the Depot Museum to the City of Lake Wales and authorize the City Manager to negotiate the lease. The motion was seconded by Commissioner Lutton.

By Roll Call Vote:

Commissioner Thornhill	"YES"
Commissioner Lutton	"YES"
Commissioner Wojcik	"YES"
Vice Mayor Howell	"YES"

The motion carried 4-0.

CITY MANAGER'S REPORT

- **Grand Hotel Workshop:** Ms. Leary announced that per a request from Commissioner Howell, a workshop has been set up for 5:15 PM before the next City Commission meeting with Ray Brown who will give an update on the progress at the Grand Hotel.
- **Florida League of Cities Conference:** Ms Leary reported on the conference that she and Commissioner Thornhill attended.
- **Pension Workshop:** Ms. Leary said that after discussing the pension situation with Finance Director Dorothy Pendergrass, Chief Velasquez and Chief Brown it appeared to them that having a pension workshop prior to the work of the consultant would be premature. She recommended waiting for the consultant to evaluate the present plan before we try to come up with alternatives ourselves because the consultant may come up with ones that are more reasonable. She did not believe having a workshop at this point would bring positive actions.

There was a discussion about having the pension workshop and the following comments were made:

- Commissioner Lutton made the following comments:
 - He thought it was important for the Commission to “get together” with employees about pension issues in order to release the stress by giving employees the opportunity to voice their concerns and express their ideas in a non-confrontational dialogue. No decisions would be made.
 - The Commission needs to know things like how much the boards pays out every year in pensions so we can decide how much has to be put in.
- Commissioner Thornhill made the following comments:
 - He advised against going with FRS (Florida Retirement System) because once you enter it, it is very hard to get out of it.
 - He said if the pension boards are willing to work with the Commission, they need to take that opportunity.
 - He said they need to see what the issues are and get new numbers.
- Commissioner Wojcik made the following comments:
 - She suggested that before meeting with the employees the Commission should get some facts from the consultant for things like the ceiling percentage for fixed contributions, and find out what alternatives are available to us along with the implications for each action.
 - She said they need to make sure the city employees get the best deal, while being assured that it is sustainable in the long-run for the City.
- Commissioner Howell said she believed the following was what they were saying and asked for consensus:
 - Keep the dialogue with the pension boards and employees open for 14 days
 - Get information from a professional about what the ceiling should be, whether a percentage or actual number, and what can be done so it won't hurt the City in the future.
 - Let the actuarial and boards come up with a plan to bring before the Commission
 - Then see what the consultant recommends.

There wasn't a consensus

- Commissioner Wojcik recommended:
 - Authorizing the consultant to analyze the situation and come up with options
 - Then meeting with the pension boards.

Commissioner Howell asked if the Finance Director, rather than the consultant, could give them the information they need. Ms. Pendergrass said the pension boards are requesting either the dollar amount or percentage to be cut so they have a target to work toward. She said she could not tell them what numbers would be tolerable or favorable to the Commission or what numbers would be feasible or even legal.

There was a discussion about various percentages.

Fire Chief Jerry Brown thanked the Commission for wanting to keep an open dialogue with the employees and made the following comments:

- o Defined benefits and defined contributions were two separate issues.
- o The boards will be proactive with benefit changes and will come up with options that the Commission can accept or reject.
- o The Commission may also want to talk to the consultant about options and what other cities are doing.
- o The pension boards will have to hold a special meeting unless the issue can wait until November. At that time they can find out from the actuary the numbers associated with the benefits and reductions they come up with, like how much will be saved.

Commissioner Howell asked if this would be a consensus:

- Meet with both sides and listen to what they have to say.
- Get the consultant to hear what he has to say.

There was no consensus.

Commissioner Wojcik asked if this would be a consensus:

- Authorize the consultant to analyze what we have now and look for our alternatives.
- At the same time meet with the pension employees to listen to their ideas and concerns.

There was consensus.

A possible date for the workshop was Tuesday, October 9th and Ms. Leary said she would call the Commissioners when everything was set up.

CITY COMMISSION TRACKING REPORT

- **Bleachers:** City Manager Terry Leary reported that the bleachers at the Little League field have been removed at no cost to the City for scrap metal. She is planning on talking with the Little League organization to see if they will raise money for the purchase of new bleachers.
- **Rat Problem:** Ms. Leary reported that the rat problem brought before the City Commission by Robert Kelly has been resolved and staff is working with the County to resolve other boundary issues.

COMMUNICATIONS AND PETITIONS

There were no comments from the public.

CITY COMMISSION COMMENTS

- City Attorney Chuck Galloway requested that there be a SHADE meeting under section 286.011 of the Florida Statute at the close of the City Commission Meeting on September 18th to discuss litigation strategy concerning the Lake Belle litigation that started in 2006 and which will be going to trial in October.

The City of Lake Wales and the Southwest Florida Water Management District (SWFWMD) are the defendants. He stated that SWFWMD has been bearing the cost of its defense but within the

