

A meeting of the Lake Wales City Commission was held on September 17, 2013 at 6:00 p.m. following the invocation and the Pledge of Allegiance in Commission Chambers at the Municipal Administration Building. The meeting was called to order by Mayor Eugene Fultz.

INVOCATION

The invocation was given by Dr. Jim Moyer.

PLEDGE OF ALLEGIANCE

COMMISSIONERS PRESENT: Michael S. Carter; Betty Wojcik; Christopher Lutton; Jonathan Thornhill; Mayor Eugene Fultz

COMMISSIONERS ABSENT: None

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

[Meetings are recorded but not transcribed verbatim]

MAYOR

BUDGET HEARINGS

Mayor Fultz announced that the City Commission will consider adopting a millage rate of 8.5866 mills for Fiscal Year 2013-2014, which is the City's rolled-back rate.

Agenda Item 5. Ordinance 2013-11, Adoption of FY2013-14 Millage Rate – 2nd 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 8.5866 mills for Fiscal Year 2013-2014 which is the City's rolled-back rate. The Commissioners will also consider adopting the proposed operating budget.

RECOMMENDATION

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

1. Adopt Ordinance 2013-11, adopting a millage rate of 8.5866 mills for FY2013-2014;
2. Adopt Ordinance 2012-12, adopting an operating budget for FY2013-2014.

All public hearing advertisement requirements have been met.

BACKGROUND

In accordance with Florida Statutes and the City Charter, Ordinances 2013-11 and 2013-12 are presented for first reading and public hearing. Ordinance 2013-11 establishes the millage rate for 2013-490

FY13'14, and Ordinance 2013-12 adopts the proposed FY13'14 budget. These ordinances must have separate public hearings and must be voted upon individually.

The proposed FY13'14 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 8th.

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 16, 2013, the City Commission adopted an Interim Millage Rate of 9.000 to give itself some flexibility while working through the FY13'14 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 8.5866 per \$1,000 of taxable valuation. This rolled-back rate of 8.5866 mills would generate the same amount of revenue with 2013 property values as the current rate (8.5119) generated with 2012 property values.

The following chart shows the tax levied at 8.5119 (current rate) and 8.5866 (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 homestead exemption	with 1 st & 2 nd \$25,000 homestead exemption	8.5119 mills (current)	8.5866 mills (rolled-back)	Difference
\$60,000	\$35,000	-	\$297.92	\$300.53	\$2.61
\$75,000	\$50,000	-	\$425.60	\$429.33	\$3.73
\$100,000	-	\$50,000	\$425.60	\$429.33	\$3.73
\$150,000	-	\$100,000	\$851.19	\$858.66	\$7.47
\$175,000	-	\$125,000	\$1,063.99	\$1,073.33	\$9.34
\$200,000	-	\$150,000	\$1,276.79	\$1,287.99	\$11.20

The effect of 8.5866 (rolled-back rate) compared to 8.5119 (current rate) is an increase on fund revenues as follows:

General Fund	32,797
CRA Fund	3,253
Library Fund	4,813
Increase in revenue – 8.5866 compared to 8.5119	<u>40,863</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 2012 to June 2013 was 1.8%, 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 an estimated \$12,000 in additional revenue for the General Fund, ad valorem proceeds and development-related revenues have declined dramatically during the past six years.

Fiscal Year	General Fund	General Fund	CRA	Library	Total
	Ad Valorem	Building Permits	City & County Tax Increment	Ad Valorem	
09'10 (Actual)	3,958,457	313,381	2,071,391	397,969	6,741,198
10'11 (Actual)	3,515,834	265,056	1,370,250	353,468	5,504,608
11'12 (Actual)	3,710,953	196,341	1,045,089	367,102	5,319,485
12'13 (Expected FY 12'13)	3,760,150	175,000	960,773	372,970	5,268,893
13'14 (Draft Budget)	3,764,352	175,000	991,877	373,940	5,305,169

Note: The revenues, listed above, show a reduction in revenues of \$1,436,029 based on FY 13'14 compared to FY 09'10.

Revenues from state and other intergovernmental sources (communication service tax, local option gas tax and county optional gas tax) while showing signs of a slight increase from last year, continue to be significantly lower than corresponding revenue received during FY 2009'10.

Fiscal Year	Public Service Tax	Communication Service Tax	Gas Tax	Total
	09'10 (Actual)	1,580,190	588,111	
10'11 (Actual)	1,531,338	556,166	630,823	2,718,327
11'12 (Actual)	1,465,024	543,749	603,415	2,612,188
12'13 (Expected FY 12'13)	1,491,931	547,745	596,400	2,636,076
13'14 (Draft Budget)	1,496,932	514,000	606,000	2,616,932

Public Service Tax - Includes electric, water, and propane.

Note: The revenues, listed above, show a reduction in revenues of \$182,167 based on FY 13'14 compared to FY 09'10.

BUDGETARY CHANGES IN GENERAL FUND “REVENUE SOURCES & TRANSFERS IN” FOR FY13'14 COMPARED TO FY12'13:

General Fund revenues in FY13'14 (\$9,535,482 + 828,000 – 237,600 vehicle leases = 10,125,882) are projected to be \$215,683 less than budgeted in FY12'13 (9,513,565 + 828,000 = 10,341,565).

An expected reduction of \$224,571 is due to the following items:

- Reduction in electric utility tax of \$35,000
- Reduction in communication services tax revenue of \$33,745
- A transfer of communication services tax of \$40,000 for expected debt service obligations relating to the new fire station and the addition to the cemetery
- Reduction in franchise fees – electric of \$30,000
- Reduction in franchise fees – solid waste of \$22,000
- Reduction in admin. charges to the Utility System of \$40,826
- Reduction of site dev. permit & insp fees of \$8,000
- Reduction of court fines & forfeitures of \$15,000

BUDGETARY CHANGES IN GENERAL FUND “OPERATING EXPENDITURES” FOR FY13’14 COMPARED TO FY12’13:

General Fund “operating” expenditures in FY13’14 are projected to be \$10,669,755, which is \$42,265 less than budgeted in FY12’13 \$10,712,020.

Significant changes in “operating” expenditures include the following items:

- Net decrease in personnel costs of \$180,037. (Appendix -18)
- Decrease within the General Fund of general and liability insurance of \$13,666.
- Increase in economic development of \$19,804, mainly due to the new contract with EDC.
- Increase in recreation facilities of \$19,397, mainly electric costs which were projected too low in the prior year.
- Increase of the depot complex properties (which include the Depot Museum, 1916 SAL Depot, the Stuart House, and the Children Museum) of \$27,817. The depot complex properties were not included in the original budget for FY 12’13 as this properties donated back to the City during FY 12’13 by the Historic Lake Wales Society.
- Increase in solid waste fee of \$14,377.
- Increase in operating expenditures for fleet maintenance \$55,939 and police operating expenses \$19,222.

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%
11’12	14.94%

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. **(\$100,000)**
- On November 20, 2012, the City Commission approved agenda item #13 relating to employee Christmas bonus. The City Manager, Terry Leary, identified \$55,000 expected from Heartland LLC to be used as the funding source for this expenditure. The Commission was advised by the Finance Director, Dorothy Ecklund, that if this money was not received, funding from the reserve would need to be used for this purpose. **(\$55,000)**

- On May 21, 2013, the City Commission approved agenda item #17 the City Commission authorized \$27,505 to be used from the reserve in relation to the purchase of four commercial lawn mowers. **(\$27,505)**
- On July 2, 2013, the City Commission was informed of safety concerns relating to playground equipment located in various parks within the City. The Interim City Manager, Dorothy Ecklund, requested direction from the Commission on appropriating \$140,000 from the emergency sinking fund to be used in FY 2013'14 for the replacement of the significant playground equipment identified within the various parks. **(\$140,000)**

In terms of the proposed FY13'14 budget, a General Fund emergency sinking account balance of \$1.60 million to \$2.13 million would be required to remain within the 15% to 20% margins, while excluding the \$100,000 interfund borrowing for the fire sub-station and \$140,000 for playground equipment. (\$10,669,755 x 15%= \$1.60 million).

The City is currently not in the position to remain within the 15% margin which would require an emergency sinking account balance of \$1,600,463 (\$10,669,755 x 15%). The Finance Director, Dorothy Ecklund, recommends \$150,000 for the next five years be used to rebuild the general fund emergency sinking account. The proposed repayment plan would be in compliance with City Code Section 2-553 for "Shortfall" relating to the emergency sinking account:

Fiscal Year	Emergency Sinking Fund	
13'14	1,023,000	Budget document (pg 11)
14'15	1,173,000	
16'17	1,323,000	
17'18	1,473,000	
18'19	1,623,000	
19'20	1,773,000	

Note: Recommend an annual rebuilding of \$150,000 to the Emergency Sinking Fund for the next five years, beginning in FY 14'15. The reduction in debt service during FY 14'15 will enable the rebuilding of the sinking fund.

EXPENDITURE OVERVIEW

By necessity, the proposed FY13'14 Budget responds to reductions of General Fund revenues by continued reductions within 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.

The proposed budget includes a Cost of Living Adjustment (COLA) for employees of 1%. 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. In December 2012, employees received a \$200 Christmas bonus.

SUMMARY OF ALL FUNDS

General Fund	\$11,062,628
Special Revenue Funds	2,107,159
Debt Service Fund	2,110,041
Capital Projects Fund	1,920,000
Utility System Fund	11,937,483
Airport Fund	286,765
TOTAL	\$29,424,076

The expenditure total of \$29,424,076 is comprised of operating costs in the amount of \$20,686,596 and capital outlay in the amount of \$8,737,480. Transfers in the amount of \$1,981,690 bring total expenditures plus transfers to \$31,405,766.

Capital expenditures include utility system improvements are budgeted as follows:

General Fund	\$432,780
Special Revenue Funds	103.700
Capital Projects Fund	1.920.000
Utility System Fund	6.120.000
Airport Fund	161.000
TOTAL	\$8,737,480

Capital expenditures proposed for FY13'14 are itemized in the following chart:

Item	Cost	Description
Police (Lease)	150,000	130K, (5) Marked, 20K (1) Unmarked Vehicles
Fire (Lease)	87,600	37.6K (2) Fire Marshal/Inspector Vehicles 50K ¾ Ton Rescue Truck
Cemetery	500,000	5 Acres – New Addition
Economic Development (Funding Source – Tree Replacement Fund)	35,000	Landscaping

Item	Cost	Description
Parks Division	31,000	Playground Equip – Crystal Lake
Parks Division	32,300	Playground Equip – Northwest Complex
Parks Division	31,000	Playground Equip – Lincoln
Parks Division	23,200	Playground Equip – Stuart
Parks Division	23,200	Playground Equip – Mobley
Recreation Facilities	7,000	(2) Trailers
Recreation Facilities	6,000	Flail Mower Implement
Recreation Facilities	6,480	Gazebo Replacement
Community Redevelopment	15,000	Lake Weaver Fountain
Community Redevelopment	7,500	Signage Municipal Complex
Library	60,000	Library Books
Law Enforcement	17,200	Vehicle (For Voice)
Law Enforcement	4,000	Video/Cameras
Capital Project Fund	220,000	Rails to Trails Extension
Capital Project Fund	1,200,000	Fire Substation
Utility System - Administration	20,000	Vehicle
Utility System – Water	60,000	Pole Barn
Utility System – Water	35,000	Water Plant Bathroom
Utility System – Water	300,000	Asbestos Pipe Removal
Utility System – Water	40,000	New Service Connections
Utility System – Water	1,250,000	Upgrading Water Line to Oak Ave
Utility System – Water	200,000	Galvanized Line Replacement
Utility System – Water	35,000	Vehicle
Utility System – Water	100,000	SCADDA Interconnect
Utility System – Water	50,000	Water Vac Trailer
Utility System – Reuse	40,000	Reuse Upgrade
Utility System – Reuse	10,000	New Service Connections
Utility System – Reuse	50,000	90 hp Tractor with Disc and Trailer

Item	Cost	Description
Utility System – Sewer	150,000	Building Demo – Lift Station
Utility System – Sewer	60,000	Pole Barn
Utility System – Sewer	225,000	Rehab Existing Lift Stations
Utility System – Sewer	100,000	Force Main – Lift Station #31
Utility System – Sewer	885,000	C Street Sewer Project
Utility System – Sewer	575,000	Transmission System SR 60
Utility System – Sewer	500,000	Greenbrough Subdivision
Utility System – Sewer	200,000	Bel Ombre in association with Heartland Community
Utility System – Sewer	350,000	Vactor Truck
Utility System – Sewer	50,000	Vehicle
Utility System – Sewer	20,000	Crane
Utility System – Sewer	100,000	Telemetry Upgrade for (12) Lift Stations
Utility System – Sewer CDBG	715,000	C Street Sewer Project
Airport	161,000	Runway Extension
TOTAL CAPITAL EXPENDITURES	\$8,737,480	

REVIEW OF DEBT SERVICE

The City's expected indebtedness at 9/30/13 is \$25,731,977 (\$11,698,561 Governmental, \$12,333,416 Utility System, \$1,200,000 new fire substation, and \$500,000 new cemetery addition). Debt payments due during FY13'14 total \$3,819,424 ((\$2,160,489 general debt service, \$1,640,935 utility system and \$18,000 airport authority) and represent 16.64% 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, 2013.

As required by Charter, a summary of the City's outstanding principal balance at September 30, 2013 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: \$3,198,275; 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: \$198,851; 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: \$2,962,193; 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: \$2,134,950; last payment 2027.**

CRA Redevelopment Revenue Note, Series 2007; issued to finance redevelopment capital improvement projects. Annual interest rate: 3.77%. **Balance: \$7,674,157; 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: \$728,500; 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: \$531,290; 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: \$398,032; 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: \$815,640; 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: \$780,471; 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. Annual interest rate: 2.30%. **Balance: \$375,775; last payment 2033.**

Florida Department of Environmental Protection Revolving Loan Program assistance for funding of construction costs associated with the Wastewater Treatment Plant Expansion Project. Annual interest rate: 2.13%. **Balance: \$4,136,217; last payment 2033.**

Fixed Base Operator's Prepayment Credit for \$340,000 in leasehold improvements done by the FBO on airport property. Annual interest rate: 0%. **Balance: \$97,629; last payment 2019.**

The City currently has a "Request for Proposal" of financing relating to construction projects for a fire substation (\$1,200,000) and a new cemetery addition (\$500,000). Both of these debt issuances are expected to be issued sometime in mid September of 2013.

BUDGET HIGHLIGHTS

A summary of the important aspects of the proposed FY13'14 budget document is provided as follows:

1. A 1% Cost of Living Adjustment (COLA) is budgeted for employees this year (\$64,895 General Fund, \$5,641 Library, and \$14,426 Utility System = \$84,962).

2. A 4.16% increase for health care coverage and a 11.5% increase in liability insurance is budgeted per our insurance agent.
3. Pension contribution rates have been budgeted for FY13'14 to yield the actuarially determined funding requirements calculated by the actuaries retained by the City's pension boards as follows:

Proposed Percent of Salary Contributed to Pension Plan by City			
	General Employees	Police Officers	Firefighters
FY 13'14	9.5%	22.1%	30.8%
FY 12'13	9.5%	25.8%	36.5%
Change	0%	-3.7%	-5.7%

By necessity, pension reform is being addressed by staff and the City Commission. The proposed pension changes during FY 2012'13, which were accepted by the fire and police labor unions and the general employees, resulted in reductions in pension costs for FY 2013'14 of \$254,042. As these changes were approved prior to the end of FY2012'13, the City also realize a cash flow saving during FY 2012'13 of an additional \$250,598.

4. Appendix – 20 provides a schedule of changes in departmental staffing in FY13'14 as compared to FY12'13. One and a quarter employee positions have been removed. In FY13'14 total personnel includes 172.00 positions compared to 173.25 during FY12'13 (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, 2013:

	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	5.80	2.30	3.11	4.82	7.93	20.60	2.71	4.75
10/1/13	5.95	2.36	3.19	4.94	8.13	21.12	2.78	4.87

For inside-city residential customers using an average of 8,000 gallons per month, water charges will increase from \$26.63 to \$27.32, and sewer charges will increase from \$48.40 to \$49.63; the combined bill for water and sewer will increase from \$75.03 to \$76.95.

6. The FY13'14 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 67) and the Boys & Girls Club for operation of the Kirkland Gym (\$55,698, pg 68) are budgeted at the same level of funding in FY13'14 as in FY12'13.

CONCLUSION

By necessity, the proposed FY13'14 Budget responds to prolonged reductions of ad valorem proceeds and other General Fund revenues for the last several years. No functional area in the organization has been untouched by cut-backs over the last several years. 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. 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 FY13'14.

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 the problems in the housing market, a poor economy in general and working towards economic growth within our City.

However, beginning in FY 2014'15, the General Fund will realize a significant reduction in annual debt service payments as several long outstanding debt issuances (Series 2003 and 2009) are finally nearing completion. The City will realize an increase in "available cash flow" for operational and capital purposes of \$688,986 in FY 2014'15 and \$911,716 in years following. These annual cash flow increases will provide an opportunity for some or all of the following 1) repayment to the general fund emergency sinking account of \$150,000 for next five years, 2) funding of recurring operating expenditures, 3) a capital reserve replacement fund, 4) funding for capital items which require immediate replacement, 5) funding available for economic growth opportunities and 6) a possible reduction in the millage rate.

Ordinance 2013-12, Adoption of FY2013-14 Budget – 2nd Reading & Public Hearing

[End agenda memo]

Ms. VanBlargan read Ordinance 2013-11 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 2013-14; PROVIDING FOR AN EFFECTIVE DATE.

OPENED PUBLIC HEARING

There were no public comments.

CLOSED PUBLIC HEARING

Commissioner Carter made a motion to adopt Ordinance 2013-11, adopting a millage rate of 8.5866 mills after second reading and public hearing. The motion was seconded by Commissioner Thornhill.

By Roll Call Vote:

Commissioner Carter	"YES"
Commissioner Thornhill	"YES"
Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Mayor Fultz	"YES"

The motion carried 5-0; 6:04 p.m.

Ms. VanBlargan read Ordinance 2013-12 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 2013-14 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 public comments.

CLOSED PUBLIC HEARING

Commissioner Wojcik made a motion to adopt Ordinance 2013-12, adopting an operating budget for FY2013-2014, following second reading and public hearing. The motion was seconded by Commissioner Lutton.

By Roll Call Vote:

Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Commissioner Carter	"YES"
Commissioner Thornhill	"YES"
Mayor Fultz	"YES"

The motion carried 5-0; 6:05 p.m.

Agenda Item 6. Ordinance 2013-13, Five-Year Capital Improvement Plan FY2013/14 – FY 2017/18 – 2nd Reading and Public Hearing.

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 2013/14 through 2017/18.

RECOMMENDATION

It is recommended that the City Commission adopt, after second reading and public hearing, Ordinance 2013-13 adopting the Five-Year Capital Improvement Plan for fiscal years 2013/14 through 2017/18.

The City Commission approved first reading of Ordinance 2013-13 on September 3, 2013. Public Notice for second reading and public hearing was advertised on Saturday, September 7th in the Lake Wales News.

BACKGROUND

In accordance with section 6.05 of the City Charter, Ordinance 2013-13 adopts the proposed 5-year Capital Improvement Plan (CIP) for the period FY2013/14 through FY2017/18. Capital improvements and

capital acquisitions proposed for Year 1 of the 5-Year plan are incorporated into the FY13'14 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 \$39,188,925 and includes \$825,000 in land acquisition, \$3,916,275 in building improvements/acquisitions, \$29,840,676 in infrastructure and recreation improvements, \$3,522,974 in equipment acquisition, and \$1,084,000 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, leases/debt service issuances, and impact fees. 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 - FY2013/14	8,737,480
Year 2 - FY2014/15	8,189,657
Year 3 - FY2015/16	7,484,949
Year 4 - FY2016/17	4,919,965
Year 5 - FY2017/18	9,856,874
5 Year Total	<hr/> 39,188,925

All items scheduled for Year 1 are included in the proposed FY13'14 operating budget presented to the City Commission for consideration.

[End agenda memo]

Ms. VanBlargan read Ordinance 2013-13 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 2013/14 THROUGH 2017/18; REPEALING ALL ORDINANCES IN CONFLICT WITH THIS ORDINANCE AND PROVIDING FOR AN EFFECTIVE DATE.

OPENED PUBLIC HEARING

There were no public comments.

CLOSED PUBLIC HEARING

Commissioner Thornhill made a motion to adopt Ordinance 2013-13, after second 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 Carter	"YES"
Mayor Fultz	"YES"

The motion carried 5-0.

CONSENT AGENDA

The City Commission pulled Consent Agenda Items #11 and #13 for separate discussion and vote.

**Agenda 7. APPROVAL OF MINUTES: August 27, 2013, Budget Workshop
September 3, 2013, Regular Meeting**

**Agenda Item 8. Special Event Permit Application for the Veteran' Day Parade – Temporary
Street Closings**

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The approval of the Special Event Permit Application will allow the American Legion Memorial Post 71 to hold a Veterans Day Parade on November 9, 2013 and will allow for the temporary closing of several streets in the downtown area.

RECOMMENDATION

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

- Approve the Special Event Permit Application from the American Legion Memorial Post 71 to hold the Veterans' Day Parade on November 9, 2013 between the hours of 1:00 p.m. and 2:00 p.m.
- Approve the request for the temporary closing of the following streets in the downtown area on November 9, 2013 between the hours of 1:00 p.m. and 3:00 p.m.:

Dr. Martin Luther King Jr. Blvd from Bullard Avenue to Central Avenue; Central Avenue to First Street; First Street to Stuart Avenue; Stuart Avenue to Scenic Highway (SR17); Scenic Highway between Stuart Avenue and Park Avenue; Park Avenue to Wetmore

- Approve the temporary closing of the Marketplace during the parade for the set up of food vendors and souvenirs and the temporary closing of N. Market Street and S. Market Street as well to prevent vehicular traffic from entering the parade route.

BACKGROUND

Ira Anderson, Commander of the American Legion Memorial Post 71 has submitted a special event permit application to hold the Veterans' Day Parade on November 9, 2013 between the hours of 2:00 p.m. and 3:00 p.m. to honor all veterans past and present. This application also includes a request for the temporary closing of several streets and the Marketplace in the downtown area. Line up for the parade will begin at 1:00 p.m. on Dr. Martin Luther King Jr. Boulevard on the east side of the City Administration Building. The parade route will involve the following streets:

Central Avenue from Dr. Martin Luther King Jr. Boulevard to First Street; First Street to Stuart Avenue; Stuart Avenue to Scenic Highway (SR17); Scenic Hwy. to Park Avenue; Park Avenue to First Street; crossing over First Street to the American Legion Memorial Post 71 located at 43 West Park Avenue.

The Lake Wales Police Department will provide vehicular and pedestrian control and the Streets Division is coordinating the street closings. Sanitary facilities and trash clean up is the responsibility of the sponsor. Insurance is being provided as required.

OTHER OPTIONS

Do not approve the special event permit application for the Veterans' Day parade and the request for the temporary street closings.

FISCAL IMPACT

Total in kind services for this event was budgeted for FY13/14 in the amount of \$785.00. The sponsor will be responsible for 25% of the total cost or \$196.00. Any additional cost related to the parade route will be the responsibility of the sponsor.

Agenda Item 9. Lake Wales YMCA Turkey Trot 5K Special Event Permit

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The approval of the special event permit application will allow the Lake Wales YMCA to hold a "Turkey Trot 5K" on Thanksgiving Day, November 28, 2013 and allow for the temporary closing of a portion of the Marketplace downtown and several city intersections.

RECOMMENDATION

It is recommended that the City Commission consider taking the following action:

1. Approve the special event permit application from the Lake Wales YMCA to hold a "Turkey Trot 5K" on Thanksgiving Day, November 28, 2013 between the hours of 8:00 a.m. and 9:00 a.m.
2. Approve the temporary closing of a portion of the Marketplace on Park Avenue for staging of the event between 7:00 a.m. and 8:00 a.m. and for the closing ceremonies beginning at 9:00 a.m. to approximately 10:00 a.m.
3. Approve the temporary closing of several intersections along the route as the runners approach, the temporary closing of a city street and the route as follows:

Park Avenue from First Street to Scenic Highway; Scenic Highway to Cypress Gardens Lane; Cypress Gardens Lane to Crystal Avenue to North Third Street; Third Street at Crystal Avenue to Park Avenue and east to Lakeshore Blvd. crossing Lakeshore to Lake Wailes Park; following the bike path to 8th Street crossing over to Lakeshore Blvd.; and following Lakeshore to Polk Avenue; Polk Avenue to 5th Street; 5th Street to Johnson Avenue to 4th Street; 4th Street to Central Avenue to Third Street and then to Stuart Avenue; Stuart Avenue to First Street and back to the Marketplace on Park Avenue where the 5K ends

BACKGROUND

Carl Heter, CEO of the Lake Wales YMCA, submitted a special event permit application to hold a "Turkey Trot 5K" on Thanksgiving Day, November 28, 2013 between the hours of 8:00 a.m. and 9:00 a.m. This event is being held all over the country in different cities as an annual event. The YMCA feels this would be an exciting event to hold annually in Lake Wales. This application includes a request for the temporary closing of a portion of the Marketplace on Park Avenue to allow for the staging of the event which will begin at 7:00 a.m. to 8:00 a.m. with the 5K beginning at 8:00 a.m. At the conclusion of the event there will be a closing ceremony in the Marketplace at 9:00 a.m. to approximately 10:00 a.m. The YMCA has also requested the temporary closing of several intersections along the route for the protection of the runners as they approach and the temporary closing of Lakeshore Blvd. from 8th Street to Polk Avenue. The route and streets involved will include the following:

Park Avenue from First Street to Scenic Highway; Scenic Highway to Cypress Gardens Lane; Cypress Gardens Lane to Crystal Avenue to North Third Street; Third Street at Crystal Avenue to Park Avenue and east to Lakeshore Blvd. crossing Lakeshore to Lake Wailes Park; following the bike path to 8th Street crossing over to Lakeshore Blvd.; and following Lakeshore to Polk Avenue; Polk Avenue to 5th Street; 5th Street to Johnson Avenue to 4th Street; 4th Street to Central Avenue to Third Street and then to Stuart Avenue; Stuart Avenue to First Street and back to the Marketplace on Park Avenue where the 5K ends

City departments have reviewed the permit application and approved the event. There will be no cost to the City for in-kind services. The Lake Wales Police Department will use off-duty officers to be positioned on the route at intersections where runners will cross. Lake Wales Police Department VOICE and cadets will also be assisting with this event. The sponsor will be responsible for all costs associated with this event and providing sanitary facilities and clean up services along the route and at the Marketplace. Insurance has been provided as required.

OTHER OPTION

Do not approve this special event permit application or the temporary intersection closings.

FISCAL IMPACT

There will be no cost to the city associated with this event. The sponsor will pay 100% of the cost for off-duty officers and provide all clean up services.

[End agenda memo]

Agenda Item 10. Special Event – 38th Annual Pioneer Days Celebration and Road Closure

SYNOPSIS

Approval of this request will allow the Pioneer Days Celebration to take place on October 24, 2013 to October 27, 2013 in Lake Wailes Park, allow vendors to set up RV's in the park, and allow for the temporary street closings for the Antique Car Parade.

RECOMMENDATION

It is recommended that the City Commission consider taking the following action:

1. Approve the special event permit application from the Historic Lake Wales Society for the 38th Annual Pioneer Days Celebration, which includes the Lake Wailes Revival, to be held October 24, 2013 to October 27, 2013
2. Approve the temporary road closing as specified in this memorandum for the Antique Car Parade on October 26, 2013 from 11:00 a.m. to 1:30 p.m.
3. Approve the request for RV's and tents to be set up by vendors in Lake Wailes Park throughout the three-day event subject to the conditions specified by staff.

BACKGROUND

Mimi Hardman, President of the Historic Lake Wales Society, submitted a Special Event Permit Application for the 38th Annual Pioneer Days celebration to be held from October 24, 2013 through October 27, 2013 at Lake Wailes Park. Pioneer Days includes a variety of vendors, demonstrators, attractions and entertainers.

As part of Pioneer Days the annual Lake Wales Revival will take place beginning Thursday, October 24, 2013 and continue through Sunday, October 27, 2013 in Lake Wailes Park. The main tent will be set up on Wednesday and the sponsor will start setting up on Thursday, October 24, 2013 at approximately noon. The event time for each day is from 7:00 p.m. to 9:00 p.m. with clean up and securing of equipment each night between 9:00 p.m. and 10:00 p.m.

This application also includes a request for vendors to set up RV's and tents in Lake Wailes Park throughout the three-day event. Vendors would like to stay on site for security reasons and protection of their property. Per Sec. 18-82 q. of the Lake Wales Code, camping is prohibited in a City park unless specifically authorized by special permit. Staff recommends that approval specify the following conditions:

- The RV's will arrive no earlier than 8 a.m. Thursday, October 24, 2013 and must depart no later than 9 p.m. on Sunday, October 27, 2013 allowing ample time for take down and clean up.
- The RV's, vehicles, and tents will be set up in areas as designated by the City.
- No parking of vehicles will be allowed off pavement except in areas approved and designated by the City.
- No vehicles shall be parked or driven within 15 feet of the trunk of any trees within the park. Event personnel will install tape or temporary fencing to protect the trees.
- No vehicles shall drive or park on the bike path or cross the bike path.
- Vendors approved to set up inside the "horseshoe drive" across from the basketball courts, shall maintain a 15-foot distance from tree trunks.

The event will also include the Antique Car Parade on Saturday, October 26, 2013 from 11:00 a.m. to 1:30 p.m. and requires approval of the temporary closing of several streets. The requested temporary street closings will involve the following:

Seminole Avenue from Scenic Highway west to First Street; south on First Street from Seminole Avenue to Stuart Ave.; east on Stuart Avenue to Third ST.; Third Street to Central Ave.; Central Avenue to Lake Shore Blvd.; Follow Lakeshore Blvd. to the entrance drive at Lake Wailes Park; travel on the "Horseshoe Drive" in the park until reaching Lakeshore Blvd.; cross Lakeshore Blvd. to N 5th Street and end at Crystal Lake Park.

On Friday, October 25, 2013 vendors and participants will be setting up in Lake Wailes Park beginning at 10:00 a.m. The main event will commence on Saturday, October 26, 2013 with the Pioneer Hour at 10:00 a.m. and will continue throughout the day with events and activities until 5:00 p.m. Sunday's activities will begin at 11:00 a.m. and will wrap up at 4:00 p.m.

OTHER OPTIONS

Do not approve the Special Event Permit Application for the Pioneer Days Celebration, Lake Wales Revival or the request for the road closures.

FISCAL IMPACT

In-Kind services for this event provided by the City will be approximately \$3,545.00 with the sponsor responsible for 25% or \$1,182.00.

Agenda Item 12. SWFWMD Cooperative Funding Application for: Implementation of Best Management Practices for untreated storm water run-off to Lake Wailes

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

This is an application for the Southwest Florida Water Management District (SWFWMD) Cooperative Funding Program. This application is to implement Best Management Practices (BMP's) for untreated storm water run-off by building a retention pond at Polk Avenue and Lakeshore Boulevard in order to improve the water quality of Lake Wailes.

RECOMMENDATION

Staff recommends submitting the application, signed by the City Manager, to the District to construct a retention pond at Polk Avenue and Lakeshore Boulevard in order to improve the water quality of Lake Wailes. The application is due October 4.

BACKGROUND

In December 2009, the City of Lake Wales applied for a Cooperative Funding Initiative Grant to construct a shallow dry retention pond with gentle side slopes at Polk Avenue and Lakeshore Blvd. This would improve the water quality in Lake Wailes by reducing the pollutant loads to the lake in excess of 80 percent annually. This project would fall under SWFWMD's goals in the area of Water Quality.

An agreement between the City and SWFWMD was executed in January 2011; this agreement has since elapsed.

An Environmental Resource Permit for this project was issued in October 2011.

A discussion was held between the City staff and District staff on August 7th, 2013; it was agreed at this meeting that a re-application can be submitted and the City may indicate the cost share that it desires. When

this project was first approved the City was a REDI community and the cost share was 25% (City) and 75% (SWFWMD). Since then the City has lost its REDI status; the cost share would normally be 50% (City) and 50% (SWFWMD).

This application states the City is willing to proceed with this project at the 25% (City) and 75% (SWFWMD) cost share or \$52,500.; whichever is less.

The SWFWMD governing board will still have to review the application and negotiate an agreement to the City.

The District anticipates that construction on this project will not occur until FY 2014 – 2015 and funds will not be required until then.

OTHER OPTIONS

Do not approve submitting the application.

FISCAL IMPACT

There is no immediate financial obligation at this time; \$52,500 in the 2014-2015 Fiscal Year to be paid by the transportation fund in relation to the storm water division.

[End agenda memo]

Agenda Item 14. Extension of Time – Approval of Preliminary PDP Plan for Villa Ridge Townhomes – North Side of Burns Avenue.

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

Florida Community Bank is requesting an extension of time on the approval of the plan for Villa Ridge Townhomes, a 45-unit development on the north side of Burns Ave. The bank took ownership of the property earlier this year. The Planning & Zoning Board recommends approval.

RECOMMENDATION

At its meeting August 27, 2013, the Planning and Zoning Board voted unanimously to recommend approval of a one-year extension of time for the Villa Ridge Townhomes PDP (planned development project) approval, as shown on the plan entitled Villa Ridge Townhomes, dated 6/7/06.

BACKGROUND

Villa Ridge was approved by the City Commission on June 20, 2006 just prior to the downturn of the housing market. The approval has been extended annually since that time. The zoning regulations limit extensions to one year. The plan shows 45 townhouses on a terraced 7.6-acre property on the north side of Burns Ave. (See attached reduced plan.) The site is in the 500 block just west of High Point Church.

Mr. Larry Benton Director of REO at Florida Community Bank stated in his application that the “The bank wishes to target developers and local investors with the strength to complete the project as envisioned, and having these approvals extended will greatly enhance our ability to attract such a user.” Realtor Larry Bossarte is representing the Florida Community Bank on this request. The Planning Board recommends approval of the extension, finding that the plan is well thought out and there have been no significant changes in the neighborhood conditions or the PDP regulations since the initial approval.

A reduced copy of the plan is attached for your information. Any significant change in the plan or conditions would require City Commission approval upon recommendation by Planning Board. No changes have been proposed or recommended.

OTHER OPTIONS

Decline to extend the approval.

[End agenda memo]

Commissioner Thornhill, who was present by phone at the September 3rd meeting, said the phone connection was cut after he made the motion for Agenda Item 15 and before he could cast his vote. He wanted it clarified that he had voted in the affirmative.

Commissioner Thornhill made a motion to approve the consent agenda items 7, 8, 9, 10, 12 &14 with the correction he made to the September 3, 2013 regular meeting minutes in Agenda Item 7. The motion was seconded by Commissioner Carter.

By Voice Vote:

Commissioner Thornhill	“YES”
Commissioner Carter	“YES”
Commissioner Lutton	“YES”
Commissioner Wojcik	“YES”
Mayor Fultz	“YES”

The motion carried 5-0.

Agenda Item 11. Interlocal Agreement for Fire and Police Telecommunication Services

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The City Commission will consider approval of an Interlocal Agreement with the Polk County Sheriff's Office to continue providing fire and police telecommunication services.

RECOMMENDATION

It is recommended that the City Commission authorize the City Manager to execute the attached Interlocal Agreement and continue to receive Telecommunication Services through the Polk County Sheriff's Office.

BACKGROUND

In March 2007, the City entered into an agreement with the Polk County Sheriff's Office to provide fire/rescue telecommunication services. In October 2007, the City entered into a similar agreement with the Sheriff's Office to provide law enforcement telecommunication services.

911 calls are received at the Call Center on Jim Keene Blvd. in Winter Haven, regardless of where they originate in Lake Wales. The emergency call is then transferred to the appropriate Telecommunicator for dispatch. For fire/rescue calls, the Telecommunicator notifies the Fire Department by radio pager. For law

enforcement calls, the Telecommunicator notifies the Police Department by two- way radio. In each case, the Telecommunicator continues communications with responding personnel and equipment throughout the duration of the emergency.

The annual cost for Fire Telecommunication Services is determined each year according to the number of calls received and resources required during the prior year. The annual cost for Police Telecommunication Services is provided for a term of four (4) years. This agreement is similar to those in place with Winter Haven, Haines City, Auburndale, Frostproof, Fort Meade, Davenport, and Mulberry for Fire Telecommunication Services. It also similar to those in place with Winter Haven, Haines City, Auburndale, Davenport and Lake Hamilton for Police Telecommunication Services.

OTHER OPTIONS

Do not approve the agreement, purchase updated communications equipment and hire full time Telecommunication personnel.

FISCAL IMPACT

\$35,585 for fire/rescue telecommunication services is included in the proposed FY 13/14 budget.
\$219, 056.00 for law enforcement telecommunication services is included in the proposed FY13/14 budget.

[End agenda memo]

Commissioner Carter discussed his concerns with the telecommunication services agreement as follows:

- **Negotiations:** No prior negotiations for service levels had taken place
- **Poor Dispatch Services:** He had concerns with poor dispatch service such as no one answering 911 calls and police being sent to the wrong address.
- **Meeting:** Police Chief Velasquez was supposed to meet with the Chief of staff in June of 2012 and he never heard of the outcome of that meeting.
- **No Performance Measurement:** Performance measurements and guarantees are not included in the contract. The City was supposed to have drafted performance criteria and standards but apparently that never happened.

Commissioner Carter made a motion to table this contract until they met with the Polk County Sheriff's Department to address these concerns.

The motion died for lack of a second.

City Manager Kenneth Fields made the following comments:

- 1) **Meeting:** Mr. Fields said he had an introductory meeting during the week with the Sheriff and the 911 center. The Sheriff indicated to him his willingness to cooperate with solving concerns.
- 2) **Reports:** Management reports come out on a regular basis. Staff can't develop performance standards until we know the level of existing services. Therefore he will be monitoring on a regular basis over the next few months the data provided for things like how many calls go beyond what they should be, call time, response time and transfer times so a decision can be made as to what performance measures they want to focus in on.

Fire Chief Jerry Brown made the following comments about the fire and rescue part of the agreement:

- **Issues:** The Fire Department works closely with the County Sheriff's Department and deal with issues as they come up. The Sheriff's Department has been very responsive to their concerns.

- **Cost Formula:** Chief Brown explained how the formula for cost of service is calculated, which is based on the previous year's call volume, number of minutes dispatchers spend on each call and the average hourly rate of the dispatchers.

Commissioner Lutton asked if that included rescue and accident calls outside the city for those traveling through and Chief Brown said it did and explained that dispatch needed to notify them as quickly as possible when they are needed so valuable time isn't spent on trying to determine where the city limit lines are, lines that most residents don't even know exist.

Commissioner Carter noted that according to the contract, a 3.5% increase each year has been built in, which amounts to a 13% increase over the life of the contract. Chief Brown said that was for the law enforcement part of the contract, not fire.

- a) **Dispatch Calls:** Chief Brown said the way dispatch calls are handled has not been changed and cannot be changed regardless of a commission vote because that determination is made at a different level.

Police Chief Chris Velasquez made the following comments about the police part of the contract:

- b) **Communication:** The Chief said he communicates regularly with the Sheriff's Office and they have always been receptive to their modification recommendations. Whenever the police department receives a complaint it is addressed and then he is very open about the results of those complaints, whether the claim was founded or not.
- c) **Communication Center:** The dispatchers have a tough job to do. It is an extremely high stress job but they work hard to provide good customer service even though residents get frustrated during stressful situations. The information dispatchers get has to be accurate and transferred to them as quickly as possible. The communication center has one of the very best standards in the nation and he said they do a phenomenal job.

Mr. Fields remarked that unlike years ago, before cell phones, people can report crimes instantly. This sometimes causes a flood of calls going into Dispatch simultaneously which complicates their job as they have to decipher whether all the callers are reporting a single crime or accident or if there are several different issues near the same location. They can't let an incident fall through the cracks. With so many calls coming in they may need to gather a lot more information than in the past.

- d) **Cost:** Chief Velasquez commended the Sheriff for the contract price and said the City has gotten a very good deal because of the very active amount of service calls.

Commissioner Lutton said the contract saves the city \$200,000 over what was spent when it provided the service for itself.

- e) **Teamwork:** The County is there when they are needed and vice-versa, which is done by police departments throughout the county. They work hard as a team to keep Polk County residents safe, and the county as a whole is much safer because they do. He said together they provide a service to be proud of.

Commissioner Wojcik commented that the City gets a lot of good things from the contract.

Commissioner Thornhill made a motion to approve the Interlocal Agreement for Fire and Police Telecommunication Services. The motion was seconded by Commissioner Wojcik.

By Voice Vote:

Commissioner Thornhill	"YES"
Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Commissioner Carter	"NO"
Mayor Fultz	"YES"

The motion carried 4-1.

Agenda Item 13. Approval of Application for reapplying for FRDAP Grant Funds to Enhance and Improve the Skate Park at Kiwanis Park

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

This is a grant application for \$50,000 towards improvements to the skate park at Kiwanis Park. These funds will be for additional skate park equipment as well as additional landscaping benches and an irrigation well. Deadline for submittal is September 30, 2013.

RECOMMENDATION

Staff recommends that City Commission take the following action:

1. Approve the Florida Recreation Development Assistance (FRDAP) grant application to be submitted to the Department of Environmental Protection for the enhancement and improvement of the Skate Park at Kiwanis Park.
2. Authorize the City Manager to execute the applications on the City's behalf.

BACKGROUND

In September 2008 & 2010, the City Commission approved an application for a FRDAP grant to enhance Kiwanis Park. Over the past several years very few FRDAP projects were funded. In 2009 & 2011 our grant application was rolled over. In 2012, several smaller projects were funded. All projects must be resubmitted for 2013.

This \$50,000, if awarded, will primarily be for additional equipment at the skate park but also for landscaping to provide shade, benches, and irrigation for the skate park.

The Parks and Community Appearance Advisory Board developed a plan for improvements to Kiwanis Park in anticipation of applying to the FRDAP program for project funding.

The draft plan for the project (attached) includes the following components:

1. Reconfiguration and upgrading of the Little League practice fields
2. Parking lot improvements - paved areas north and south sides of Lake Shore
3. Creation of non-paved overflow parking areas
4. Skate park - addition of equipment and landscaping
5. Pedestrian/bicycle connections between Trailway and Lake Wailes Trail
6. Landscaping, benches, miscellaneous improvements to picnic facilities and rest rooms
7. Lighting of paved parking areas

OTHER OPTIONS

Do not submit the application.

FISCAL IMPACT

Prepared by the Finance Department and attached.

[End agenda memo]

Commissioner Lutton had the following concerns:

- **Parking:** Commissioner Lutton said the memo talked about parking lot improvements. He wanted to know if those were new improvements. Special Projects Manager Jennifer Nanek said some of the improvements have been completed and some are included in the recreation trail program grant. Commissioner Lutton asked for confirmation that they would not be paving the shoulders around the fence at Kiwanis Park and it was confirmed.
- **Irrigation Well:** Commissioner Lutton wanted to know why they would want to install an irrigation well when they don't allow citizens to do likewise and when we already have water provided to the park. Ms. Nanek explained that it was a new feature requested by certain members of staff to make it easier to water the new trees and plantings for not only the skate park but Barney's Dream. Commissioner Lutton said he had a problem with the city doing what we tell others not to do and he would prefer the \$10,000 be spent on something else. Commissioner Thornhill agreed. Commissioner Wojcik suggested using the \$10,000 to extend the existing irrigation lines.

Commissioner Lutton made a motion to approve the FRDAP Grant Application with the pre-discussed change. The motion was seconded by Commissioner Thornhill.

By Voice Vote:

Commissioner Lutton	"YES"
Commissioner Thornhill	"YES"
Commissioner Wojcik	"YES"
Commissioner Carter	"YES"
Mayor Fultz	"YES"

The motion carried 5-0.

OLD BUSINESS

Agenda Item 15. Ordinance 2013-14, Amending Chapter 16, Pension & Retirement – General Employees' Pension Plan – 2nd Reading & Public Hearing

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The City Commission will consider adopting the proposed amendments to the General Employees' Pension Plan to establish a \$75,000 maximum annual benefit cap and to discontinue employee contributions if a member reaches the cap.

RECOMMENDATION

Staff recommends that the City Commission adopt Ordinance 2013-14 after second reading and public hearing.

The City Commission approved first reading of Ordinance 2013-14 on September 3, 2013. Public Notice for second reading and public hearing was advertised on Saturday, September 7th in the Lake Wales News.

BACKGROUND

At the December 6, 2011 workshop, the Finance Director presented the financial status of the City's pension plans. A ten year historical overview of the City's three defined benefit pension plans was provided. The presentation concluded with the question of whether or not the City Commission wanted to explore alternative options available to pension plans. Staff was directed by the City Commission to prepare a request for professional services for a pension benefit consultant.

Following the December 6th workshop, representatives from the pension boards requested an opportunity to present information to the City Commission. On February 28, 2012, a joint workshop was held with the current representative from the existing defined benefit pension boards and the City Commission.

On March 26, 2013 the City received the report from the Matthews Benefit Group, Inc. (consultant hired by the City). Copies of the report were distributed to key staff members to review for accuracy and later distributed to the pension boards (General, Fire & Police) and a copy was placed on the City's website.

The report contained some "Plan alternatives" which include recommendations provided to the pension consultant from members of the pension board discussion group. Recommendations provided from the discussion group included the "maximum benefit limitation", "changes to the average final compensation calculation", and the "funding obligation corridor".

At its June 11, 2013 Special Meeting, the General Employees Pension Board agreed to carry forward a benefit change to cap the maximum total benefit provided by the plan to \$75,000 per year and stop member contributions if a member's accrued benefit reaches the cap. Ordinance 2013-14 is presented for that purpose.

Human Resources and the Finance Department held two informational meetings for general employees relating to all pension plan alternatives provided within the Matthews Report.

FISCAL IMPACT

The benefit change of a \$75,000 maximum benefit will result in an average annual required reduction of the city's contribution of \$41,000. This change will also reduce the unfunded actuarial accrued liability by \$390,000. The estimated 9/30/14 liability of \$1,176,000 is projected to become \$786,000 with the \$75,000 cap in place. If this passes prior to 9/30/13, the savings will be effective as of 10/01/12.

OTHER OPTIONS

Do not adopt Ordinance 2013-14.

[End agenda memo]

Ms. VanBlargan read Ordinance 2013-14 by title only.

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF LAKE WALES AMENDING THE CITY OF LAKE WALES GENERAL EMPLOYEES' PENSION PLAN AND TRUST; AMENDING SECTION 16-45(a)(1) TO DISCONTINUE EMPLOYEE CONTRIBUTIONS IF A MEMBER'S ACCRUED BENEFIT REACHES THE \$75,000 MAXIMUM BENEFIT CAP;

AMENDING SECTION 16-46(b) TO ESTABLISH A \$75,000 MAXIMUM ANNUAL BENEFIT CAP; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; PROVIDING FOR CODIFICATION; PROVIDING FOR AN EFFECTIVE DATE.

OPENED PUBLIC HEARING

There were no comments from the public.

CLOSED PUBLIC HEARING

Commissioner Lutton made a motion to adopt Ordinance 2013-14 after second reading and public hearing. The motion was seconded by Commissioner Carter.

By Roll Call Vote:

Commissioner Wojcik	"YES"
Commissioner Thornhill	"YES"
Commissioner Lutton	"YES"
Commissioner Carter	"NO"
Mayor Fultz	"YES"

The motion carried 4-1.

Agenda Item 16. Ordinance 2013-15, Police Officer's Pension Plan Amendment – 2nd Reading & Public Hearing

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The City Commission will consider adopting the proposed amendments to the Police Officer's Pension Plan to establish a \$75,000 maximum annual benefit cap, discontinue employee contributions if a member reaches the cap and change the average final compensation calculation to a five year average instead of a three year average.

RECOMMENDATION

Staff recommends that the City Commission adopt Ordinance 2013-15 after second reading and public hearing.

The City Commission approved first reading of Ordinance 2013-15 on September 3, 2013. Public Notice for second reading and public hearing was advertised on Saturday, September 7th in the Lake Wales News.

BACKGROUND

At the December 6, 2011 workshop, the Finance Director presented the financial status of the City's pension plans. A ten year historical overview of the City's three defined benefit pension plans was provided. The presentation concluded with the question of whether or not the City Commission wanted to explore alternative options available to pension plans. Staff was directed by the City Commission to prepare a request for professional services for a pension benefit consultant.

Following the December 6th workshop, representatives from the pension boards requested an opportunity to present information to the City Commission. On February 28, 2012, a joint workshop was held with the current representatives from the existing defined benefit pension boards, the Unions and the City Commission.

On March 26, 2013 the City received the report from the Matthews Benefit Group, Inc. (consultant hired by the City). Copies of the report were distributed to key staff members to review for accuracy and later distributed to the pension boards (General, Fire & Police) and a copy was placed on the City's website.

The report contained some "plan alternatives" which include recommendations provided to the pension consultant from members of the pension board discussion group. Recommendations provided from the discussion group included the "maximum benefit limitation", "changes to the average final compensation calculation", and the "funding obligation corridor".

Management Staff and the union representatives reached an agreement to cap the maximum pension benefit provided by the plan to \$75,000 per year, cease contributions if a member's accrued benefit reaches the cap and to base the final average calculation on a five year average instead of three. The City Commission ratified the Collective Bargaining Agreement at its August 20, 2013 meeting.

FISCAL IMPACT

The benefit change of a \$75,000 maximum benefit will result in an average annual reduction of the city's required contribution by \$133,000. This change will also reduce the unfunded actuarial accrued liability by \$913,516. The estimated 9/30/14 liability of \$3,118,491 is projected to become \$2,204,975 with the \$75,000 cap and change in the average final compensation calculation in place. If this passes prior to 9/30/13, the savings will be effective as of 10/01/12.

OTHER OPTIONS

Do not adopt the Ordinance 2013-15.

[End agenda memo]

Ms. VanBlargan read Ordinance 2013-15 by title only.

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF LAKE WALES, FLORIDA, AMENDING SECTIONS 16-231 AND 16-233(b), CHAPTER 16, ARTICLE IV OF THE LAKES WALES CODE, TO PROVIDE FOR COMPLIANCE WITH THE TERMS OF THE RECENTLY RATIFIED COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY OF LAKE WALES AND THE WEST CENTRAL FLORIDA POLICE BENEVOLENT ASSOCIATION, INC., RELATING TO THE FINAL CALCULATION OF RETIREMENT BENEFITS; PROVIDING FOR A SAVINGS CLAUSE; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

Commissioner Carter said he had the following concerns:

- **No Backup Plan Protection:** He said the contract has no protection or backup plan for the city or its citizens during a down market and explained how the returns we have gotten in both good and bad years have been below the average when even average in his opinion would not be acceptable.
- **Alternative:** Commissioner Carter said a consultant was paid to come up with alternatives and then his suggestion of a Corridor was shot down.
- **Fund Managers:** He said the fund managers are not paid by how well they perform, but by the amount of funds they manage. He explained his concern.

Human Resource Director Sandra Davis said those were not questions staff could answer but should be directed to the pension board. She added that the changes will save the City over \$500,000.

Commissioner Wojcik asked for verification that during a previous meeting the Commission agreed that though the present changes would move them in the right direction, they would need to talk about pensions and options overall before next year's contract. Ms. Davis confirmed.

OPENED PUBLIC HEARING

There were no comments from the public

CLOSED PUBLIC HEARING

Commissioner Wojcik made a motion to adopt Ordinance 2013-15 after second reading and public hearing. The motion was seconded by Commissioner Lutton.

By Roll Call Vote:

Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Commissioner Carter	"NO"
Commissioner Thornhill	"YES"
Mayor Fultz	"YES"

The motion carried 4-1.

Agenda Item 17. Ordinance 2013-16, Firefighters' Pension Plan Amendment – 2nd Reading & Public Hearing

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The City Commission will consider adopting the proposed amendments to the Firefighter's Pension Plan to establish a \$75,000 maximum annual benefit cap, discontinue employee contributions if a member reaches the cap and change the average final compensation calculation to a five year average instead of a three year average.

RECOMMENDATION

Staff recommends that the City Commission adopt Ordinance 2013-16 after second reading and public hearing.

The City Commission approved first reading of Ordinance 2013-16 on September 3, 2013. Public Notice for second reading and public hearing was advertised on Saturday, September 7th in the Lake Wales News.

BACKGROUND

At the December 6, 2011 workshop, the Finance Director presented the financial status of the City's pension plans. A ten year historical overview of the City's three defined benefit pension plans was provided. The presentation concluded with the question of whether or not the City Commission wanted to explore alternative options available to pension plans. Staff was directed by the City Commission to prepare a request for professional services for a pension benefit consultant.

Following the December 6th workshop, representatives from the pension boards requested an opportunity to present information to the City Commission. On February 28, 2012, a joint workshop was held with the current representatives from the existing defined benefit pension boards, the Unions and the City Commission.

On March 26, 2013, the City received the report from the Matthews Benefit Group, Inc. (consultant hired by the City). Copies of the report were distributed to key staff members to review for accuracy and later distributed to the pension boards (General, Fire & Police) and a copy was placed on the City's website.

The report contained some "plan alternatives" which include recommendations provided to the pension consultant from members of the pension board discussion group. Recommendations provided from the discussion group included the "maximum benefit limitation," "changes to the average final compensation calculation," and the "funding obligation corridor."

Management Staff and the union representatives reached an agreement to cap the maximum pension benefit provided by the plan to \$75,000 per year, cease contributions if a member's accrued benefit reaches the cap and to base the final average calculation on a five year average instead of three. The City Commission ratified the Collective Bargaining Agreement at its August 20, 2013 meeting.

FISCAL IMPACT

The benefit change of a \$75,000 maximum benefit will result in an average annual reduction of the city's required contribution by \$82,000. This change will also reduce the unfunded actuarial accrued liability by \$598,881. The estimated 9/30/14 liability of \$4,373,548 is projected to become \$3,774,667 with the \$75,000 cap and change in the average final compensation calculation in place. If this passes prior to 9/30/13, the savings will be effective as of 10/01/12.

OTHER OPTIONS

Do not adopt Ordinance 2013-16.

[End agenda memo]

Ms. VanBlargan read Ordinance 2013-16 by title only.

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF LAKE WALES, FLORIDA, AMENDING SECTION 16-161 AND 16-166(b), CHAPTER 16, ARTICLE III OF THE LAKES WALES CODE, TO PROVIDE FOR COMPLIANCE WITH THE TERMS OF THE RECENTLY RATIFIED COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY OF LAKE WALES AND THE LAKE WALES PROFESSIONAL FIREFIGHTERS, LOCAL #3538, RELATING TO THE FINAL CALCULATION OF RETIREMENT BENEFITS; PROVIDING FOR CODIFICATION; PROVIDING FOR A SAVINGS CLAUSE; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

OPENED PUBLIC HEARING

There were no comments from the public.

CLOSED PUBLIC HEARING

Commissioner Wojcik made a motion to adopt Ordinance 2013-16 after second reading a public hearing. The motion was seconded by Commissioner Thornhill.

By Roll Call Vote:

Commissioner Wojcik	"YES"
Commissioner Thornhill	"YES"
Commissioner Carter	"NO"
Commissioner Lutton	"YES"
Mayor Fultz	"YES"

The motion carried 4-1.

NEW BUSINESS

Agenda Item 18. Resolution 2013-08, Capital Improvement Revenue Note Series 2013

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The City Commission will consider adopting Resolution 2013-08, authorizing the issuance of Capital Improvement Revenue Note, Series 2013 in an amount not to exceed \$1,700,000. Loan proceeds will be used to finance the City's fire substation and cemetery project.

RECOMMENDATION

It is recommended that City Commission consider the following action:

1. Adopt Resolution 2013-08, authorizing the issuance of the City of Lake Wales, Florida Ascending Lien Capital Improvement Revenue Note Series 2013, not to exceed \$1,700,000.
2. Authorize the Mayor to execute the appropriate documents on the City's behalf.

BACKGROUND

On June 18th, the City Commission had decided to move forward on two separate construction projects, the new fire substation (to be located off Chalet Suzanne Road) and a new cemetery addition (to be located between Hunts Brother Road and Ray Martin Road). Based on the preliminary construction estimates, the fire substation construction is not to exceed \$1,200,000 and the cemetery project is not to exceed \$500,000.

The City's financial advisors, The PFM Group, received four bank loan responses for the RFP distributed for the financing of the Fire Substation and the Cemetery Project.

- 1) **BBT** - Term - 10 years with a 15 year amortization, interest rate 2.90%.
- 2) **CenterState Bank** - Term 15 years, rate 3.69% or 20 years, interest rate 3.90%. The Bank required a SWAP, which would hedge the loan principal balances. Loan could be subject to a prepayment penalty.
- 3) **Citizens Bank** - Term 15 years, interest rate 3.98%. No prepayment penalty.
- 4) **SunTrust Bank** - Option 1 – Term 15 years, interest rate 2.74%, a prepayment penalty; and Option 2, term 15 years, interest rate 2.91%, no prepayment penalty after the first two years. The 2.91% is subject to a margin rate factor (as defined in Schedule I of the debt issuance documents.)

Staff recommends accepting SunTrust Bank, Option #2 plan as defined below:

The City of Lake Wales, Florida (the "Issuer"), for value received, promises to pay from the sources hereinafter provided, to the order of STI Institutional & Government, Inc., or registered assigns (hereinafter, the "Bank"), the principal sum of \$1,700,000 in the amount and on the date described below, together with interest on the principal balance at a rate of 2.91% multiplied by the Margin Rate Factor (as defined in Schedule I hereto), such interest to be paid semi-annually on each April 1st and October 1st, commencing April 1, 2014. Interest shall be calculated on the basis of twelve 30-day months and a 360-day year. The interest rate hereon shall be subject to adjustment as provided in Schedule I hereto.

Principal on this Note is payable annually in lawful money of the United States of America at such place as the Bank may designate to the Issuer in writing pursuant to the following schedule:

Payment Date (October 1)	Principal Amount
2015	\$100,103
2016	103,016
2017	106,014
2018	109,099
2019	112,274
2020	115,541
2021	118,903
2022	122,363
2023	125,923

SCHEDULE "I" - Adjustments to Rate of Interest

The interest rate on this Note shall be subject to adjustment in the event of a change in certain tax laws and regulations as set forth below:

1. Upon the occurrence of a Determination of Taxability.
2. "Loss of BQ Status" which means a determination by the Owner that the Note is not a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the IRS code or any successor provision.
3. "Margin Rate Factor" shall mean the fraction the numerator of which is equal to one (1) minus the Maximum Federal Corporation Tax Rate on the date of calculation and the denominator of which is 0.65. The Margin Rate Factor shall be 0.65/0.65 or 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 35%, and thereafter shall increase from time to time effective as the effective date of any decrease in the Maximum Federal Corporate Tax Rate.

Margin Rate Factor Example:

Current Federal Corporation Tax is 35%:

$$1.00 - 0.35 \text{ Federal Tax Rate} = 0.65 / 0.65 = 1.00 \times 2.91\% = 2.91\% \text{ interest rate}$$

But if the Federal Corporate Tax Rate changes to 30%:

$$1.00 - 0.30 \text{ Federal Tax Rate} = 0.70 / 0.65 = 1.08\% \times 2.91\% = 3.14\% \text{ interest rate}$$

City of Lake Wales – Debt Policy Review:

On February 5, 2013, the City Commission adopted a debt policy for the City of Lake Wales. The City's debt policy requires the following evaluation:

Sec. 2-523. - Purpose for which debt can be issued - When it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries.

Staff's Response: Series 2013 debt issuance for the fire substation and cemetery project would be a means to achieve a fair allocation of costs between current and future beneficiaries.

Sec. 2-525. - Categorization of debt - In the case of governmental debt, the debt must be secured by a revenue source which has been in effect for at least three years, and would have provided coverage of at least 115 percent of the average annual debt service on such obligations

Staff's Response: Series 2013, pledged revenue sources include certain franchise fees, public service tax revenues and communication service tax revenues. The pledged revenue sources combined provide sufficient coverage of the average annual debt service requirement.

Sec. 2-526. - Debt limitations - Non self-supporting debt. The city shall conduct an objective analysis as to the community's ability to assume and support additional debt service payments before the issuance of non self-supported debt. The city shall use an analytical approach for its determination. This process shall compare generally accepted standards of affordability to the current values for the city. These standards shall include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures, and the level of overlapping net debt of all local taxing jurisdictions. The process shall also examine the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt shall be based on the identified costs and benefits, the current conditions of the municipal bond market, and the city's ability to "afford" new debt as determined by the aforementioned standards. The city shall strive to achieve and/or maintain these standards at a low to moderate classification.

Staff's Response: For a review of the City's financial condition, the Finance Department has selected the "Financial Indicators", F1 through F6, provided by the State of Florida Auditor General Office for fiscal year ending 09/30/2012. To assist auditors and local governments in making financial condition assessments, the Auditor General is providing financial and other data, financial indicators, and benchmarks. Auditor General staff compiles the information from audit reports and other sources.
<http://www.myflorida.com/audgen/local%20govt/INSTRUCTIONS%20-%20EXCEL.htm>

Financial Indicator #1 (F1) - Consists of a five year review of Unassigned/Assigned Fund Balance + Unrestricted Net Assets. This would provide an indication of whether the municipality is building reserves or spending reserves. For the City of Lake Wales, the City had built reserves from 2008 through 2010. From 2011 through 2013, the City has needed to use reserves to support operating and capital costs.

Indicator F1 also compares the City to a benchmark, which consist of similar Cities based on population between 5,000 to 14,999, and taxable property values between \$500 million to \$699 million. Our benchmark for F1 indicates the City's reserved are lower than our comparable benchmark cities. This issue has been addressed with the City Commission over the last several years. The City currently has a plan to increase reserves beginning in FY 2014'15.

As this issue has been addressed by both the City Commission and the administrative staff, this does not indicate a concern relating to the affordability of the additional debt service relating to Series 2013. The reserve balance had been addressed within the budget memo for FY 2013'14 dated 09/03/2013. Also, Appendix 22 and Appendix 23 of the city budget includes the affordability of the additional debt for FY2014'15 and FY2015'16.

Financial Indicator #2 (F2) – Consists of a five year review of Unassigned/Assigned Fund Balance / Total Expenditures. This indicator provides a measurement of a municipality's reserve compared to annual expenditures. For example – In FY 2011'12 the City's governmental funds had \$2,019,217 in unassigned/assigned fund balances, but the City had annual expenditures relating to governmental activities totaling \$15,232,835 or 13.255% (\$2 million/\$15 million). Over the last twenty years, the City has carried low reserve balances. When compared to the benchmark of 40.66%, the City's 13.26% is unfavorable. However, this does not indicate any inability to afford of the new debt to be issued in Series 2013.

Financial Indicator #3G & #3P (F3) – Consists of a five year review of Cash & Investments/Current Liabilities for both governmental funds (3G) and the proprietary fund (3P). As expected, due to the low reserve balances maintained by the City, the cash/inv. to liability ratios are also low and unfavorable

when compared to our benchmark group. As the City works to increase the City's cash & investment reserves, these indicators will improve.

Financial Indicator #4G & #4P – Consists of a five year review of Cash & Inv/(Total Operating Exp/12) for both governmental funds (4G) and the proprietary fund (4P). Within the governmental fund, the expenditures of CRA fund and the draw down on the reserve balances has caused this indicator to show an unfavorable decline. Compared to our benchmark, the City also has an unfavorable indicator. As the City works to build reserves, this indicator will improve.

The proprietary fund (utility system) for the last five year shows a favorable indicator due to additional cash and investment placed within the utility fund for future funding of construction work relating to the C Street sewer project, debt service funding relating to the wastewater treatment plan, increased sinking fund requirements and a reduction in pay-as-you-go capital projects.

Financial Indicator #5G & #5P – Consists of a five year review of Current Liabilities/Total Revenues. The governmental fund over the last five years has shown significant decreases in current liabilities, from \$2.2 million in FY07'08 to \$1.1 million in FY11'12; at the same time, the revenues within the governmental fund have also realized significant decreases, from \$18.2 million in FY 07'08 to \$13.2 FY11'12. The decreases in revenues where mainly due to the recession and reduction in grant projects relating to growth and historical preservation. The last four year trend has demonstrated the City's ability to reduce liabilities in relation to revenue reductions.

With the reduction in debt service obligation expected in FY14'15, the City is expected to be in a more stabilized position in relation to annual operating funding requirements. The City Commission is aware of the debt reduction expected within FY2014'15 and also of the annual operating deficit which the City has experienced for the last several years in relation to the governmental fund.

Within the proprietary fund, current liabilities have slightly risen over the last five years, from \$2.9 million in FY07'08 to \$3.1 million in FY11'12. At the same time, revenues have decreased from \$7.2 million in FY 07'08 to \$6.7 million FY 11'12. Reductions in revenues are also in relation to the recession.

Financial Indicator #6 – Consists of a five year review of Long-term Debt Per Capita. The City's debt to population ratio has been decreasing since 2008. A comparison of surrounding cities as of 09/30/2011 included the following data:

**of Lake Wales
Comparison Data**

Comparative Cities Per Auditor General Office	Taxable Property Value (in millions)	Operating Milage	Governmental		Price Index	9/30/2011 Debt per Capita*	Debt as % of Taxable Value
			Long-term Debt	Populations			
1 Bay Harbor Islands, Town Of	576.297	5.2971	8,321,046	5,634	1.041	1,418.76	1.44%
2 Gulfport, City of	657.239	4	548,831	12,022	1.041	43.85	0.08%
3 Gulf Breeze, City Of	628.421	1.9	8,748,884	5,765	1.041	1,457.82	1.39%
4 Gulfport, City Of	657.239	4	548,831	12,022	1.041	43.85	0.08%
5 Neptune Beach, City Of	649.531	3.3443	927,383	7,046	1.041	126.43	0.14%
6 New Port Richey, City Of	559.355	8.3877	22,591,193	14,959	1.041	1,450.73	4.04%
7 North Bay Village, City Of	644.422	4.7772	9,635,000	7,349	1.041	1,259.43	1.50%
8 Palmetto, City Of	686.686	5.1185	6,718,681	12,708	1.041	507.87	0.98%
9 Pembroke Park, Town Of	547.710	8.5	278,694	6,099	1.041	43.90	0.05%
10 Sebring, City Of	598.818	5.25	4,400,591	10,540	1.041	401.07	0.73%
11 Tavares, City Of	625.512	6.89	11,913,718	14,015	1.041	816.59	1.90%
12 Zephyrhills, City Of	625.512	6.89	11,913,718	14,015	1.041	816.59	1.90%

Cities within Polk County	Taxable Property Value (in millions)	Operating Milage	Governmental		Price Index	9/30/2011 Debt per Capita*	Debt as % of Taxable Value
			Long-term Debt	Populations			
1 Auburndale	896.861	3.8393	19,150,399	13,593	1.041	1,353.36	2.14%
2 Bartow	543.124	3.9962	6,487,328	17,323	1.041	359.74	1.19%
3 Davenport	96.537	6.99	762,724	2,961	1.041	247.44	0.79%
4 Dundee	121.600	7.6495	2,553,073	3,749	1.041	654.18	2.10%
5 Eagle Lake	57.468	7.6516	1,311,414	2,286	1.041	551.08	2.28%
6 Fort Meade	93.765	3.3509	196,247	5,607	1.041	33.62	0.21%
7 Frostproof	118.872	7.8209	26,778	3,008	1.041	8.55	0.02%
8 Haines City	753.666	6.99	47,163,704	20,661	1.041	2,192.83	6.26%
9 Highland Park	10.706	9.9759	-	230	1.041	-	0.00%
11 Lake Alfred	138.115	6.999	151,809	5,023	1.041	29.03	0.11%
12 Lake of Hamilton	61.957	7.593	-	1,243	1.041	-	0.00%
13 Lakeland	4,495.548	4.1644	53,391,948	97,690	1.041	525.02	1.19%
14 Lake Wales	599.167	7.9998	16,140,840	14,261	1.041	1,087.24	2.69%
15 Mulberry	158.532	8.9	68,898	3,785	1.041	17.49	0.04%
16 Polk City	63.684	8.6547	2,228,754	1,562	1.041	1,370.66	3.50%
17 Winter Haven	1,516.783	5.79	31,361,636	34,112	1.041	883.16	2.07%

* Note - Within the debt to population ratio is a price index of 1.041. (Example - Lake Wales (16,140,840/14,261)/1.041 =1,087.24)

**City of Lake Wales
Debt Service as a Percentage of Revenues and Expenditures - Governmental Activity Only**

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate	2015 Projection	2016 Projection
Annual Debt Service - Gov.	2,262,173	2,253,112	2,162,266	2,110,041	1,519,338	1,296,608
Total Revenues -Gov.	14,565,577	13,201,629	14,089,225	14,167,984	14,522,183	14,885,238
Debt Service as % of Total Revenues	15.53%	17.07%	15.35%	14.89%	10.46%	8.71%
Annual Debt Service - Gov.	2,262,173	2,253,112	2,162,266	2,110,041	1,519,338	1,296,608
Total Expenditures - Gov.	16,450,625	15,232,835	15,471,031	15,278,828	14,838,252	14,815,305
Debt Service as % of Total Expenditure:	13.75%	14.79%	13.98%	13.81%	10.24%	8.75%

Estimate - Based on existing budgetary data.

Projection - Based on 2.5% increase in revenues and 1.5% increases in expenditures. Actual debt service based on amortization schedules.

**City of Lake Wales
Direct and Overlapping Governmental Activities Debt
As of September 30, 2012**

<u>Taxing Authority</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Lake Wales	\$ 13,156,945	100%	\$ 13,156,945
County of Polk (1)	378,464,113	N/A (3)	-
Polk County School Board (2)	446,665,000	N/A (3)	-
Total Direct and Overlapping Debt	\$ 838,286,058		\$ 13,156,945

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lake Wales. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source:

(1) Debt outstanding data provided from information with Polk County, Florida CAFR statistical section disclosure as of their most recent audited financial statements ending September 30, 2011.

(2) Debt outstanding data provided from information with The School Board of Polk County, Florida CAFR statistical section disclosure as of their most recent audited financial statements ending June 30, 2011

(3) The City Commission of the City of Lakes Wales is not responsible for the debt of the Board of County Commissioners of Polk County or the School Board.

Proposed Fire Station

After the hurricane season of 2004, many insurance underwriters changed their premium schedules as they relate to fire coverage and distances to staffed fire stations. This created the need for a fire station to provide coverage to the northern area of the city.

One of the benefits of the substation is its ability to provide coverage to northern areas of the county. As a result of this location, the City receives over \$100,000 from Polk County directly related to services provided by this northern substation. If the City lost this northern location, the City would lose \$100,000 in general fund revenue per year. Another benefit realized is that citizens, within the northern section of the City, have lower annual insurance premiums relating to fire coverage.

In May of 2005, Florida Food Tankers, Inc. ("FFT") agreed to allow the placement of a trailer on their property at 1965 Thompson Nursery Road to be utilized as a fire station until a permanent location could be established. In March of 2011, the City received notification from FFT that the City would need to begin paying rent.

In August of 2012, the City Commission approved the acquisition of a proposed fire substation site, 3.76 acres of real estate, at 600 Chalet Suzanne Road. Engineering and architectural services have been attained for the design of a 4,500 square foot facility on the site to house firefighters and equipment.

Proposed Cemetery Project:

In April of 2012, staff presented information to the City Commission on land to be utilized as a proposed new cemetery for Lake Wales. At that time the decision to begin work on a proposed new cemetery for Lake Wales was delayed.

In February of 2013, due to the number of remaining burial lots staff again presented the proposed cemetery material to the City Commission. Staff felt that the number of remaining burial lots indicated that a decision needs to be made in order to allow sufficient time for engineering and platting of the property.

Currently Lake Wales has approximately 27.4 acres of existing cemeteries which have provided burial space for nearly 14,369 individuals. The existing cemeteries include Willow Lawn (approximately 10 acres – 2,808 burial lots) and Lake Wales Cemetery (approximately 17.4 acres – 11,561 burial lots). As of June 3, 2013, burial spaces available for sale include the following:

Willow Lawn
None

<u>Lake Wales Cemetery</u>	
Adults	70
Child	68
Infant	14
Cremation	<u>56</u>
	208

Public Works Director, Tom Moran, has provided engineering, surveying, and construction cost estimates totaling \$423,762. His scope of services included designing twenty (20) acres and constructing five (5) acres cemetery use.

FISCAL IMPACT

Financing in the amount not to exceed \$1,700,000. Estimated fifteen year term with an average interest rate of 2.91% (All-In TIC 3.9197%). Interest expense over the life of the debt is \$449,813.

[End agenda memo]

Ms. VanBlargan read Resolution 2013-08 by title only.

A RESOLUTION OF THE CITY OF LAKE WALES, FLORIDA, AUTHORIZING THE ISSUANCE OF THE NOT TO EXCEED \$1,700,000 CITY OF LAKE WALES, FLORIDA ASCENDING LIEN CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2013, TO FINANCE THE CITY'S FIRE SUBSTATION AND CEMETERY PROJECT; PLEDGING CERTAIN FRANCHISE FEES, PUBLIC SERVICE TAX REVENUES AND COMMUNICATION SERVICE TAX REVENUES ON A SUBORDINATE BASIS TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTE; DESIGNATING THE NOTE FOR THE EXCEPTION FOR CERTAIN TAX-EXEMPT OBLIGATIONS CONTAINED IN SECTION 265 OF THE INTERNAL REVENUE CODE OF 1986; AUTHORIZING THE NEGOTIATED SALE OF THE NOTE; ACCEPTING THE COMMITMENT OF STI INSTITUTIONAL & GOVERNMENT, INC. TO PURCHASE SUCH NOTE; PROVIDING FOR THE RIGHTS OF HOLDERS OF SUCH NOTE; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

Finance Director Dorothy Ecklund reviewed Agenda Item 18 as follows:

1. **Changes:** Ms. Ecklund asked for and received confirmation that each Commissioner received the handout provided prior to the meeting. She explained the reason for the last minute minor changes made for clarification purposes, which were underscored on pages 4, 6 and one section at the back. She explained each change and said the interest rate, terms and principal payments did not change. She said a copy of the changes was provided to the City Clerk and will be available online.
2. **Review:** Ms. Ecklund reviewed the background.

Staff Recommendation for Option #2; Ms. Ecklund explained option two, staff's recommendation and the reasons they believe it is in the best option for the city as follows:

1. It allows for an early payoff after the second year.
2. It allows for an early payoff after the second year.
3. It will not lock the city into a debt service without the option of paying the loan off early.
4. If the City is able to pay it off five years early it will save citizens \$70,000 in interest.
5. It provides an option in five years to remove one of the pledged revenue sources, which is the electric franchise fee, giving us a little more leverage at that time.
6. She reviewed the seven page analysis of the debt policy the city commission approved last December.

Commission Lutton asked if that meant the city would be paying \$125,000 a year. Ms. Ecklund said they would be paying \$147,000 a year, though a little lower the first two years as requested by the city because we still have series 2003 and 2009 being paid off. After that it levels out to \$147,000 a year.

PUBLIC COMMENT

There were no comments from the public.

CLOSED PUBLIC COMMENT

Commissioner Thornhill made a motion to adopt Resolution 2013-08. The motion was seconded by Commissioner Wojcik.

By Roll Call Vote:

Commissioner Thornhill	"YES"
Commissioner Wojcik	"YES"
Commissioner Carter	"YES"
Commissioner Lutton	"YES"
Mayor Fultz	"YES"

The motion carried 5-0.

CITY MANAGER

Agenda Item 19. City Commission Tracking Report:

- **C Street Project:** Commissioner Wojcik said she thought it appropriate to plan a ground breaking ceremony to start off the construction of the C Street Project and invite prominent members of the community.
- **Library:** The project is moving forward.
- **Cemetery:** Commissioner Lutton asked if it was still on the schedule to move quickly on this project before we run out of cemetery plots. He said the Billy Allen lease agreement was based on his picking schedule so we may need to start negotiating with him. Mr. Fields said as far as he knew they are still on schedule for construction to begin next August and that Mr. Allen was notified. He said there was a little less pressure now to move forward as quickly because the city had the opportunity to purchase back a large number of plots for a reasonable price.

Mr. Fields said the preliminary design would be coming before the Commission once it is finished. He would like to make sure the design is what the commission had in mind esthetically. Commissioner Lutton asked if the design would be going before the Parks and Community Appearance Board and Mr. Fields said he thought that could be arranged.

- **Fire Substation:** Commissioner Lutton said the memo states the budget is \$1.2 million but the current contract amount needs to be included in the document.
- **Advisory Board's Annual Reports:** Commissioner Carter said that at one point recently the consensus of the Commission was to have each advisory board give an annual report type presentation on possibly an annual basis to let the commission know what is and isn't working. He asked how that was coming along. Mr. Fields said he would try to set that up because he was a firm believer in community input. He would give the boards notice that they are to give an annual report, giving them about three months preparation time, and then start scheduling them. Commissioner Carter said there are probably enough different boards that one report could be scheduled each month.
- **Facilities Report:** Commissioner Lutton said he would like to know the completion date for the facilities report.

Agenda Item 20 City Commission Calendar

Shade Meeting: Scheduled prior to the close of the commission meeting.

COMMUNICATIONS AND PETITIONS

Catherine Price, 813 Campbell Avenue, requested that the Commission consider changing the city ordinance to allow restrictive amounts of farm animals such as chickens within the city limits to make it more 'green friendly'. She said she gathered information on ordinances that allow them in other cities in Polk County, in Florida, and nationwide. Mr. Fields asked for and received consensus that this item be added to a future agenda and that Kathy Bangley from the Planning Department will give a presentation on what she learned at the APA Conference.

Manuel Crespo, 850 Wildabon Avenue, distributed two handouts; a copy of a letter to the Editor that appeared in the Lake Wales News called, 'Lake Wales a Farming Town', and a rebuttal letter to the editor that he wrote and that will appear in a future Lake Wales News Edition. He spoke in opposition to allowing farm animals and composting in the city limits for the following reasons:

1. Composting attracts roaches and rodents.
2. Birds such as chickens have dangerous bacterium in their intestinal tracts that are harmful to humans and their droppings attract lice, roaches, rodents and flies.

Mayor Fultz thanked them for their input and asked Mr. Crespo to be present when the pros and cons are discussed by the Commission.

CITY COMMISSION COMMENTS

CITY MANAGER COMMENTS

Mr. Fields asked for and received consensus that the City Commission did not want the 1% COLA increase applied to them.

He explained that this would affect two days at the end of the first pay period in October and taking the 1% raise out for those two days would cause a lot of extra work for staff. He asked if the City Commission would allow it to take affect the second pay period in October which would mean they will receive the 1% raise for two of the days on the first check. He again was given consensus.

There being no further business the meeting was adjourned at 7:11 p.m.


Mayor/Deputy Mayor

ATTEST:


City Clerk Clara VanBlargan, MMC