

The regular meeting of the Lake Wales City Commission was held on September 15, 2015 in the Commission Chambers at the Municipal Administration Building. The meeting was called to order by Mayor Fultz at 6:00p.m. following the invocation and the Pledge of Allegiance.

#### **INVOCATION**

The invocation was given by Dr Jim Moyer.

#### **PLEDGE OF ALLEGIANCE**

**COMMISSIONERS PRESENT:** Terrye Howell, Eugene Fultz, Mayor; Jonathan Thornhill, Pete Perez, Christopher Lutton

**COMMISSIONERS ABSENT:**

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

#### **Agenda Item 5.            MAYOR**

#### **Agenda Item 5.I.        PROCLAMATION: Constitution Week; September 17 - 23, 2015**

Mayor Fultz presented a proclamation establishing September 17-23, 2015 as "Constitution Week." Representatives from the Daughters of the American Revolution accepted the Proclamation.

#### **Agenda Item 5.II.       PROCLAMATION: Kappa Omicron Omega's Day; October 4, 2015**

Mayor Fultz read a proclamation establishing October 4, 2015 as "Kappa Omicron Omega Day." Local members of the Kappa Omicron Omega Sorority, Jacqueline Hadley and Terrye Howell accepted the proclamation.

#### **Agenda Item 6.           ANNUAL REPORT**

#### **Agenda Item 7.           PRESENTATIONS**

#### **Agenda Item 8.           COMMUNICATIONS AND PETITIONS**

Tom Scali, resident from Lake Ashton, praised City Clerk Clara VanBlargan as a dedicated employee. This appears to be a whistleblower situation. He expressed concern about spending money on the airport extension which is not used much by Lake Wales residents. The Bartow airport is nearby. We should not spend money on this. He recommended an investigation into the City Manager as he is not taking Lake Wales in the proper direction.

#### **Agenda Item 9.           BUDGET HEARINGS**

#### **Agenda Item 9.I.        ORDINANCE 2015-08 Adoption of FY 2015-16 Millage Rate - 2nd Reading & Public Hearing**

[Begin Agenda Memo]

#### **SYNOPSIS**

The Commissioners will consider adopting a millage rate of 7.3638 mills for Fiscal Year 2015-2016. The Commissioners will also consider adopting the proposed operating budget.

## RECOMMENDATION

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

1. Approve Ordinance 2015-08, adopting a millage rate of 7.3638 mills for FY2015-2016;
2. Approve Ordinance 2015-09, adopting an operating budget for FY2015-2016.

## BACKGROUND

In accordance with Florida Statutes and the City Charter, Ordinances 2015-08 and 2015-09 are presented for second reading and public hearing. Ordinance 2015-08 establishes the millage rate for FY15'16, and Ordinance 2015-09 adopts the proposed FY15'16 budget. These ordinances must have separate public hearings and must be voted upon individually.

The proposed FY15'16 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 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 21, 2015, the City Commission adopted an Interim Millage Rate of 7.3638, even though the rolled-back rate was 8.1104. The proposed budget was balanced on the 7.3638 millage rate per \$1,000 of taxable valuation. The proposed millage rate of 7.3638 is one mill lower than the current rate of 8.3638. While other municipalities within Polk County have also not set their final millage rate for next year, this reduction should drop the City of Lake Wales from one of the higher municipal millage rates in the county to one more in the middle of such a ranking. This should assist in the City's economic development efforts.

## BUDGETARY CHANGES IN GENERAL FUND "REVENUE SOURCES & TRANSFERS IN" FOR FY15'16 COMPARED TO FY14'15:

General Fund revenues in FY15'16 ( $\$11,293,936 + 1,157,500 - 612,941$  vehicle leases = 11,838,495) are projected to be \$574,066 greater than budgeted in FY14'15 ( $10,411,429 + 1,020,000 - 167,000 = 11,264,429$ ).

An expected increase of \$574,066 is mainly due to the following items:

- Decrease in ad valorem tax of \$287,400 due to reduction in the millage rate
- Increase in special assessment of \$1,020,000 due to the creation of the fire assessment
- Decrease in charges for services of \$260,247 due to loss of Polk County fire service revenue
- Increase in intergovernmental revenue of \$81,484 due to C.O.P.S. grant
- Increase in intergovernmental revenue of \$42,098 in state revenue sharing from sales tax

## BUDGETARY CHANGES IN GENERAL FUND "OPERATING EXPENDITURES" FOR FY15'16 COMPARED TO FY14'15:

General Fund "operating" expenditures in FY15'16 are projected to be \$11,072,120, which is \$245,874 greater than budgeted in FY13'14 \$10,826,246.

Significant changes in "operating" expenditures include the following items:

- Net increase in personnel costs of \$256,883 mainly due to increase of five (5) positions within the General Fund (Appendix-20) and a 1% COLA (\$67,535, which is included within the \$256,883 total). Two proposed additional Police Officer positions will not be filled if the City does not receive the requested C.O.P.S. grant.

**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:

Fiscal Year	Unreserved Fund Balance
07'08	17.88%
08'09	24.13%
09'10	29.51%
10'11	21.97%
11'12	14.94%
12'13	10.15%
13'14	9.44%

In terms of the proposed FY15'16 budget, a General Fund emergency sinking account balance of \$1.66 million to \$2.21 million would be required to remain within the 15% to 20% margins. The City is currently not in the position to remain within the 15% margin which would require an emergency sinking account balance of \$1,660,818 (\$11,072,120 x 15%). It is recommended that a minimum of \$220,000 for the next seven years, beginning in FY 15'16, be used to rebuild the general fund emergency sinking account.

Additional funds can be set aside if there are significant unanticipated increases in revenue collections or expenditures are significantly below budget. 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
15'16	150,000
16'17	370,000
17'18	590,000
18'19	810,000
19'20	1,030,000
20'21	1,250,000
21'22	1,470,000
22'23	1,690,000

Note: Recommend an annual rebuilding of \$220,000 to the Emergency Sinking Fund for the next seven years, beginning in FY 16'17.

**SUMMARY OF ALL FUNDS**

General Fund	\$12,110,061
Special Revenue Funds	\$2,420,087
Debt Service Fund	\$1,870,704
Capital Projects Fund	\$73,000
Cemetery (LWVG)	\$88,928
Utility System Fund	\$15,514,707
Airport Fund	\$1,344,304

TOTAL	\$33,421,791
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The expenditure total of \$33,421,791 is comprised of operating costs in the amount of \$21,917,130 and capital outlay in the amount of \$11,504,661. Transfers in the amount of \$2,273,763 bring total expenditures plus transfers to \$35,695,554.

Capital expenditures include utility system improvements are budgeted as follows:

General Fund	\$1,037,941
Special Revenue Funds	\$400,807
Capital Projects Fund	\$73,000
Utility System Fund	\$8,759,877
Airport Fund	\$1,233,036
TOTAL	\$11,504,661

Note: Capital expenditures proposed for FY15'16 are itemized in "Schedule C" within the budget document.

**BUDGET HIGHLIGHTS**

A summary of the important aspects of the proposed FY15'16 budget document is provided as follows:

1. A 1% Cost of Living Adjustment (COLA) is budgeted for employees this year (\$67,535 General Fund, \$5,788 Library, and \$13,683 Utility System = \$87,006).
2. The net effect of six and a half (6.5) employee position has been added. In FY15'16 total personnel includes 177.50 positions compared to 171.00 during FY14'15
3. Ordinance 2007-07 adopted by the City Commission on September 18, 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 2014 to June 2015 was 0.1%. Utility rates for water and sewer services have been budgeted with a proposed increase of 14.5%, to be effective October 1, 2015, based on finding from a Water and Sewer Revenue Sufficiency Review performed by Raltelis Financial Consultants, Inc.

	WATER CHARGES					SEWER CHARGES		
	Base charge	rate per 1,000 gallons				rate per 1,000 gallons		
		0-5,000	5,001 - 10,000	10,001 - 25,000	over 25,000	Base Charge	0 -5,000	5,001 - 15,000
Current	6.10	2.41	3.26	5.06	8.33	21.65	2.84	4.98
10/1/14	6.98	2.76	3.73	5.79	9.54	24.79	3.25	5.70

For inside-city residential customers using an average of 8,000 gallons per month, water charges will increase from \$27.93 to \$31.97, and sewer charges will increase from \$50.79 to \$58.14; the combined bill for water and sewer will increase from \$78.72 to \$90.11.

**CONCLUSION**

By necessity, the proposed FY15'16 Budget responds to prolonged cut-backs over the last several years. During the recession, from 2007 through 2014, most departments had reached their lower limit in operating cuts and could not make any additional reductions without seriously compromising the quality of service to the public. As the local economy has improved with the growth of new business and home building within

the area, 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 FY15'16.

There is no question that our financial resources have been severely strained for the past few years as we continue to deal with the lingering impact of the problems in the housing market, a recovering economy in general, rebuilding the emergency reserves, and working towards economic growth within our City. However, recent trends in both new commercial and residential development, including the reuse of formerly vacant existing buildings indicates that the City's tax base is once again beginning to grow and that recent economic development efforts are paying off. It is expected that the 2016-2017 Fiscal Year will see even greater growth in the City's ad valorem tax base and the expansion of city services will lead to additional voluntary annexations into the city.

As our community continues to realize growth and expansion an opportunity for some or all of the following will be possible. 1) Repayment to the general fund emergency sinking account of \$220,000 for next seven 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.

[End Agenda Memo]

City Clerk Clara VanBlargan read **ORDINANCE 2015-08** by title only.

#### **ORDINANCE 2015-08**

**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 2015-16; PROVIDING FOR AN EFFECTIVE DATE.**

Mayor Fultz said for the record, the taxing authority is the City of Lake Wales. The roll back millage rate is 8.1104 and the millage rate to be levied for Fiscal Year 2015-2016 will be 7.3638 which is less than the roll back rate of 8.1104 mills.

#### **OPENED PUBLIC HEARING**

There were no comments from the public.

#### **CLOSED PUBLIC HEARING**

Deputy Mayor Thornhill moved to adopt **ORDINANCE 2015-08** after second reading and public hearing. Commissioner Howell seconded the motion.

By Roll Call Vote:

Deputy Mayor Thornhill "YES"  
Commissioner Howell "YES"  
Commissioner Perez "YES"  
Commissioner Lutton "YES"  
Mayor Fultz "YES"

The motion carried 5-0. The motion was passed at 6:15 p.m.

#### **Agenda Item 9.II. ORDINANCE 2015-09 Adoption of FY2015-16 Budget - 2<sup>nd</sup> Reading & Public Hearing**

City Clerk Clara VanBlargan read **ORDINANCE 2015-09** by title only.

## ORDINANCE 2015-09

**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 2015-16 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.**

Kenneth Fields, City Manager, pointed out two changes to the budget. The the first is the appropriation for the B Street Community Center approved at the last meeting in the amount of \$12,500. The second is a QTI payment that was approved earlier in the year for what was then Project Magician 2 which was left out. This is a tax incentive under state law granted to Merlin Entertainment for their facility being located at Long Leaf Business Park. This is a small amount payable over 2 years, the city is paying 10% of the total and the county and state picking up the rest of the balance.

### OPENED PUBLIC HEARING

No comments from the public.

### CLOSED PUBLIC HEARING

Commissioner Lutton asked when the B Street contract would be coming back for approval. Mr. Fields said he wasn't sure but the money is appropriated but they won't receive it until a contract is approved by the commission.

Commissioner Howell made a motion to adopt Ordinance 2015-09 as amended on second reading and public hearing. Deputy Mayor Thornhill seconded that motion.

By Roll Call Vote:

Commissioner Howell "YES"  
Deputy Mayor Thornhill "YES"  
Commissioner Perez "YES"  
Commissioner Lutton "YES"  
Mayor Fultz "YES"

The motion carried 5-0. The motion was passed at 6:18pm

### **Agenda Item 9.III. ORDINANCE 2015-10, Five-Year Capital Improvement Plan FY2015/16 - FY2019/20 – 2<sup>nd</sup> Reading & Public Hearing**

[Begin Agenda Memo]

#### **SYNOPSIS**

The Commissioners will consider adopting the Five-Year Capital Improvement Plan for fiscal years 2015/16 through 2019/20.

#### **RECOMMENDATION**

It is recommended that the City Commission approve after first reading Ordinance 2015-10 adopting the Five-Year Capital Improvement Plan for fiscal years 2015/16 through 2019/20.

**BACKGROUND**

In accordance with section 6.05 of the City Charter, Ordinance 2015-10 adopts the proposed 5-year Capital Improvement Plan (CIP) for the period FY2015/16 through FY2019/20. Capital improvements and capital acquisitions proposed for Year 1 of the 5-Year plan are incorporated into the FY15'16 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 \$46,866,606 and includes \$250,000 in land acquisition, \$3,026,715 in building improvements/acquisitions, \$39,001,713 in infrastructure and recreation improvements, \$3,606,778 in equipment acquisition, and \$981,400 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 - FY2015/16	11,504,661
Year 2 - FY2016/17	17,612,913
Year 3 - FY2017/18	6,875,307
Year 4 - FY2018/19	3,827,118
Year 5 - FY2019/20	7,046,607
5 Year Total	46,866,606

[End Agenda Memo]

City Clerk Clara VanBlargan read **ORDINANCE 2015-10** by title only.

**ORDINANCE 2015-10**

**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 2015/16 THROUGH 2019/20; REPEALING ALL ORDINANCES IN CONFLICT WITH THIS ORDINANCE AND PROVIDING FOR AN EFFECTIVE DATE.**

**OPENED PUBLIC HEARING**

There were no comments from the public.

**CLOSED PUBLIC HEARING**

Deputy Mayor Thornhill made a motion to approve **ORDINANCE 2015-10** after second reading and public hearing. Commissioner Howell seconded the motion.

By Roll Call Vote:

Deputy Mayor Thornhill "YES"  
Commissioner Howell "YES"  
Commissioner Lutton "YES"  
Commissioner Perez "YES"  
Mayor Fultz "YES"

The motion carried 5-0. The motion passed at 6:20 p.m.

**Agenda Item 10.        CONSENT AGENDA**

**Agenda Item 10.I.        APPROVAL OF MINUTES:        September 3, 2015 Regular Meeting**

**Agenda Item 10.II.        Special Event Application:        Special Event Application: Kiwanis Christmas Parade**

[Begin Agenda Memo]

**SYNOPSIS**

Approval of the special event permit application will allow the Lake Wales Kiwanis Club to present the annual Christmas Parade on Saturday December 12, 2015 and allow for the temporary closing of several streets

**RECOMMENDATION:**

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

1. Approve the special event permit application from the Lake Wales Kiwanis Club for the annual Christmas parade to be held Saturday evening, December 12, 2015 between the hours of 6:00 p.m. and 8:00 p.m.
2. Approve the parade route which will begin at Lake Wailes Park, travel up Central Avenue to Dr. Martin Luther King Jr. Blvd. where it will end
3. Approve the temporary closing of North 5<sup>th</sup> Street, Orange Avenue, the Horseshoe Drive in Lake Wailes Park, Lakeshore Blvd. from Orange Avenue to Central Avenue, and from Central Avenue at Lakeshore Blvd. to Dr. Martin Luther King Jr. Blvd.

**BACKGROUND:**

Larry Tonjes, on behalf of the Lake Wales Kiwanis Club, submitted a special event permit application for the Annual Christmas Parade to be held Saturday, December 12, 2015 from 6:00 p.m. to 8:00 p.m. Line up for the parade will begin at 4:00 pm. on North Fifth Street and on Orange Avenue and along the Horseshoe Drive of Lake Wailes Park.

The application also includes a request for the temporary closing of several streets as follows: 5<sup>th</sup> Street, Orange Avenue and the Horseshoe Drive in Lake Wailes Park for the parade line up, Lakeshore Boulevard south to Central Avenue, west on Central Avenue crossing SR17/Scenic Highway to Dr. Martin Luther King Jr. Boulevard where the parade will end



The crossing of Scenic Highway requires a permit from the Florida Department of Transportation and this request will be submitted to the Bartow office after commission has approved the event. Staff has reviewed the application and has no issues with the event or road closings. Lake Wales Police Department and VOICE will be handling pedestrian and vehicular traffic control. The Streets Department will coordinate the street closings and trash clean up. The Kiwanis Club will be responsible for the parade line up and staging and any sanitary facilities that might be necessary. Insurance is being provided by the sponsor as required.

**OTHER OPTIONS:**

Not to approve this event and road closings.

**FISCAL IMPACT:**

The total cost of in-kind services in the proposed budget for FY15/16 is \$1,958.82 with the Kiwanis Club being responsible for 25% of the total cost or approximately \$489.71

[End Agenda Memo]

**Agenda Item 10.V. Write-Off Uncollectible Receivable Accounts**

[Begin Agenda Memo]

**SYNOPSIS**

The City Commission is asked to authorize the write-off of uncollectible accounts receivables totaling \$40,927.50 for utility and solid waste services.

**RECOMMENDATION**

It is recommended that City Commission authorize the Finance Director to write-off a total of \$40,927.50 in 316 uncollectible accounts receivables for utility and solid waste services for the period of 10/01/13 through 9/30/14.

**BACKGROUND**

The Utilities Fund and General Fund list accounts receivable as an asset. These amounts are the total unpaid billing of utility and waste disposal services. These Funds also list an offsetting account called Allowance for Uncollectible Accounts, which is an estimate of uncollectible accounts based upon accounts receivable balances past 90 days old. The Allowance for Uncollectible Accounts is adjusted annually by an offsetting adjustment to bad debt expense. If the write-off is approved, each account's balance will be adjusted off and each account will be coded as a write-off. Applications for new service are checked against our current database. If the applicant has a coded write-off account in our system, the applicant must pay the old debt before new service is activated.

Open accounts prior to October 1, 2014 have been sent to Penn Credit, the collection agency for the City. Penn Credit will continue to attempt collection efforts relating to these accounts.

**FISCAL IMPACT**

Accounts receivables will be reduced by \$40,927.50 but this will have no impact on the City's bottom line because the amount has been accruing in the Allowance for Uncollectible Accounts.

**ATTACHMENTS**

A list of write-off accounts is available for public inspection in the City Clerk's Office. (62

Pages)

[End Agenda Memo]

**Agenda Item 10.III. Request From Polk County To Extend The Lease Agreement For Fellowship Dining**

[Begin Agenda Memo]

**SYNOPSIS**

Approval for the extension of the lease agreement will allow Fellowship Dining to continue the program through December 31, 2018.

**RECOMMENDATION**

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

1. Approve the extension of the lease agreement with the Polk County Board of County Commissioners to operate their Fellowship Dining Nutrition Program at the James P. Austin Community Center through December 31, 2018.
2. Authorize the City Manager to execute the lease extension agreement

**BACKGROUND**

The Polk County Board of County Commissioners and the City of Lake Wales had previously entered into a Lease Agreement on January 1, 2004 to allow Fellowship Dining to use a designated area of 2,288 sq. ft. at the James P. Austin Community Center site for its Congregate Meal Program. This program has been extremely successful providing meals at the center Monday through Friday, 8:30 a.m. to 1:30 p.m., providing home deliveries to those clients that live too far away, providing nutritional education and counseling by a licensed, registered dietitian, providing transportation to and from the center and providing trips to the grocery store if needed.

The current lease the City Commission approved on February 4, 2012 expires December 31, 2015. Polk County is seeking once again an extension of the lease agreement with the City to use a designated area at the James P. Austin Community Center for the County's Fellowship Dining Program. The agreement is for the period beginning January 1, 2016 through December 31, 2018.

The base rental shall remain the same at \$75.00 per month for an annual payment of \$900.00 per year. As stated in the original lease agreement, additional fees will be charged at the same rate as for other City residents if any special events take place outside of the regular operating hours. The lease extension agreement shall remain in full force and effect under the existing terms and conditions of the original lease agreement.

**OTHER OPTION**

Do not approve the lease extension agreement with Polk County.

**FISCAL IMPACT**

Extension of the agreement will generate an annual income of \$900.00 to help offset the cost of facility maintenance.

[End Agenda Memo]

**Agenda Item 10.IV. Lease Agreement Extension For Polk County Workforce Development Board, Inc. D/B/A/CareerSource Polk**

[Begin Agenda Memo]

**SYNOPSIS**

The Lease Agreement will allow CareerSource Polk (formerly Polk Works) to continue the Young Leaders program at the James P. Austin, Jr. Community Center until June 30, 2016

**RECOMMENDATION**

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

1. Approve an extension of the lease agreement with Polk County Workforce Development Board, Inc. d/b/a CareerSource Polk to operate the Young Leaders program at the James P. Austin, Jr. Community Center for a term expiring June 30, 2016.
2. Authorize the City Manager to execute the agreement.

**BACKGROUND**

Removing obstacles to employment will take a community effort, with representatives from many sectors including churches, government, businesses, education, and job training agencies. The Young Leaders program provides academic support and employment training to adults between the ages 16 and 21 who reside in Polk County. The program is free to those who qualify and assists youth in gaining the necessary academic and workplace skills needed to become successful as they move into adulthood.

The tenant agrees to use the property for the sole purpose of operating the employment and training program for adults and children. It will operate Monday through Friday. Designated office space shall be utilized from 8:00 a.m. until 5:00 p.m. There is no usage fee required of this tenant. However, there may be fees charged at the regular inside-city rate for any special events sponsored by CareerSource that take place at the community center outside of the regular operating hours.

The City Commission approved an annual lease with the organization since June 2007.

**FISCAL IMPACT**

There is no cost to the City if this lease is approved.

**OTHER OPTIONS**

Deny approval of the lease agreement; however, by not approving the agreement, this organization will need to find another facility to run this program.

**ATTACHMENTS**

Lease Agreement  
Certificate of Liability Insurance

[End Agenda Memo]

Commissioner Lutton asked to pull Agenda Items #3 & #4 from the consent agenda for separate discussion and vote.

Commissioner Perez asked in regards to Agenda Item #5 what the process is to determine if we write-off a particular service. Dorothy Ecklund, Finance Director, reviewed the collection process and said that we are aggressive in attempts to collect with calls and letters. After a year of attempts to collect they will be written off as bad debt because they inflate the balance sheets. Those individuals still stay in the system so if those individuals return to town they will be required to pay before a new account can be opened. After accounts are written off as bad debt we have a collection rate of 18%.

Commissioner Lutton made a motion to approve the Consent Agenda. Commissioner Howell seconded the motion.

By Voice Vote:

Commissioner Lutton	"YES"
Commissioner Howell	"YES"
Commissioner Perez	"YES"
Deputy Mayor Thornhill	"YES"
Mayor Fultz	"YES"

The motion carried 5-0.

Commissioner Lutton asked about the Fellowship Dining if there was cooking going on on-site. Linda Kimbrough explained that they just deliver the meals, there's no cooking. Commissioner Lutton asked about the City costs for these leases. Kenneth Fields, City Manager, said that as the building is open during the day anyway so these groups are just using the space. Commissioner Lutton asked if this prevents any other use. Mr. Fields said that most rentals are on weekends, but if a conflict arises they are cooperative and move off-site for that day. Commissioner Lutton asked about the value of benefits to Lake Wales. Mr. Fields said we can find that out and it is a good idea to have that information. Commissioner Lutton said we wanted to be sure this wasn't costing the City too much and it was a real partnership.

Commissioner Lutton made a motion to approve Consent Agenda Items #3 & #4. Commissioner Howell seconded the motion.

By Voice Vote:

Commissioner Lutton	"YES"
Commissioner Howell	"YES"
Commissioner Perez	"YES"
Deputy Mayor Thornhill	"YES"
Mayor Fultz	"YES"

The motion carried 5-0.

**Agenda Item 11.        OLD BUSINESS**

**Agenda Item 11.1      ORDINANCE 2015-07, Utility Rate Increase Ordinance – 2nd Reading & Public Hearing**

[Begin Agenda Memo]

**SYNOPSIS**

The City Commission will consider Ordinance 2015-07 amending the Lake Wales Code of Ordinances, Chapter 21, Section 21-161 Schedule of Rates for Sewer Services, Section 21-171 Schedule of Rates for Water Services.

## **RECOMMENDATION**

Staff recommends that the City Commission approve the following action:

1. Adopt Ordinance 2015-07 after second reading and public hearing.

## **BACKGROUND**

On May 19, 2015, the City Commission was presented with a water and sewer revenue sufficiency review study by Raftelis Financial Consultants. These consultants identified the current revenue sources within the utility fund (page 4 of the presentation) and also identified the capital improvement funding sources needed to meet the needs of the 5-year capital improvement plan (page 9 - \$26,171,000) relating to the utility system (page 6 - water projects, page 7 - sewer projects).

The capital funding plan recognized limited utility cash resources and the reliance of debt funding (page 10). The study recognized the need for a rate adjustment of 14.5%, effective October 1, 2015 (page 13) to fully fund the capital improvement program, rebuild unrestricted utility reserves, maintain adequate debt service coverage, and sustain annual general fund transfers.

Example (page 14): A residential customer located within the city limits, with a ¾” or 1” meter, with monthly usage of 5,000 gallon of water/sewer service would recognized a monthly increase of \$7.82.

## **FISCAL IMPACT**

The increase in utility service rates is projected to cause a \$973,100 increase in revenue in Fiscal Year 2015’16.

## **OTHER OPTIONS**

Do not approve Ordinance 2015-07. Not doing the rate increase would require significantly reducing the Five Year Capital Plan.

[End Agenda Memo]

City Clerk Clara VanBlargan read **ORDINANCE 2015-07** by title only.

## **ORDINANCE 2015-07**

**AN ORDINANCE OF THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA, AMENDING LAKE WALES CODE OF ORDINANCES CHAPTER 21 UTILITIES, AMENDING THE SCHEDULE OF SEWER CHARGES AND FEES; AMENDING THE SCHEDULE OF WATER CHARGES AND FEES; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.**

**OPENED FOR PUBLIC HEARING**

Jack Neal, resident, said he agreed with lowering the millage rate, but the City is not really lowering taxes since they are going way up.

**CLOSED FOR PUBLIC HEARING**

Commissioner Lutton recommended putting information on the completed capital projects in utility bills once a year to show what the money is going too. This would be goodwill for all citizens. Mayor Fultz said education of our citizens is always good. The Commission agreed. Commissioner Howell asked if something similar is already being done. Kenneth Fields, City Manager, said there is an Annual Report each year and we are beginning a quarterly newsletter which could contain this information. We can piggy-back on current outreach efforts. We should highlight progress on these projects that many don't think about. Dorothy Ecklund suggested putting this in the utility bills in April after Audit is complete. The Commission directed staff to do this.

Commissioner Lutton made a motion to adopt Ordinance 2015-07 after second reading and public hearing. Commissioner Howell seconded the motion.

By Roll Call Vote:

Commissioner Lutton	"YES"
Commissioner Howell	"YES"
Deputy Mayor Thornhill	"YES"
Commissioner Perez	"YES"
Mayor Fultz	"YES"

The motion carried 5-0.

**Agenda Item 12.        NEW BUSINESS**

**Agenda Item 12.1        Expiration Of The Current Airport Fixed Base Operator Agreement**

[Begin Agenda Memo]

**SYNOPSIS**

The current Fixed Base Operator Franchise Agreement with Lake Wales Aviation will expire October 31, 2015 and the city can initiate a Request For Proposal for a Fixed Base Operator under a new agreement, more favorable to the City.

**RECOMMENDATION**

That the City go forward with termination of the FBO Franchise Agreement with Lake Wales Aviation and initiate a Request for Proposal for a Fixed Base Operator with a new agreement. The Airport Authority Board approved a recommendation to terminate the agreement at its meeting of September 8, 2015.

**BACKGROUND**

The City of Lake Wales signed an agreement with Lake Wales Aviation, Inc. on October 31, 1995 for the exclusive use of the certain properties at the Lake Wales Airport for the purpose of conducting the business of a Fixed Base Operator (FBO) providing aviation and other services to users of the Airport. This Agreement was for an initial term of ten years with the FBO having the option to renew for four successive five year renewal periods. The Agreement provides that in order to exercise the renewal option, the FBO must notify the City Manager in writing by certified mail at least ninety days prior to the expiration of any term of the Agreement.

The deadline for renewal of the current option period was July 31, 2015. At that time, no notification was received from the FBO in accordance with the Agreement of a desire to renew and on August 19, 2015, almost three weeks past the renewal deadline, I informed the FBO that the agreement would terminate on October 31st of this year. I also informed the FBO that the City would initiate a Request for Proposal process to select a Fixed Base Operator for the Airport and that Lake Wales Aviation could certainly apply. In addition, the City would allow the FBO to continue to operate on a month to month basis until a new FBO is selected.

Lake Wales Aviation has informed me by letter of August 24, 2015 of its desire to renew the FBO Franchise Agreement as per the contract for another five year period and provided an explanation for the reasons that the renewal submission required by the Agreement was not submitted by Lake Wales Aviation. The reasons given were highly personal in nature and not due to business or other operating matters. I do not believe the explanation submitted provides any legal grounds for waiving the termination of the Agreement and the City has the right to go forward with the process of selecting a FBO through an RFP process. Revisiting the FBO selection process will also allow the City to develop a revised agreement that is more favorable to the City and will allow greater economic development on the Airport Property.

#### **OTHER OPTIONS**

Waive the contractual renewal requirements contained in the current Franchise Agreement and allow Lake Wales Aviation to remain the FBO for another five years with one remaining renewal period after that.

#### **FISCAL IMPACT**

There is an outstanding loan balance due to the current FBO Operator of approximately \$112,000 under the terms of the existing agreement which would become payable upon termination of the lease. Implementation of a new agreement could allow greater economic development on Airport property which would increase the City's Airport revenues both directly and indirectly.

[End Agenda Memo]

Kenneth Fields, City Manager, reviewed this Agenda Item. He reported that the Airport Authority voted last week 3-0 in favor of going out for an RFP.

#### **OPENED FOR PUBLIC COMMENT**

Robin Gibson, resident and attorney for the FBO or Betty Hill, reviewed the history of the current lease which was entered into in 1995. The current FBO brought in skydiving and provided take-offs and landings and fuel sales to get support from the FAA. The FBO provided the funding in the amount of \$390,000 in improvements to upgrade the Airport. The City has been paying back the \$390,000 spent by the FBO in the form of rent credits. The FBO operates the Airport free and uses the facility for rentals and leases. Skydiving has brought many economic benefits to Lake Wales. Hurricane Charley destroyed the Airport in 2004 and the FBO used her own money to keep the Airport going. When Airport was rebuilt 5-1/2 years later it was much smaller. The lease is for 30 years with 5 year renewals. The 90-day requirement is for the City in case she left. Due to personal family concerns Ms. Hill missed the 90 day deadline. She submitted the letter to renew the lease 70 days ahead of expiration date. The City still owes approximately \$112,000 in rent credits. This would have to be paid out if the lease is cancelled. The airport needs infrastructure for economic development to occur. Economic Development is not the responsibility of the FBO. The FBO has provided 20 years of stability at the Airport. The City is not treating Betty Hill fairly. He asked the Commission to accept the 70 day notice to renew the lease.

Mayor Fultz asked if there is a conflict between economic development efforts and the skydiving activities. Robin Gibson said absolutely not the FBO just runs the Airport. Commercial activity happens at all airports nearby. Mayor Fultz said that skydiving seems to sprawl out there so some kind of adjustments will need to be made. Mr. Gibson agreed that adjustments can be made to allow new businesses.

Commissioner Perez said that we are doing well out there now and it makes some economic sense to keep the current FBO and to avoid paying out the \$112,000.

Commissioner Howell asked about the revenues from the skydiving and airport. Mr. Gibson explained that the City gets a lease payment from the FBO for the ability to use the facility. The City gets the t-hangers rents and .10 a gallon of the fuel sold. The City does not get anything directly from skydiving just indirect economic benefits. Commissioner Howell asked if it was only skydivers getting fuel. Mr. Gibson said that other groups buy fuel as well. Commissioner Howell asked about the mobile home park. Mr. Gibson explained that the FBO operates the campground and turns the City gets paid. Commissioner Howell asked about the issue in the recent lawsuit. Mr. Gibson explained that the lawsuit was to reimburse her for income losses during the aftermath of the hurricanes. Mr. Fields clarified that the City was sued directly. Commissioner Howell asked what portion of the take-offs and landings are related to skydiving. Betty Hill, FBO, said 97% of the traffic is skydiving. She described some of the other activity at the Airport. She said that she has always been in support of economic development at the airport and it needs infrastructure. She would like to be a part of the growth there. She said she is open for discussion on changes to be made regarding land needed. Commissioner Howell asked why the lease hasn't been revised. Mr. Gibson says it could if both parties agree. She recommended a new lease.

Commissioner Thornhill asked Mr. Gibson if the City had failed on a 90 day type requirement if he would have done a gotcha on the City. Mr. Gibson said that he has never done a gotcha type thing in his career.

Mr. Fields clarified that after the hurricanes the Airport had to be rebuilt to current building code. A new well had to be built to provide a Fireflow for the Airport buildings. The insurance money had to go towards the new well. Because of the smaller buildings and loss of earnings and because of the language of the contract the City was sued by the FBO for breach of contract. The operator received a \$900,000 settlement to resolve these issues. He did approach Ms. Hill about a piece of land someone was interested in and he was sent a letter from the attorney saying this land was under her control. Mr. Fields expressed concern about the FBO and the Skydiving business being operated by the same person. The gas prices are higher for general aviation use but are lower for the skydiving. Many comments have been received from pilots about landing near her skydiving operations and avoid Lake Wales for this reason. He presented 3 possible options for the commission, to continue with the current lease, go out for an RFP, or negotiate a new lease with the current FBO.

Mayor Fultz suggested that the past commission wanted to get rid of the airport as it was not important to them at that time.

Lee Turnquist, resident and a pilot, would love to see growth out at the Airport. A conflict exists between the City Manager and the FBO. Ms. Hill is accused of hampering growth but Economic Development is not the responsibility of FBO. He said that the Airport Authority is essentially reduced to an advisory board with no authority. Betty Hill has done a good job and the City can develop other property not under her lease. Skydiving has flourished under her oversight and without skydiving activity; there would be no activity at the Airport or fuel sales. There is no conflict between skydiving and other aircraft as there is constant communication among all parties. City should comply with their part of agreement. He said he has no personal interest in Airport or relationship with Betty Hill. He said that the well itself was not required. This was a misconception. Another container could have been used.

John Paul Rogers, resident, said that the contract needs to be drawn to be more in favor of the city. It is not a fair contract. He said that there should be no more 30 year contracts.

Tom Summersell, non-resident, he is in the agriculture business. He explained that 40 years ago the Airport was a disaster. They now have a positive relationship with Betty Hill and can easily service their customers. He described his business and how often they are in the area. They operate safely in conjunction with the skydiving business. His business could not have existed without her being at the airport. They take care of 25,000 acres. They would like to continue the operation. Commissioner Lutton asked about what happens



with skydivers after they've jumped. Mr. Summersell explained that they are told when the skydivers have jumped and do not need to wait to land.

**CLOSED FOR PUBLIC COMMENT**

Deputy Mayor Thornhill endorsed the third option, and asked if we can go and renegotiate the contract. Mr. Fields said if both parties are willing. Albert Galloway Jr., City Attorney, said that if Ms. Hill is willing to do they can renegotiate the entire contract. Ms. Howell asked about the October 31<sup>st</sup> deadline. Mr. Fields said no and said that if we successfully negotiate a new lease we can go forward with the new lease term. Mayor Fultz invited Ms. Hill to speak to whether or not she is willing to renegotiate the contract. Ms. Betty Hill said she is willing to negotiate a new lease. Commissioner Lutton suggested extending the current lease until the new one can be agreed on. Mr. Fields suggested a 90 day extension of the lease until the new lease is agreed to and then bring it back to the Commission. Mr. Fields said he will bring this back by the second meeting in December. Mayor Fultz said a new contract will bring in new business and help the airport grow.

Deputy Mayor Thornhill made a motion to approve the 90 day extension of the current lease so that a new lease can be negotiated to replace the current one. Commissioner Howell seconded the motion.

By Voice Vote:

Deputy Mayor Thornhill "YES"  
Commissioner Howell "YES"  
Commissioner Lutton "YES"  
Commissioner Perez "YES"  
Mayor Fultz "YES"

The motion carried 5-0.

**Agenda Item 12. CITY MANAGER**

**Agenda Item 12.1 City Commission Tracking Report:**

Kenneth Fields, City Manager, reported that the ribbon cutting of the newly completed Airport Safety Improvements is tomorrow at 10am and will be followed by regional meeting of the Airport Operators Association at the Austin Community Center.

The gym floor has been completed and has reopened.

The Improvements on North Market Street and West Central Avenue have been completed. Other improvements on some of our streets will be done next year.

The Scenic Highway project is in the punch list phase and is nearly completed. Scenic Highway has turned out nicely and improved the appearance of the City. Work has begun on the round-a-bout south of the City on Scenic Highway which will involve major road closures.

**Agenda Item 12.2. City Commission Calendar**

Mr. Fields announced that the first Polk Regional Water Cooperative Formation Team meeting will be Friday at 9am. The mayor and himself will attend. The creation documents will be developed over the next 6 months and an update will be available at the next meeting.

There will be a status update on the Grand Hotel at the next meeting.

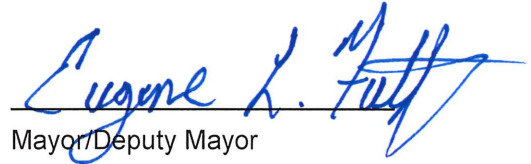
**Agenda Item 12.3. Annual Reporting – Boards, Commissions, and Committees**

**Agenda Item 13.      CITY COMMISSION COMMENTS**


Commissioner Perez expressed concern about the limited parking downtown that many employees park in front of their business. Commissioner Lutton and Mayor Fultz agreed with this concern. Mayor Fultz suggested working with Main Street on this issue.

**Agenda Item 14.      MAYOR COMMENTS**

The meeting was adjourned at 8:06 P.M.

  
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Mayor/Deputy Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk Clara VanBlargan, MMC