

City Commission Budget Workshop Meeting
May 16, 2016

A budget workshop meeting of the Lake Wales City Commission was held on May 16, 2016 in the Commission Chambers at the Municipal Administration Building at approximately 6:00 p.m. The meeting was called to order by Mayor Eugene Fultz.

COMMISSIONERS PRESENT: Terrye Y. Howell; Pete Perez; Robin Gibson; Eugene Fultz, Mayor

COMMISSIONERS ABSENT: Jonathan Thornhill, Deputy Mayor

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

1. ROLL CALL

2. DISCUSSION ITEMS

Agenda Item 2.I. Commission Budgetary Priority Setting

[Begin Agenda Memo]

BACKGROUND

Timeline for Budget Process:

- May 16 Workshop – City Commission Budgetary Priority Setting.
 - June 1st – Estimate of Taxable Value provided by Polk County Property Appraiser.
- May 17 – Regular City Commission Meeting
- June 7 – Regular City Commission Meeting
- June 14 Workshop – City Commission Five-Year Capital Outlay Discussion.
 - July 1st – Certification of Taxable Value provided by Polk County Property Appraiser.
- June 21 – Regular City Commission Meeting
- July 5 – Regular City Commission Meeting
 - July 5th – Preliminary Fire Assessment Ordinance is presented as an agenda item to the Commission so that it may be included on the TRIM notice and not require a separate mailing.
 - July 7th Commission to receive a draft budget document.
- July 13 - First Commission Budget workshop.
 - July 15 – Preliminary Estimates of State Shared Revenue may be available.
- July 19 – Regular City Commission Meeting
 - City Commission to set the “Interim Millage Rate”. In order for the Property Appraiser to proceed with the mailing of the required TRIM notices, it will be necessary for the Commission to set an interim millage rate and establish the required public hearing dates for adoption of the final 2016 millage rate and the FY16’17 budget.
- August 2 – Regular City Commission Meeting
- August 9 – Second Commission budget workshop.
- August 16 – Regular City Commission Meeting
- Tentative August 17 – Additional budget workshop if necessary should there be the need for continued budgetary discussions.
- September 7 – Regular City Commission Meeting and First Budget Hearing
 - In order to comply with Florida Statute (200.065(2)(e)(2), tentative and final hearing dates cannot be used by any other taxing authority for public hearings. During the July 19th meeting, the City will be able to setting the dates to be used for the September millage and budgetary acceptance dates. The City will schedule around the dates selected by the Polk County School Board and also Board of County Commission.
 - Annual Fire Assessment Ordinance is presented to the Commission as an agenda item at the budget hearings.

- September 20 – Regular City Commission Meeting and Second Budget Hearing (unless conflicts with a scheduled budget hearing of the Polk County Commission or Polk County School Board.)

Material Provided by Staff for Commission Priority Setting and Capital Outlay Discussion Workshops:

- FY 2015-16, Budget Summary
- City Debt Schedule
- 5-Year Capital Improvement Plan, Utility System
- 5- Year Capital Improvement Plan, All Funds Excluding the Utility System

[End Agenda Memo]

City Manager Kenneth Fields said the purpose of the budget workshop is to kick off the 2017 budget process for the City of Lake Wales by getting input from each Commissioner on what its budget priorities are in terms of the operating budget as to what the levels of service are needed, what needs to be increased or decreased, etc. The capital budget items such as capital projects like parks, roads, buildings and other things of that nature will not be discussed at this meeting but instead at an upcoming scheduled budget workshop meeting. Input from the Commission at this meeting will be helpful to the department heads as they begin to develop their budget for next year. The input will be incorporated into these budgets and brought back to the Commission to show where we stand. We will try to work the input in the budget the best we can.

Mr. Fields said there are a number of key dates that are mandated by State law that involve setting our millage rate for next year and a number of other financial items that we have to set by ordinance as part of the budget process. We do not have any preliminary budget numbers for next year. The preliminary estimates of our property tax base will be available on June 1st from the property appraiser and the final numbers will become available on July 1st. There is usually some small change between those two dates. If we are fortunate we might get some preliminary numbers from the State as early as late June in terms of State revenue sharing numbers and our expectations from the various tax sources that come to us from the State but more than likely that will come to us in late June and July. We will set a tentative millage rate at the end of July and then our budget hearing dates for the first and third week in September to finalize the budget for next year.

Finance Director Dorothy Ecklund reviewed the timeline dates for the budget process. She said this is the first workshop where the Commission sets high levels of priorities for the directors so they know what to incorporate in their budget so that when a draft budget is brought to the Commission around the middle of July there are not any expectations or disappointments that were not met. The preliminary numbers are provided by the property appraiser by the first of June. They are usually good numbers changed slightly on July 1st. The first budget workshop will be held on July 13 and the numbers from the property appraisers will be incorporated in the document for that meeting. Then at the July 19 Commission meeting she will be asking the Commission to set an interim millage rate. By State Statute, this rate has to be set if the Commission wants it to go out on the property appraiser's TRIM notices, which is a significant savings for the City and it also ensures collection. There will also be a budget workshop on June 14, August 9, and a tentative workshop on August 17. The Commission will to be looking at true numbers at these three meetings. Right now, priorities are being set and along the way in the workshops the Commission can give staff direction on its priorities in its budget.

Ms. Ecklund reviewed the budget summary that was provided in the Commission's agenda packet. She said this document is also referred to as the TRIM notice, which was provided to the newspaper for the public last year. It is last year's numbers which are similar from year to year. The ad valorem taxes listed in the General Fund is \$3.5 million which is only 29% of the revenue that comes into the General Fund so there are other sources. The budget summary kind of identifies where they come from such as from sales tax or intergovernmental revenue charges for services, etc. Ms. Ecklund said she can provide a copy of a

complete budget from last year or it can be downloaded from the City's website. But, there will be brand new numbers in about two months.

Ms. Ecklund reviewed the debt schedule that was provided in the Commission's agenda packet and said there are two sources of debt: one is general government and the debt service payment is \$1.7 million and the other is the utility system and their debt service for next year is projected to be \$3.2 million. The debt issuance that has been issued over various years is not a surprise. She said that we realized at the time when passing it that the debt service requirement that will be needed the revenue is sufficient to cover the debt service so she doesn't want anybody to give a knee-jerk reaction and think this is going to cause some kind of issue. It was already built into the budget, the revenue sources coming at the current level of service. The budget priorities sort of goes into the mix but we should have a document that shows all the outstanding debt issues.

Ms. Ecklund said the other document the Commission received in its agenda packet deals more with capital, which is not for this budget workshop.

Mr. Fields said although our focus is on the millage rate it is only 29% of the General Fund revenues. Governmental budgeting is a little different and we budget by funds. As shown on the budget summary, various City operations are not all lumped into one overall budget, they are individual funds where all the revenues and expenditures have to match up. The General Fund covers most of our general operations like police, fire, and public works. The Utility Fund operates on water, wastewater, reclaimed water, and storm water operations, The Airport Fund is separate and its revenues and expenditures are accounted for separately. In the past the cemetery was part of the General Fund but we are in the process of transitioning that to a self-sustaining operation so that will be shown separately now and in the future. Special Revenue Funds are primarily transportation and CRA. That will be broken down individually in the new budget document.

Mr. Fields said last year we had a half-day session on strategic thinking and the priority derived from that was City appearance and to address some of the blight in the City. As a result of that we hired one additional code enforcement officer and budgeted for demolitions on condemned properties. This year as a result of that we will probably demolish approximately 10 buildings which is more than we have ever done in the past few years and addition to that budgeted money we got money from the County to do additional demolitions so we will probably end up demolishing about 12 blighted properties in the City this year for the first time. We have also stepped up our code enforcement efforts and as a result of that we are getting more properties coming into compliance. This priority was set by the Commission last year and was implemented in the budget.

Commissioner Perez asked for clarification on Page 7 of the Comprehensive Annual Financial Report for Fiscal Year Ending 9/30/2015 that said, "An additional portion of the City's net position, \$5,824.648 (13%), represents resources that are subject to external restrictions on how they may be used." Ms. Ecklund responded that those are the special revenue funds and there is an external entity that requires that the money be spent in a particular way. For example, the gas tax that comes in must be spent on transportation and road service, police forfeitures can only be spent on specific purposes, CRA money can only be spent for specific purposes, money that comes over from the County for the Library can only be spent on specific purposes so if there is an outside entity that has a requirement that is exactly what special revenue means and that is why it goes into the Special Revenue Fund.

Commissioner Perez said there is another section that talks about how those funds could be at the discretion of the government. Ms. Ecklund said that used to be called net assets or fund balance and there is a category called designated, which means it is designated by the City Commission and they do have the ability to change their mind on a designation for a different purpose if ever desires to do so. That is completely different from external requirements, which we cannot require. Commissioner Perez asked if the Commission budgets money for the recreation department it can decide to give that money to HR instead. Ms. Ecklund said that would be budget appropriations and you could do that as long as there is not an external requirement involved such as recreation impact fees, which could not be redirected but general

fund revenues going toward recreation could be redirected. Mr. Fields said if we designated a certain portion of fund balance to be held as reserve for a rainy day fund that would be considered designated funds, which would take a change in policy by the City Commission to move that money into something else. When we are talking about designated fund balance it is unrestricted fund balance that can be used for any purpose and there is restricted fund balance or designated fund balance being held for a specific purpose. This is typically reserved for emergencies. To move money from one department to another can be done by a budget amendment during the course of the year after the original budget has been adopted.

Commissioner Gibson said the budget is almost \$40 million, which sounds like a huge amount of money but in reality a huge portion of it is committed and there is nothing we can do about it. Consequently, the only part we can do something about is discretionary funds. Mr. Fields said we don't have numbers for next year so we don't know what discretionary funds might be available. The department heads are putting together their budget right now and they were told to budget what it takes to maintain their current level of service. They will have their priorities for either enhancements or areas they can reduce. The Commission is asked to provide guidance into that process in what it sees needing increased or decreased. Once we start seeing how much discretionary money we have we can start addressing those additions requested by the Commission like last year when addressing the priorities set by the Commission: code enforcement and blighted properties. Staff will put their baseline budget together to include the Commission's priorities and then in July when we know what discretionary funding will be available the Commission can reprioritize at that time.

COMMISSIONER HOWELL

Commissioner Howell said she would like to see the following in the budget:

- Recreation director
- A program that allows people to watch City meetings at any time from their electronic devices
- An emergency generator for the Municipal Administration Building so files do not get lost and people can pay their bill when the power goes out
- A public records tracking program for all departments to use so reports can be generated to let people know what type of records have been requested and how often. She does not want people to think the City is dropping the ball on public records requests. The Mayor said that would be a uniform method.
- More lighting on the soccer field. She said although we did not get the grant for the lights, we can budget a little money each year until we get all the lighting we need.
- Mobley Park needs to be fenced off to keep the alligators out and children away from the alligators.
- Secure Ridge Fertilizer Site.
- The City has an agreement with Harmsco and the City was supposed to install irrigation and plant crape myrtle trees on the corner of Dr. MLK Jr. Blvd. and Dr. Wiltshire Avenue and that has not been done yet so she would like that to be done.
- Need a better sign for Spook Hill

MAYOR FULTZ

The Mayor said that as previously discussed we also need business district signage at the corner of Lincoln Avenue and Scenic Highway to let people know the location of the Lincoln Avenue business district and what businesses are located down there.

COMMISSIONER GIBSON

Economic Development: Commissioner Gibson talked about a community survey he did before deciding to run for office to determine strengths, weaknesses, and priorities and said he has copies available for

anyone that would like a copy. He said he believes in the collective judgment of the Commission and this community and a survey like this one is what led to the Charter schools and the success thereof. This was due to the collective judgment of the very committed folks in this town. The recent survey showed that the number one strength of this community is our sense of community with the idea that people work together and care for each other. People were concerned about the appearance of the town and that some of it is shabby although not a consensus priority. The consensus priority was economic development and he is satisfied that is the priority as far as this community is concerned. He is very happy with the economic development council and the complements received about those that are leadership of that program: Kevin Kieft, the city manager, and the mayor. So, what he would like to do first is to take a look at how we can strengthen economic development and maybe we are already doing all we can do. He said that program started out with \$100,000 from the City and that number has sense increased. We have a community board that is headed up by a non-profit corporation and it is not limited to City boundaries, not involved in City politics, and is effective. We should look at doing what we can afford more than what the City is already doing, which would be considered economic development.

Downtown Redevelopment/Main Street Funding: Commissioner Gibson said his second priority is the downtown because people are very concerned about it. He said in 1969 he was the chairman of the downtown development commission and they did some wonderful improvements in the day and was recognized for that. Those downtown improvements did not cost the City a dime. They followed that with the creation of the Community Redevelopment Agency and then followed that with qualifying for the main street program under the National Trust for Historic Preservation. They were very successful, had a full-time main street manager and the downtown was in good shape. All that changed when the City went on hard times and took away the funding for the main street manager and the pledged increment for them that was built up with the CRA. Over the years, he has chaffed over what has happened and the decline that has occurred. He has chaffed over the CRA money that is generated by Area 1 and shipped out elsewhere to do things other than redevelopment. He chaffed for decades when listening to people running for Commission that said they wanted to do something about the downtown but when elected they forgot what was said and it didn't happen. So, a priority of this community and a personal priority of his is the downtown, which is the easiest priority to take care of because we've done it and we know how to do it. Our City is in an economic barrier that cannot afford to fund everything for this larger community so we have to be careful with the limited funds that we have. The City has not funded the whole EDC program along with a number of other things and cannot afford to do so. But it does provide an incentive or some seed money. Then, it looks to others to finish it. The EDC seed money was provided to a non-profit and the EDC was formed and there are private memberships that support that to supplement the City funds. There are grants that can be obtained and in the meantime the City's investment brings about a great result and it doesn't have to fund the whole thing. Commissioner Gibson said the funding for something like that in his view is keystone funding and if you pull the keystone out of it, it will collapse. When the big debate occurred as to whether the EDC would even come about the business community had to come here and beg for three votes that it barely did get to create the economic development council that nobody would want to take away today. The main argument against it was that the City would lose control. If the funding for that was pulled out he is not sure if we would have an economic development effort. So the City does have control because of keystone funding. The same thing can be applied to downtown. The non-profit that is in place is Main Street, which is currently not a qualified main street program. A qualified main street in accordance with the National Trust of Historic Preservation has to have full-time management. They like the idea of being a main street organization but in reality they are really a merchant association. They can become a main street organization with keystone funding and he proposes that we find \$100,000 for redevelopment of the built environment just as we found a \$100,000 for development and they are two very different animals. Development and the EDC really go after outside money and to bring people in for a positive balance of payouts. The fertile ground for redevelopment is local folks, people who have a belief and passion for the historic downtown. If we have a competent main street manager we can probably talk to the best main street manager in Florida into doing this. We can do the same thing that we did before, we know how to do it and it will work. Then, we will not fall into the trap of people being elected here saying that they want to do something about downtown and get distracted and it doesn't happen. Commissioner Gibson said he believes in the collective judgment of this community so that is a priority. The Commission has been asked

to talk about priorities and he will be relentless and obnoxious for this cause because it is long, long overdue. The CRA funding has been abused and it is time to stop it.

Revisit the Fire Fee: Commissioner Gibson said we need to revisit the fire fee, which was a big item and he and Commissioner Howell got into the middle of it running for office. Revisiting the fire fee is the very least we can do for our electorates. We should respect the people out there and the electorates because they are the ones paying the bills. The legal position was such that the fire fee instead of being a question as to whether it will be rejected became a referendum. On the referendum the fire fee lost so for us as responsive public servants we should address that, which is the only fair thing to do. He got victimized by the fire fee in the debates and public forums because he favored the fire fee. The only real complaint about the fire fee is that it wasn't graduated and fire fees elsewhere are graduated so we know it can be done and if necessary we can even raise the same amount of money. We need to look at making the fire fee more equitable and certainly keep an eye out for what it raises totally, and we need to have a public hearing and give people a chance to vent. We are to listen closely but make a decision that could be unpopular about the fire fee.

Working with the whole community and taking advantage of their talent and expertise/Paint the water tower to say "Go Highlanders!": Commissioner Gibson said he comes here as someone who has worked with and respects the entire community. The reality is that at least half, if not more than half of our talent and expertise in this community, the community that considers it to be all of Lake Wales surrounds this community. There are third and fourth generation people living here, people from country oaks, highland park, etc. There are organizations in this community that has functioned very well and they found a way to do it despite of the political boundaries that exist with the City. His observation is that as a fresh guy coming in is that the City has a myopic view and it has enough problems within the City limits. It has not done a good job at looking outside the City limits capturing all that talent and expertise that is out there along with the investment capital that is out there. He believes that the City is the only organized government in this community, the government by default. The only organized government in this community to perform a very valuable service as the leaders of this entire community so that we can mobilize all of our assets. Most of the things we can accomplish will be in the City limits just like the events that we have down at the lake and just like the Care Center, a wonderful organization that is based in the City limits. Most of the accomplishments will occur within the City limits but it will benefit the whole community so the whole community should play a part in that and share the cost, expense, and leadership of that. The City should be looking at some of these wonderful organizations that are not City government and work together. A simple idea is that the City's water tower out there looks a little shabby and it has to be painted. He saw that the water tower in the City of Bushnell had "Go Bushnell Parrots!" painted on it and that our water tower should say "Go Highlanders!" because this is a one high school town. That is a focal point and an opportunity for the City government to work together with the school system. All of these organizations should be working together. The City's water tower has to be painted so why not do it right.

Recreation: Commissioner Gibson said he is not prepared to talk about recreation but he will share his ideas. He said recreation is a huge opportunity and he thinks that we have a very small vision about what this should and could be. The City had a recreation department at one time but the reality is that the City cannot afford a recreation department because it ends up servicing the whole community, which we don't have the money for. The Lake Wales Little League has been a great recreation program and it is made up of people in the community in and out of the City limits. The City forms a very vital purpose with its facilities, which are located within the City limits but it brings people in from all over which is the way things work. We have an opportunity with a recreation program that is of a large scope and that is recreation, education, enrichment, and youth. One of the biggest concerns he has is that the kids can get into trouble after school because there is no one home at that time. One of the biggest concerns that the schools have is the 2-1/2 month vacation during the summer and people are on loose ends because the kids are on the streets. It takes about two months to bring the kids back up to where they were when they left school because of that gap. So, it is critical for us to explore a recreation program that is done in conjunction with the schools, YMCA, Boys and Girls Clubs, and the City with all its facilities and the schools with all its facilities that are vacant and not used during the summer time. The pieces are here for a great program for our kids and surely it's a benefit to law enforcement to have those kids constructively occupied and a benefit to those

kids personal enrichment, education, and vocational work skills when they get out of school. The City had a good recreation director years ago but could not pull it off on its own any more than it could on its own with its economic development program and the downtown program after the main street director had to leave because the funding ran out. The City just has a limited capacity in the center which is the weakest of the economic clusters that are in this community as a whole but we have a terrific opportunity in terms of what some call recreation but he would call it something much bigger than that. It would be something wonderful for our youth, senior citizens, and everything else but it will take leadership of the City and the YMCA could probably play a huge role in that and they may even be the non-profit corporation to head up the whole thing with some kind of initial funding from the City which will probably be less than trying to tackle its own recreation program which will not work. But, that is going to take a lot of work and he is willing to play his role in putting that together.

Commissioner Gibson said he has been stewing for 34 years. The school system was done over an 8-month period. We had a sterling committee of seven folks, ten subcommittees in the areas of different schools. There were about 130 folks in this community that designed that school system. There is a way that we can create a combined program for recreation, education, and enrichment for the benefit of our kids here.

MAYOR FULTZ

The Mayor said that a number of things mentioned by Commissioner Gibson are absolutely correct. There has already been some discussion taken place just between himself and the city manager because they too saw the need for the necessity for the things talked about and they have been reaching beyond borders which is his job as mayor to do, reach outside the borders of Lake Wales. Getting a strategy together is the main objective and from there seeing the funding that can be placed, where it's going to be placed, and who is going to run things out there. The Mayor said he is glad Commissioner Gibson is willing to do his part to see it done and although discussions have to take place in an open forum he would really like to have more discussions with him on that because Commissioner Gibson does have his way of doing things and has connections out there that probably would be very beneficial to building some of his ideas he shared so he is looking forward to some of it being initiated and going forward. The Mayor said another thing talked about is getting more citizen buy-in on the things that will be taking place in the community and with that buy-in they hope it is also something they will help support because if we don't have the support from the community doing it we will not have what we need to sustain it. He said he is looking forward to working with Commissioner Gibson on that and seeing some great things happening.

The City Manager thanked the Commission for its input and said all the department directors listened and as they start putting their budgets together they will address the issues as best possible.

3. COMMUNICATIONS AND PETITIONS

The meeting was adjourned at 6:59 p.m.


Mayor/Deputy Mayor

ATTEST:


City Clerk Clara VanBlargan, MMC