

A budget workshop meeting of the Lake Wales City Commission was held on July 13, 2016 in the Commission Chambers at the Municipal Administration Building at approximately 6:06 p.m. The meeting was called to order by Mayor Eugene Fultz.

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

COMMISSIONERS ABSENT: None

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. Budgetary Workshop – Proposed Fiscal Year 2016'17 Budget

City Manager Kenneth Fields said the purpose of the workshop is to go over the preliminary budget for Fiscal Year 2016-2017. We got the local tax numbers on July 1 and the budget is not entirely balanced yet He presented a PowerPoint presentation on the proposed Fiscal Year 2016-2017 budget and reported as follows as outlined in the presentation:

[Begin PowerPoint presentation]

- July 1 estimate of Taxable Value has increased by 3.33% - Preliminary Roll Back Millage Rate would be 7.3273 compared to current rate of 7.3638. Existing rate (7.3638 would provide an additional revenue of \$ 72,820.
- Recommended September Commission meetings be September 7 (Wednesday) and Sept. 20 (Tuesday).
- School Board meeting is September 6 and BOCC is September 13 and September 15.
- State shared revenues (Communication Tax, Fuel Taxes, and Municipal Sharing Revenues) numbers are not available yet but are expected to increase from prior year.

General Fund Summary:

- General Fund – Expenditure cuts are needed in the amount of \$500,000. Capital Outlay requests are \$1.6 million (Schedule C – detail listing)
- Total general fund expenditures are \$1.269 million over Fiscal Year 2015-16 budgetary amounts.
- Emergency Sinking Fund Reserve is proposed to increase to \$700,000 as the City continues to build back the reserve.

Significant Operating Items:

- Continuing funding of \$150,000 towards the Emergency Sinking Fund.
- Decrease in Operating Transfer to the Airport of \$100,000.
- Additional Public Safety staff of three new Fire Fighters and continuation of two vacant Police Officer positions, contingent on grant and other outside funding.
- Pension costs are projected to increase slightly \$10,653 (0.2%); Health insurance is currently budgeted to increase \$164,079 (18.4%) as staff waits for final numbers. This is a conservative approach.

Major Capital Outlays:

- IT Upgrades including Document Management Software \$142,000
- Police IT and Building Upgrades \$70,000
- Northwest Recreation Complex Improvements - \$126,000
- Play Equipment – Crystal Lake and Walker Parks - \$53,000
- Lake Wales Piet Rehabilitation - \$50,000
- Soccer Complex Improvements - \$205,800
- Entryway Signage - \$32,000
- Kirkland Gym Improvements - \$70,000

Transportation Fund Summary:

- Transportation Fund – Expenditure cuts are needed in the amount of \$490,000. Capital Outlay requests are \$558,000 (Schedule C – detail listing).

Significant Capital Items:

- Purchase of heavy equipment and vehicles \$308,000.
- Increase in sidewalk repairs from \$25,000 to \$50,000
- Increase in M&R storm water from \$20,000 (2013-14) to \$30,000 (2014-15)
- Increase Street Resurfacing from \$94,360 to \$200,000

CRA Fund Summary:

- CRA Fund – This Fund is balanced.
- Provision has been made for an update and rewrite of the Redevelopment Plan - \$40,000
- Provision has been made for an allocation to develop a plan for Downtown - \$40,000.
- Capital Outlays include Beautification of the Scenic Highway Corridor \$74,000 and a Walking Trail from Downtown to Lake Wales \$120,000

Library Fund Summary:

- Library Fund – Is balanced.

Debt Service Fund Summary:

- Debt service funding requirement had increase of only \$15,000

Utility System Fund Summary

- Utility System Fund – Operating Expenditure cuts are needed in the amount of \$162,560. Capital Outlay requests are \$15.9 million (Schedule C – detail listing).
- As a result of the rate study done to determine revenue necessary to support the capital program the Utility Capital program is funded through a combination of available impact fees, grant funds, current revenues and debt financing.

Airport Fund Summary:

- Airport operating revenues are budgeted to slightly exceed Operating Expenditures (including allocations) by \$10,000
- Capital Outlays are estimated at \$4.3 million for the rehabilitation and extension of the main runway 06/24, funded primarily by Federal and State grants.
- The City will have to fund its portion of the capital projects (either 10% or 20% depending on the source) over the next three years as the projects progress and funding is provided. It is expected that the City will use debt service financing for the project as project outlays and reimbursement schedules will not always coincide.

[End PowerPoint Presentation]

Commissioner Perez said the new airport manager is doing an excellent job at the airport despite the limited resources and asked if we had a provision to award him. Mr. Fields said that although he did not touch on personnel in his presentation it is important that we do something for our employees next year. We have looked at what other cities throughout the county that are comparable to us to see what they have done over the last five years and found that we are falling behind in terms of the amount of increases they received. That issue needs addressing, it will be a challenge for him to come up with the funding to deal with that, and we do not have a formal mechanism for doing that.

Commissioner Perez said he does not know how to answer when people ask him about the fire fee. The county took away over \$200,000 so we implemented a fire fee that gave us revenue of close to a million dollars. Mr. Fields said we did not mention that we also reduced the millage rate by one mill, which is a reduction of about \$450,000 in revenue. We used the money to replace the millage reduction, the loss of money from the county, additional debt service of about \$150,000, and as a result, there was about an \$11,000 difference. He explained the rate reductions made this year to single-family homes and mobile homes and said there will be a significant drop in the rate for multi-family properties.

Deputy Mayor Thornhill said he does not want to be a training ground for employees and they go elsewhere to work for better pay. To keep good employees we need a policy program to retain them and asked if we can do a salary survey. The Human Resources Director said we do one every year.

Commissioner Perez said he is on the Sheriff's Advisory Council and a couple of weeks ago he spent the day riding with a deputy around Polk County. A conversation came up about retention and the deputy said he believed the greatest reason people leave is the proximity of Tampa and Orlando and they pay better salaries. Mr. Fields said he and the human resources director talked about base salaries, where we are as compared to other cities, ways to retain employees, and how to reward superior performance etc.

Deputy Mayor Thornhill said he does not see anything needing cut in the budget. Mr. Fields said there would be some personnel increases, such as at the museum because you cannot run that with one person. Deputy Mayor Thornhill commended Officer David Black for being good to the kids at the movies. He said when he and his grandson walked in he opened the door for them. Although he is a public servant, he is not supposed to go beyond that so he does commend him for doing what he did.

The Mayor said he attended two meetings in the community about all the turmoil that is going on in our country and about police relationship in the community. We have one of the best in central Florida. The crime rate has gone down about 24%, about 48 percent of the cases are being resolved which is the highest of any of the cities around us, and we have better race relationships between the Police Department in the City now since he has lived in Lake Wales. We are not where we need to be yet but we are heading there.

Commissioner Gibson said his concern is the CRA and there are past sins but he is trying to right the ship. His goal for downtown is to bring us back to where we were. Over the past 15 years when we previously occupied a pace setter position we have been outclassed mainly because of the mismanagement of our CRA funds. He is looking to have a strong downtown organization, he is in favor of non-profit organizations not bound by political boundaries or City politics, and the downtown needs such an organization. He said on p. 146 of the budget it shows \$40,000 budgeted for a redevelopment plan consultant and \$40,000 budgeted for main street contract services, which is \$80,000 short of \$100,000. That should go for a strong organization and he is not convinced that a strong organization presently exists. We have a main street program not sanctioned or recognized by the State. We lost the one we had and as a result, lost 20 years growth. To be re-installed we need a strong board. The original plan was to create a CRA and have a downtown organization that would build the tax base to create the increment to fund the downtown organization. It would not be a call on general revenue. He believes in collective judgment and is willing to work with anybody to come up with the right organization. CRA 1 has declined to the point that it does have \$50,000 or \$60,000. If we could have a board in the bylaws, we could require at least one member with educational training experience in finance, one in law, and one in business, and have people with the

capacity to invest. The City should have a contract with the organization that is going to do this and see that we get our \$100,000 worth. That contract would be specific and set some measures by which the organization would be accountable. The present organization could be the promotions segment of that main street program for it is capable and qualified in doing that but we need to recruit people with capacity to make up the rest of this board that we would be dealing with. Bartow operates their CRA separately from the City Commission. The City Commission has not done a good job at handling CRA funds. There are too many pressures to reach in and offset the deficiencies in general revenue to keep the millage down. It is very difficult to be true to a CRA trust fund. If it is misspent outside the purpose, that is a violation of trust and violation of fiduciary duty. We should spend \$100,000 on a solid organization that will assure us we are getting our monies worth and held accountable for their performance. The budget indicates \$40,000 for contract services and \$40,000 for Main Street. He needed convincing that planners are worth it. Planners do not live in the community, they survey the community, they come up with what they think will work and then blow town. They are not here to be accountable and responsible for they have done their job. We have a plan done about 8 or 9 years ago. It was a good plan at the time but never implemented so for a starting point for us, rather than starting over again we could update that plan. The important thing is not planning but economic development, new business, investment downtown, and increase of the tax base. If a group in the City looked at the Martin Vargas plan that we have and then took that \$40,000 and put it toward the project we would have \$80,000. Elsewhere with the CRA he is in favor with what is listed on p. 147 of the budget and asked about the walking trail and asked how far the \$125,000 would take us and where do we begin and where do we end. Finance Director Dorothy explained that on p. 143 there is \$90,000 of un-appropriated excess reserve within the CRA. Commissioner Gibson said he saw that but he did not know if that was a reserve we wanted to keep or available for allocation elsewhere. Ms. Ecklund explained that is available for allocation elsewhere unless the Commission decided it wanted to keep it. Public/Support Services Director James Slaton told a little about the project and explained Phase 1 starting and ending locations and said the overall project cost is about \$250,000 with the rest of the project paid for with parks impact fees. He then explained the starting and ending locations for Phase 2. He said it will not be just a trail but will have a gathering place as well. Commissioner Gibson asked if we had some type of drawing to see what the project would look like and Mr. Slaton said he only has an incomplete preliminary one but he does not have one with him. Mr. Fields said Lake Wailes is a major access to Lake Wales so if we can find a way to link that to downtown it will be significant and explained that we will eventually link all our trails together. The Mayor asked the advantage of calling it a trail and Mr. Fields said there is a lot of grant money that we can apply for trails in terms of walking and biking of that nature.

Commissioner Gibson said he does not have a problem with redirecting the \$40,000 from a planner to the core downtown project for a solid board and then taking \$20,000 out of the reserve to come up with the \$100,000. The Commission can hold them accountable for that money through a contract. Mr. Fields said one of the reasons he allocated the \$40,000 for a consultant is because the basic CRA plan that controls the CRA needed updating. There are many technical and compliance issues in writing a CRA plan. Therefore, the idea was to hire a professional consultant that knows the law and what is required and get a lot of community input. The second thing is that we have to recognize that the CRA covers a large section in the City so the idea of writing the plan is that it reflects the diversity in the entire CRA and identifies the different needs in the CRA areas, so that needed addressing in a comprehensive type. It is going to take time to get the type of main street organization in place so it would not be reasonable to set aside \$100,000 for a main street organization right up front. They could not spend that kind of money in one year. Therefore, \$40,000 is just a starting point and it is not enough to get an organization up and going. It is not a City main street organization and you cannot build one overnight. Commissioner Gibson said the hotel should be part of this organization. Mr. Fields said we first need to update the plan to reflect what we want to do in the future. He would like to use the reserves for unforeseen emergencies. Commissioner Gibson said he is going to push for the \$100,000 although we do not have to spend it. It should be there for a purpose and it demonstrates that we are serious and it is a statement of priority. \$30,000 was budgeted for news racks and it has not been spent yet.

The Mayor asked Commissioner Gibson if he thought about who would be running the main street organization as far as a director is concerned because that is going to be a big deal. Commissioner Gibson

said he has heard criticism about that and he does not want to create a job for somebody, we just need management and the best we can get. The first thing to do is form a strong board and the board hires the manager, which worked very well with the EDC because it was non-political. He does not intend to be on that board and he has no agenda but believes in having a strong downtown. He was the Chairman of the downtown development commission that began in 1969 and the downtown still has been a priority with him since then. Out of all the downtowns he visited over the years, the one in Greenville South Carolina is the best. He has been insulted in the past and he does believe we have achievement here, we have some expertise, and we have a lot of good people that don't have any personal agendas. They just want what is best for the community.

Commissioner Perez said he does not necessarily disagree with Commissioner Gibson, but we have to look at the big picture and he has always advocated that we needed to do something about the downtown since he moved here 12 years ago. The fact of the matter is that the Care Center owns three quarters of the downtown. We do not know what is going to happen with that whole issue. He has been to several main street meetings and they are very nice and he has coffee there but he is not sure if they have accomplished anything besides the farmers market there on Saturdays. Therefore, we have to make sure the EDC, the main street group, and the CRA understands that we have a big issue and he is not prepared to set aside \$100,000 for the downtown. He would like to see the Martin Vargas study because he is not familiar with that at all. We don't need to be doing anything until we discuss it at length and having those people that have a vested interest in it to participate in a lengthily discussion.

Deputy Mayor Thornhill agreed and said when he came on board the money was gone and he too realized that we needed to do something about the downtown but being the chair of the CRA for 9 years he always wondered where the money would come from. The money is gone and we have neglected M&R for many years. We cannot spend the money until it comes before the CRA, which he is the chair of and the final decision is made there.

The Mayor said the CRA plan needed updating first before we do anything because without an updated plan we are working on 20-year-old initiatives. We need outside people investing in what is happening inside the town. The \$100,000 does show that the City is serious but how serious are they. Commissioner Gibson said it takes 1/3, 1/3, 1/3 but it is incumbent upon the City to take the first step and it is not a total first step but it is putting it in reserve and saying here it is. The contract can talk about matching funds or distribution if matched by a private contribution. We are not putting it out there without making sure it is properly spent.

Commissioner Gibson said according to the law, the county portion of the CRA sunsets, it can be extended, and he does not know where we are with that and if we have enough time to extend it. It is important to put the responsibility on the Commission to build the tax base and the increment. He would like to know if one of the three CRAs could have a separate board whereas with the other two the City Commission would remain the board. Ms. Ecklund said when former City Manager David Greene was here he created the last CRA they all three were one. Although, she shows it on the financials as three different phases, CRA 1, 2 & 3, the City only has one CRA, each created at a different time. All three phases sunset the same year at the same time because they are one. Ms. Ecklund said she would give the information to Clara to send to the Commission. Commissioner Gibson said he also wanted to know what is available in terms of extensions. Ms. Ecklund said the extension would have to come from the City Attorney because it is a legal issue. Commissioner Gibson said he also needed to know if the CRA, the City Commission, can delegate responsibility for area one. Mr. Fields said based on his prior experience, you can have more than one CRA within the City's boundaries but we have only one CRA although three different phases were created, which is different from having three different CRAs and subdividing them would require the county attorney's permission because they have to authorize whatever you decide to do. He said CRAs do have a sunset provision but very often, if there is outstanding debt the CRA lasts at least as long as the outstanding debt especially when bonds are involved.

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Commissioner Howell said giving \$100,000 to anyone to make the downtown better sounds great but if the businesses out there closes up before the elementary children get out of school it is ridiculous and she would not give them a dollar. So perhaps, the committee would be able to get some of them to stay open until the banks close and giving that kind of money, that committee had better have something out there staying open for adults like when the lights come on because when the lights come on everybody else is closed. It is not right if one part of the CRA gets \$100,000 and the other part gets zero. The Mayor said the purpose of the consultant is to make sure that all of these things are addressed and in a fair and equitable manner. Commissioner Howell said she just wanted to make sure that would be addressed and she personally does not agree in giving all that money to a consultant because one came from West Palm Beach one time and took beautiful pictures and nothing happened but we still had to give them money. That has happened repeatedly and she never understood that because nothing happens.

Commissioner Howell said she read the summary of the budget and asked if the Commission voted on everything listed in it would we have the funds to cover it. Mr. Fields explained that in the operations point of view we are currently short by \$500,000. Some of the capital projects listed will need deferring to the following year. We will come back to the Commission with some recommendations. We would like to hear what the Commission's priorities are on the capital outlay projects listed. Commissioner Howell said she hoped that staff already cut down to the bone. Mr. Fields said there are things listed that staff would like to have this year but they do understand that some of them could get deferring. The Mayor suggested that each Commissioner ask staff why they needed the items they listed. Mr. Fields said they can come back on August 9 with a priority list of what the existing needs are and then the Commission can rearrange them how they want.

The Mayor explained that the auto allowance he gets is sufficient for what he does in the county but not for what he does outside the county. He gets no reimbursement for fuel or the meals that he buys. The other Commissioners needed reimbursed as well, for what they do so the only fair thing to do is to make it reimbursable for all the Commissioners for anything outside and inside the county. Commissioner Gibson said he was going to bring that up and that he listed three responsibilities as a City Commissioner and that is the city manager's salary, the compensation for the city attorney, and looking out for the expenses incurred by the Mayor. The Mayor is doing a wonderful job representing this City in many different venues and it should not cost him out of pocket to do it. We should reimburse him for that no matter where incurred. The Mayor said he would like to stay in his position and do a good job. If he started slacking in what he is doing now he feels as though he is letting the people down. Some of the good things that are happening now are because he has connections in the county, State of Florida, and now in the National League of Cities. He tells everybody about Lake Wales and encourages them to come here. Mr. Fields said budgetary adjustments could be made and because we are covered under the City Charter, there are ways we can deal with that in the future.

Mr. Fields said we will not be hosting the Ridge League of Cities dinner next year but he did put \$10,000 in the budget for the City's 100-year anniversary, which falls on Memorial Day weekend next year so we are all going to be doing some planning in recognition of that. Deputy Mayor commented on the fireworks asked if the fireworks budget was increased and Jennifer Nanek said yes.

The Mayor commented on the good job Monica Drake-Pierce is doing at the museum and said to the Commission not to get uptight if they see money in that budget.

The Commission talked the need in replacing the Spook Hill sign.

Commissioner Gibson commented on the debt service schedule and Ms. Ecklund explained the decline in funds. She said she would provide information about that to Clara to send to the Commission.

Mr. Fields received consensus on what he needed to bring back to the Commission at the August 9 budget workshop.

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3. COMMUNICATIONS AND PETITIONS

The meeting was adjourned at 7:48 p.m.



Mayor/Deputy Mayor

ATTEST:



City Clerk Clara VanBlargan, MMC