

A budget workshop meeting of the Lake Wales City Commission was held on August 9, 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

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 proposed budget for Fiscal Year 2016-2017. The Commission at its last budget workshop meeting gave direction as to what it wanted to see in the budget. Because we were off about a half million dollars in the budget and had about \$1.5 million in capital items in the General Fund he went back with the help of the directors reprioritized the capital projects for the upcoming year and reduced the capital budget number by about \$560,000. Since then, we received the final number for health insurances and liability insurance. The liability insurance numbers went down slightly and the health insurance numbers increased by what we expected them to be. We had a number of healthcare cases and some drug costs that drove up those numbers. However, preventing one day in hospital expenses pays for the drugs. Next year, we are looking to slightly modify our health insurance plan to try holding our costs down in the future so we will have to come up with possibilities in that regard. We will make sure it does not significantly affect our employees and do it in a way that is fair to them and the City. One of the key elements proposed in the budget today is pay increases for employees: a one percent proposed for October 1 and a one percent proposed for April 1. The cost to the City is 1-1/2 percent of payroll. Spreading it out a little bit in terms of impact this year will help keep us better competitive with surrounding areas in terms of what we are paying. Currently, the 2% is the best we can do. In addition to the across the board cost of living increases funds have been set aside in reserves for merit increases and performance bonuses. Now, when we do annual reviews, employees could be eligible for that depending on their performance. A policy procedural document will be brought to the Commission in September for review. There have been no other significant changes to the proposed budget other than some modifications to the capital budget. Departments are starting to come out of the recession and do some deferred maintenance and compared to years ago, we have learned to work smarter and better. There have been some approved staffing, upgrading in technology, and giving the current leasing terms and low interest rates, it has allowed us to lower the age of our fleet for better gas mileage and better maintenance for the long term, they stay on the road longer with less down time. All of this makes it possible for employees to be better productive and performance driven. There continues to be a lot of interest in economic development activities and in the future, it could allow us to do more investor infrastructure kind of things. The budget is now balanced in all funds, the utility rates will cover what we are doing, and major capital projects in the utility area will support economic development and the continuation of the C Street project and the expansion along west SR 60. The airport project is fully funded and we should be breaking ground by March.

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Commissioner Perez asked about copier leases in the budget and Finance Director Dorothy Ecklund explained those are operational leases and when they are due to expire the IT Department already has new ones coming online at about the same prices.

Commissioner Gibson expressed gratitude for the funding of the \$100,000 for the downtown and emphasized that we have to be very careful when spending the money and make sure it is going to a responsible organization. The budget talks about contract services, there needs to be a contract with Main Street, and that organization needs to demonstrate that it is a corporate structure and it is a 501(c) (3) non-profit. The board needs to be strong with full-time management and qualifies for the designation given by the State National Trust for Historic Preservation because the key goal is to build the downtown tax base and that is what it takes. Commissioner Gibson distributed a list to the Commission of people that expressed interest in serving on City boards. The list consisted of 11 business executives, 6 attorneys, 3 bankers, 3 financial advisors, 2 accountants, and 1 realtor. He said these are first grade people who are well able to handle \$100,000 and can make sure the money is properly spent and some of them can be chosen to make up a part of the Main Street organization. He said there are others who expressed interested in being a part of that board such as Linda Kimbrough. The important thing is the City is taking the first step and now it is up to the community to respond. We are on our way in restoring the downtown as it was before.

Commissioner Perez said he does not remember voting for the \$100,000 budgeted for the downtown for he is not in favor and that it is interesting to him that we suddenly found the money for that. Commissioner Gibson explained there has been no vote yet. The expenditure is listed in the proposed budget to come before the Commission for a vote at some point. Commissioner Perez said it looks like the list contains an exclusive group of people but it is strange that the City has been here almost 100 years and suddenly these people step up to the plate when Commissioner Gibson asked them. When it comes time to identify people for these boards he would like to give everyone in the community an opportunity to serve and not just those on the list. He said he has reservations about the \$100,000 only because he is nervous as to how it is going to be spent and how easily we were able to find a \$100,000 for the downtown. Commissioner Gibson said he did not choose the people on the list. It is a result of two surveys conducted within a four-year period, these people were identified as the most admired and respected in the community, and when he spoke to them, they identified others. Mr. Fields said we did not just find a \$100,000. At the last budget workshop, we did have an allocation of \$40,000 to jumpstart Main Street and at that time, it became clear that there were additional money in the unallocated fund balance to increase the amount. It is a multistep process, which this is step one and then the next step would be to work out a contract with a private 501 (c) (3) organization to take responsibility for being the downtown Main Street organization. There are State and National criteria the organization would have to meet. The downtown business owners would have to be a part of every board and Commissioner Gibson said the list is loaded with downtown business owners. Mr. Fields said it is about a two-year process to get everything set up etc. to define goals and benchmarks that would have to be met. The City Commission and Main Street will have to seek input from all of the community to learn what it is they want to see in the downtown.

The Mayor said he was concerned that all those that are already involved in the qualified Main Street organization would be alienated without being offered an opportunity to be a part of what is going forward and if any of them were asked to think about it. Commissioner Gibson said he talked with the leader of the organization and told him that in order for them to justify what he was asking be done they would have to demonstrate they are a strong board capable of handling that money and they have a good organization right now but it is basically a merchant organization good at promotions. The Main Street program that Mr. Fields is talking about is a 4-point program and only one of which is promotions. Those folks that are there now could serve on that committee as the promotion segment so nobody is being booted out. The economic restructuring was the big one and many of these folks on the list are capable of economic restructuring for

they have done that in a range of other areas but ultimately we are aiming at enhancement of the tax base. As shown in the budget workshops, there are more than enough unallocated funds to supplement the \$40,000 to come up with the \$100,000 so it was not taken from another place. It is community redevelopment money, which is the purpose in the first place. This is a three part financial responsibility, the first done by the City from the money held in reserve and then the merchants and fundraising groups must do their part before any of that money is spent. Commissioner Gibson said the \$100,000 is not a matching fund grant. The money has to be justified to the City that it is going for its purpose. The Mayor said he thought the CRA read that way. Mr. Fields clarified that is only how Main Street reads but eventually it has to be a partnership and not be dependent on the City to fund it 100 percent. The most published model is 1/3, 1/3, 1/3. There are ways the merchants association can generate more money such as through special events. Commissioner Gibson said the whole design of this is to increase the tax base, which creates tax increment, and then the tax increment is self-fulfilling.

Commissioner Howell said when the \$100,000 was discussed in the last budget workshop meeting she specified that she hated giving anything to the downtown if they close up at 2:00 p.m. because that does not work with working people. Businesses in the downtown must be still open when people get off from work at 5:00 p.m. There are other sections in the City of Lake Wales that could use some of the CRA money. In the past CRA money had been used for anything so perhaps some money could be spent to benefit our youth and on other things we need to do instead of just spending it on one area of town. Ms. Ecklund said there are still some undesignated reserves in the budget, but \$120,000 of that money is going toward the walking trail and the other part of it paid for with impact fees. Several parks and recreation capital items are in the proposed budget and it is not coming from the CRA funds, which show that we are taking care of recreation, children, and facilities. Mr. Fields explained some of the items budgeted in parks and recreation, which included fencing in parks for safety reasons, repair of the northwest complex, and funding for the soccer complex lighting. We are trying to do some things in the corridor between downtown and Lake Wales, which are great assets to the City so it is important to connect the two to have great special events down there.

Commissioner Howell said she is not in favor of merit raises for a thousand different reasons and we must be mindful in how that is done and to whom the money is given to. Employees should not be rewarded for doing their job well and supervisors should not give more money to the employees they favor the most. Instead, the money should be given to the employees who earn much less than others or it would not be fair. Mr. Fields explained that is the reason for a written policy and that there has to be transparency and justification provided. One of the ways he will be rating supervisors is on how they rate their employees and he will look at every review. We have a great workforce and we do more with fewer people and they are good people, but there are those that go beyond. Commissioner Perez commended staff and the city manager for putting such a complex budget together. The Mayor said staff earns their pay. Deputy Mayor Thornhill complemented staff and said he considers something special if the news media picks it up.

Deputy Mayor Thornhill asked about lake conservation and asked if the \$5,000 budgeted was for lake spraying etc. and Teresa Allen, Assistant Public/Support Services Director confirmed it was and said they are also trying to do more by working with different groups so hopefully more will be done this year.

Deputy Mayor Thornhill asked how much the recreation capital budget was cut and Mr. Fields said major items that were cut is \$75,000 on the soccer complex, \$35,000 on the gym complex, and \$40,000 on the northwest complex. Ms. Ecklund said there is \$575,000 in the budget for recreation.

COMMUNICATIONS AND PETITIONS

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Robbie Shields, Lake Wales Soccer Club, said although soccer season has not yet started, there are many people already playing on the soccer field so the need for lights at that park is drastic. The \$75,000 budgeted for lighting is helpful but it will require a lot more money. He talked to the County about getting more money and the County said they might put \$50,000 toward that this year and maybe \$50,000 next year. Lighting there is a big issue. We as a City have to support recreation. We do not have the needed recreation staff and if we did, many things could happen and that person could seek grants. He urged the Commission to increase the \$75,000 in the proposed budget. Mr. Fields said he hoped that the County adds to that funding because many of the people living in the unincorporated areas of the City use the facility. Commissioner Gibson said we need hard numbers as to the participation, and if you establish a ratio and then compare that ratio with what you know your investment has been you will know who is coming up short. Mr. Slaton said we have been having this conversation more than a year with the County and now they might help. Commissioner Howell said they are not giving Lake Wales its fair share and Mr. Shields said any money would help. Mr. Slaton said it would take about \$360,000 to finish the soccer complex so the \$75,000 budgeted would help a lot. We have a pledge from the Charter Schools who use the field, a pledge from the Lake Wales Soccer Association, and pledges from private citizens to help get the project done so with that we are about \$80,000 short. The Mayor said the sports complex in Dundee is beautiful but very under used and lights are on all the time so he does not know why Lake Wales cannot get something funded like that. That is why we formed the water cooperative so we do not have those inequalities there in regards to voting on things.

3. COMMUNICATIONS AND PETITIONS

The meeting was adjourned at 7:19 p.m.



Mayor/Deputy Mayor

ATTEST:



City Clerk Clara VanBlargan, MMC