

A budget workshop meeting of the City Commission was held on June 18, 2014 in the Commission Chamber at the Municipal Administration Building. The meeting was called to order by Deputy Mayor Christopher Lutton at 5:22 p.m.

COMMISSIONERS PRESENT: Terrye Howell, Betty Wojcik, Jonathan Thornhill, Christopher Lutton, Deputy Mayor

COMMISSIONERS ABSENT: Eugene Fultz, Mayor

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

[Full staff memos are incorporated into the minutes. Meetings are recorded, but not transcribed verbatim.]

Agenda Item 2. Fiscal Year 2014/2015 Budget Discussion

Kenneth Fields, City Manager, explained that the purpose of the workshop is to give a preliminary look at where we stand regarding the FY 2014-2015 budget. The next workshop is July 1st and by the end of July we have to pass a not to exceed millage ordinance. We need to get direction from the commission on what they want to see for next year.

Mr. Fields gave a PowerPoint presentation to the City Commission on the budget.

June 1st Estimate of Taxable Value has increased by 3.13% - Preliminary Roll Back Millage Rate would be 8.3932 compared to current rate of 8.5866. Existing rate (8.5866) would provide additional revenue of \$108,941. Mr. Fields added that we are recommending balancing next year's budget at the rollback rate to show that we want to get that millage down and that's the first step in that direction.

Mr. Fields said the recommended September Commission meetings are on Wednesday, September 3rd and Tuesday, September 16th. The School Board meeting is September 9th and BOCC is September 8th and September 15th. Mr. Fields explained that we are not allowed to schedule that meeting on our regular Tuesday date of September 2. Commissioner Wojcik asked why. Dorothy Ecklund, Finance Director, explained that TRIM provides that we cannot have a meeting before September 3rd.

Mr. Fields said that this is the preliminary taxable value estimate but that the official numbers will come down July 1st and we are expecting a slight increase but not guaranteed. We are moving forward with an increase in taxable value and that's a good thing. 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 \$1.6 million. Capital Outlay requests are \$1.04 million.
- Total general fund expenditures are \$1.03 million over Fiscal Year 2013-14 budgetary amounts. No use of Emergency Sinking Fund Reserves of \$676,000

Significant Operating Items:

- Funding of \$150,000 towards the Emergency Sinking Fund

Deputy Mayor Lutton asked what number we want to have in the sinking fund. Mr. Fields responded that we would like to get it back to about 10%, which is over \$1 million. The current number is \$400,000. Ms. Ecklund said that some things still may need to be paid out but where we are is \$400,000 - \$500,000 in the emergency sinking fund. Some money may be paid back from other departments especially Utilities due to some lawsuits settled this year. The Reserve policy calls for it to be 15-20% of general operating

expenditures and before we had it funded at 17% which is \$1.7million but that might be more as operating expenditures increase next year. Deputy Mayor Lutton said that the \$150,000 will bring it up to \$600,000. Mr. Fields said the idea is to bring it back up over the next few years and in the future not use those funds.

Commissioner Wojcik asked if Mr. Fields will go back to the departments to ask for needed cuts. Mr. Fields confirmed that he will meet with the Department Heads between now and July 1 to prioritize spending and bring back a more balanced budget. The goal is to maintain current services with no staff reductions.

Commissioner Thornhill asked if the City would be purchasing the Open Request Tracking Solution system. The program manages and tracks public records requests and related information pertaining to those requests. Mr. Fields said he did not know.

- Increase in Transfer to the Airport of \$120,689; mainly due to city share of airport construction project.

Deputy Mayor Lutton asked if this was operating or capital. Mr. Fields explained that this comes out of capital.

- Health Insurance and workers compensation and liability are currently projected to increase \$168,509.

Commissioner Lutton asked when the insurance renews. Mr. Fields said every year and they are preparing to go out for proposals and are hoping to bring that number down. Commissioner Wojcik asked about the deductibles, if they renew on the calendar year. Mr. Fields confirmed that.

- Pension costs are projected to decrease [\$68,601].
- Ongoing cost of 2014 salary and wage adjustment of \$33,415
- Economic development increase of \$25,000 [\$125,000] towards EDC.

Mr. Fields said that it's clear that they, the EDC, need additional staffing.

Transportation Fund Summary:

- Transportation Fund – Expenditure cuts are needed in the amount of \$251,000.
- Capital Outlay requests are \$150,000 and Operating Expenditures are \$93,000 over Fiscal Year 2013-14 budgetary amounts.

Significant Operating Items:

- Contracting out street sweeping for \$65,000.
- Increase in sidewalk repairs from \$20,000 [2013-14] to \$40,000 [2014-15]
- Increase in M&R storm water from \$20,000 [2013-14] to \$30,000 [2014-15]

Commissioner Thornhill asked if there was a particular area we were looking at for repair, or if this was just general repairs. Mr. Fields confirmed that this was just general repairs not a major program. Deputy Mayor Lutton asked where our system is at as far as quality. Tom Moran, Utilities Director, explained that there is a 5-year plan for storm water that they are currently in the process of updating as much of the current plan has been corrected and other items are no good or too expensive. A storm water assessment is a good idea in the long run. The current EPA standards we are ok with, there is nothing new, but in a few years we'll have to do lake sampling which will be expensive. Mr. Fields says new standards are coming 6 months to a year but nothing is proposed for the upcoming year.

Commissioner Wojcik asked about the status of the retention pond at Polk Avenue. Mr. Fields said that project is dead as the price was too high.

- Proposed new Street Resurfacing of \$150,000

Commissioner Wojcik said it has certainly been awhile on Street Resurfacing. Deputy Mayor Lutton said if we spend some each year then it is not a big ticket item.

CRA Fund Summary:

- CRA Fund – Expenditure cuts are needed in the amount of \$8,700.
- There are no capital outlay items.
- Operating Expenditures are \$296,000 less than Fiscal Year 2013-14 budgetary amounts [\$105,851 due to reduction in debt transfer requirements].

Mr. Fields explained that in two years after some of the debt is paid down the CRA could get back into operation in helping with economic development. Commissioner Wojcik asked if some of the Longleaf Business Park lots owned by the CRA were sold would that help the CRA. Mr. Fields said yes, and the money can then be reprogrammed to improve existing businesses.

Library Fund Summary:

- Library Fund – Operating expenditure cuts are needed in the amount of \$66,000.
- Capital Outlay request of \$72,119 will be paid for with impact fees.

Commissioner Thornhill asked if the City will ask the County to raise the rates for the library for county residents. He asked what the breakdown was as far as City and county use. Tina Peak, Library Director, answered that 59% of library users are in the county and 41% are city residents and county residents pay about \$3 a year as part of the MSTU. Mr. Fields said that the funding distribution formula is not to our advantage. Ms. Peak said that the new interlocal agreement will be available in July for renewal. The county libraries are funded by the MSTU like the County Parks are but the Parks MSTU is funded twice as much. Commissioner Thornhill said he wanted to make sure we bring this up again. Mr. Fields confirmed that they will go back to the county to discuss an increase of funding especially if we take over the bookmobile. Ms. Peak said that the formula is basically based on circulation and Lake Wales is the 3rd highest circulating library in the county. If Lake Wales takes over the bookmobile the circulation will go up. The county does not fund its own libraries. Mr. Fields commented that the county gets library services on the cheap and all the small libraries get a set amount. Mr. Fields said that he and Ms. Peak will go back to the county to discuss this. Deputy Mayor Lutton says that \$3 charge for county residents has been the same for years and an adjustment is needed.

Debt Service Fund Summary:

- Debt service funding requirement had a reduction of \$559,877.

Utility System Fund Summary:

- Utility System Fund – Expenditure cuts or additional revenue are needed in the amount of \$2.9 million. Capital Outlay requests are \$7.1 million [Schedule C – detail listing] and Operating Expenditures are \$253,400 over Fiscal Year 2013-14 budgetary amounts.
- Results of rate study to determine revenue necessary to support capital program are not yet available but some modest increase in base rates may be necessary. Some capital projects may be deferrable.

Mr. Fields said that the biggest project is the C Street Project which will be funded by a SRF loan. The amount of requests will be brought down as they could not handle \$7.1million worth of projects in one year. We are doing a rate study which will be available in July. One of the ideas is to see if the rates will go up automatically under our current ordinance a slight amount; the rate study will tell us if we are looking at large capital outlays what we will have to raise our base rates to cover the cost over the next few years. The rest of their operations include the reduction of debt service and some operating costs are going up. Will look at which capital projects are absolutely necessary and which can be deferred for another year.

Significant Utilities Operating Items:

- Increase in personnel cost of \$34,200, water plant operation of \$70,300, sewer operations of \$206,800, utility administration of \$78,500, and utility billing of \$27,000 = \$416,800
- Reduction in reuse operation of \$1,300
- Reduction in debt service requirements of \$162,100

Airport Fund Summary:

- During Fiscal Year 2014-15, the construction phase of a major airport improvement project in the amount of \$1,946,400 will begin. Funding from Federal and State agencies is expected in the amount of \$1,826,500 and the City's portion of construction costs is expected to be \$119,900.

Airport Improvement Projects Include:

- Runway O6/24 Safety Area
- Taxiway Realignment
- Airport Road Rehab

Mr. Fields said that there is a lot of excitement for this project. Commissioner Wojcik asked if this will be done next year. Mr. Fields said yes, they are out to bid right now and as soon as the bids are in the FAA will approve the bid then they will give us a grant contract.

Mr. Fields reviewed a list of the proposed Capital Projects which was provided to the commissioners.

Mr. Fields said that the Police Department is on the list for a new back-up generator. Commissioner Wojcik asked about the status of the current one. Mr. Fields explained that it is unreliable and will be used at another facility if a new one is purchased. Deputy Mayor Lutton asked about the other generator on the list. James Slaton, Support Services Director, explained that generator would be for the Administration Building which does not have one currently.

Mr. Slaton reviewed the list of IT projects including a new website and a document management system. Mr. Fields commented that the website revision was the top priority and the additional equipment to live stream the commission meetings was a commission request. The Document Management System would help internally as far as keeping track of documents electronically.

Commissioner Wojcik asked what the CSX skylight was. Mr. Fields explained that the CSX Building was the one the Streets and Parks Department were in on Scenic Hwy at the end of the Rails-to-Trails.

Mr. Fields said that the requests for new police and fire vehicles will be addressed on a multi-year basis and save some money.

Deputy Mayor Lutton asked if the money for the gym is for the floor. Mr. Fields confirmed that it was. Mr. Slaton said it was the floor and improving the parking lot across the street.

Deputy Mayor Lutton recommended a workshop on recreation priorities. Mr. Fields said that we have submitted a grant request for a Recreation Master Plan.

Commissioner Wojcik inquired about the status of various recreation facilities. Mr. Fields explained that we have increased maintenance on many of these facilities that have been delayed the past few years. We will see what we can afford in next year's budget. Mr. Fields suggested that many facilities such as the Austin Center and Crystal Lake Park are underutilized and could host more activities.

The new cemetery will be funded next year. Deputy Mayor Lutton confirmed that this is for the new cemetery. Mr. Fields confirmed this and said the plans will be forthcoming in the next few months.

Deputy Mayor Lutton confirmed that the money listed in the Rails-to-Trails Extension is really for the Lake Wailes Trail. Mr. Fields said it was. Ms. Ecklund explained that this is grant funded.

Mr. Fields explained that there are three parking areas around the lake that need improvements, near the ball fields and the horseshoe area and then Crystal Lake Park.

Deputy Mayor Lutton asked if we put a restroom at the water plant this year. Mr. Fields said no, we didn't. Commissioner Wojcik asked about the pole barn location. Tom Moran, Utilities Director, said that the Pole Barn will go at the Wastewater Plant on Henry Street.

Commissioner Wojcik asked if the Commission will get a book at some point. Mr. Fields said yes and that hopefully by July 1st we should have a full detail and identify priorities.

Deputy Mayor Lutton asked what the SCADA system is. Mr. Fields explained that it is the control system for the water and wastewater plants, allows for remote operation of lift stations. Commissioner Wojcik asked if this was hardware and software. Mr. Moran said it was both. Mr. Fields said that eventually the whole system can be controlled via laptop.

Deputy Mayor Lutton asked if we are looking at contracting out other services. Mr. Fields confirmed that they will look at that as it frees staff to provide additional services in other ways.

Improving mowers at the lake area were discussed. Deputy Mayor Lutton commented that they were very small. Mr. Slaton said that they are getting more efficient mowers.

Commissioner Wojcik asked about the agreements with Little League and the Boys and Girls Club, if Mr. Fields will be meeting with them. Mr. Fields said that he would be as they have communicated with him already.

Commissioner Howell asked for what the topics will be at future meetings and if materials will be available. Ms. Ecklund said that the Property Appraisers numbers come out July 1st so that information will be available that day. Mr. Fields commented that they will try to have something available, even with last year's numbers, for commission review. At later meetings there will be information available for the commission and all department heads will be in attendance to answer questions and explain their priorities.

Commissioner Wojcik asked Mr. Slaton if there was a replacement schedule for vehicles and equipment. Mr. Slaton said that for IT and fleet there is a program in place if not quite implemented. They are still working on something similar for facilities. Mr. Fields said that we need to play catch up on our maintenance in order to get to a point where things can be addressed on a regular basis. Mr. Slaton said that he has researched the best practices on how to keep track of and maintain equipment. Mr. Fields said that in replacing older vehicles maintenance costs decrease.

Deputy Mayor Lutton asked about the playground equipment recently installed expressing concern that all will need to be replaced at the same time. Mr. Fields responded that some have different rates of use so the replacement can be staggered. Commissioner Wojcik asked if equipment for older children is forthcoming for the parks. Mr. Slaton confirmed that another system will be installed in the next few weeks. Plans and future upgrades for parks were identified such as bathrooms at the lake and a fence at Stuart Park. Mr. Slaton said that the planned Recreation Master Plan will review all the facilities and how they can be best utilized.

COMMUNICATIONS AND PETITIONS

OPENED FOR PUBLIC COMMENT

Nicholas Smith, 1001 Tower Blvd., commended the City for the new signs at the park and exercise equipment. He requested funding assistance for the Depot Museum. The operations are about \$1000-\$1200 a month. Without some assistance the museum may have to close in the fall and cancel Pioneer

Days. There is a possibility that assets may have to be sold. He encouraged the hiring of a recreation director possibly by going with the current millage rate

Mimi Hardman, 300 S. Lake Shore Blvd. reviewed her history in working to develop and maintain the Depot Museum Complex and asked for help and suggestions on how to keep the museum open.

Kenneth Fields, City Manager, said that he and staff will look at the issue and come back with a recommendation.

Deputy Mayor Lutton said that he appreciates Mimi, her service and the Depot Museum. We will contemplate the issue and see if something can be worked out.

CLOSED FOR PUBLIC COMMENT

The meeting was adjourned at 6:35 p.m.

Mayor/Deputy Mayor

ATTEST:

City Clerk