

On Monday, July 2, 2018 at 4:00 p.m., the City of Wauchula Commission met for its regular scheduled Budget Workshop in the Commission Chambers at 225 East Main Street, Suite 105, Wauchula.

Nadaskay called the workshop to order.

Commissioners present were Mayor Pro-Tem Neda Cobb, Russell Smith, Mayor Keith Nadaskay, and Gary Smith. Commissioner Ken Lambert was absent.

Also present were City Manager Terry Atchley, Assistant City Manager Olivia Minshew, Finance Director Sandee Braxton, Accountant Martha Felix, Community Redevelopment Agency Director Jessica Newman, Chief John Eason, Lieutenant Matthew Whatley and City Clerk Holly Smith.

Atchley informed the Commission that Commissioner Lambert would not be present for the Budget Workshop and did state this was the best budget he had seen.

Discuss the 2017/2018 Proposed Budget

Atchley started with a brief introduction to the Commission regarding the budget process. Atchley presented the contributing budget factors to the Commission.

The Contributing Budget Factors are as follows:

Personnel Services:

- Step raises for employees that are expected to or have achieved certain milestones
- Proposed 20% increase in health insurance premiums
- Proposed 10% increase in worker's compensation insurance premiums – Nadaskay asked if the purchase of the side-arm garbage truck would lower the rates and if the proposed rate would remain at 10%. Atchley replied we have been told it is going to be 7% across the board. Atchley stated the classification for the side-arm garbage truck had not been changed because we still have employees riding on the back of the truck. The classification will remain the same until we get the truck in, get the employees trained and start using the truck. G. Smith asked when we will know about the health insurance. Atchley stated mid to late August. G. Smith replied so it will be after we vote. Atchley stated your hearings on this will not be until September. Atchley stated alternative measures have been looked at if the numbers come back too high. G. Smith stated it seems like we get the premiums down and then they bump it way up and we have to fight this every time.
- Maintain Health Savings Account (HSA) contribution levels at \$3200 for family and \$1600 for individuals
- Continued funding of the Employee Wellness Program
- Other Post-Employment Benefits (OPEB) funded directly out of the OPEB Trust Fund, while continuing to contribute to the OPEB Trust Fund
- Not filling the vacancy in the Deputy City Clerk, reflected in Department 511, General Fund

- Addition of a second School Resource Officer position, reflected in Department 521, General Fund
- The expenses related to the meter technician position had previously been split between the water & electric departments. This proposed budget shows that position being moved into Department 502 and out of Departments 533 & 593 all in the Utility Fund.
- Within the Sanitation Fund, we are moving away from leased employees. This shift can be seen between Accounts 534-51220 and 534-51200 in the Sanitation Fund.

Operating Expenses:

- Insurance – Preliminary estimates for automobile liability and property and casualty liability for the upcoming year are reported to be no more than 7%. Erring on the side of caution, the proposed budget includes an increase of 10% in these premiums. This change can be seen across all Funds.
- A CL2 analyzer is proposed for the lab at the Water Plant. This can be seen in Department 532-55255 in the Utility Fund.
- The proposed budget includes funds to purchase one hundred twenty (120) remote read water meters and six (6) commercial water meters. This can be found in line 533-55259.
- A rate study is due to be done for sanitation rates. The timing of this also coincides with the upcoming change in garbage service by converting to a side-arm garbage truck. This can see in Department 534-53100.

Capital Expenditures:

- A new rear discharge mower and Kubota tractor are planned for the Recreation Department (Dept. 572) in the General Fund.
- The Historic Auditorium is in need of some facility improvements, beginning with design of building plans for such. This can be seen in Department 584, the CRA Fund.
- In support of the need for housing in Wauchula, the CRA is proposing an in-fill housing project. This can be seen in Department 584-56220.
- Paving of Melendy Street is planned, as a housing development is being proposed for that area. A portion of this project can be seen in the CRA Department 584-56563. The remainder of the project will show up in the General Fund.
- The renovation of Crews Park is still underway. Recreation Trails Program (RTP) Grant has been secured by the CRA to assist with the funding. Phase one of construction is seen in Department 584-56564.
- A new truck is budgeted in Department 532 in the Utility Fund, a continuation of our fleet replacement program.
- The lining of a lift station (\$8,000) and installing telemetry at approximately half of our lift stations (\$16,000) are included in the proposed budget. This can be found in Department 535-56470 in the Utility Fund.
- As development occurs in the newest subdivision, Hidden Creek, electric will need to be run to each house. This can be seen in Department 593. Reserve Funds of \$50,000 have been budgeted to cover this investment in expanding our infrastructure. \$200,000 from Reserves had previously been approved to do any of the initial work and the work has

been done and was way less than the \$200,000. Atchley stated with what has been spent and the \$50,000 it is still less than \$150,000.

- The electric distribution department will see fleet replacement as well as new equipment added to aide in their operations. A mini excavator (\$40,000), wire puller & tensioner (\$45,000), air compressor (\$22,500) and two fleet replacements, one being the tree trimming truck, (totaling \$330,000) are all budgeted in Department 593-56400 in the Utility Fund. One of the fleet replacements will be purchased with Reserve Funds while the other will be purchased with a loan. Atchley stated After Hurricane Irma we realized we had a bigger problem than we originally thought and we spent \$25,000 for the first half of the pole inspections. In this budget, it is proposed to spend another \$25,000 to complete the other half of the pole inspections.

Debt Service:

- The loan which funded the current Administrative Complex will be paid off in Fiscal Year 2017/2018. This is reflected in Departments 519 and 521, both in the General Fund, and Department 584, the CRA.
- The capital purchase of new radios, body worn cameras and a vehicle for the new School Resource Officer position resulting in an internal loan payment from the General Fund to the Utility Fund. This payment can be seen in the General Fund, Department 521.
- The new side-arm garbage truck being purchased this fiscal year will necessitate a loan payment beginning in Fiscal Year 2018/2019. Also note that the existing debt service for the dumpster truck will be paid off in Fiscal Year 2018/2019. These can be seen in Department 534, Sanitation Fund.

Grants & Aids:

The Wauchula CRA continues to seek public/private partnerships in order to maximize the impact of the Tax Increment Financing Funds. One such partnership is still underway at 231 W. Main Street. This project is shown in Department 584-58130. Another partnership that is equally vital to the CRA is with the Main Street Wauchula organization. The CRA's support of the Main Street program is seen in Department 584-58220.

Transfers & Contingency:

The City makes effort each year to build contingency into the budget for unexpected expenses. The proposed budget includes \$203,000 in contingency in the General Fund and would like to earmark \$100,000 of that for roads and streets improvements. The Utility Fund has a contingency of \$112,000. The Sanitation Fund has a contingency of \$39,909 which may be a little misleading. The contingency would be more like \$60,000 however double payments to the side-arm garbage truck loan reflect the difference.

Grant Funded & Potential Projects (Not in proposed budget)

The following projects are expected to occur in Fiscal Year 2018/2019 and be funded wholly with grant funds:

- The Stormwater Conveyance Improvement Project adjacent to Green Street is wrapping up design and permitting and will be put out to bid shortly. This project, which is in excess of \$1 million dollars, is funded through a legislative appropriation.
- The City was awarded a SCOP (Small Counties Outreach Program) Grant of \$986,144 to complete pedestrian, roadway, and stormwater improvements along Townsend Street from Florida Avenue to Heard Bridge Road. This grant agreement was just received Friday.
- The second phase of water line replacements in Service Area 2 has just been bid out and is expected to be completely constructed in Fiscal Year 2018/2019. This project, which is just over \$500,000, is funded through a legislative appropriation.
- The construction of the runway rehabilitation project at the airport will begin in Fiscal Year 2017/2018 and will rollover into Fiscal Year 2018/2019. This project, totaling nearly \$2.5 million dollars, is fully funded by the FAA and FDOT. In addition, the design of a new Automated Weather Observation Station (AWOS) will be underway and FDOT has fully funded the \$25,000 for design.

Atchley completed the contributing budget factors and informed the Commission that Braxton would now begin the budget presentation.

Braxton began by stating the 2018/2019 proposed budget was \$16.5 million – a decrease of \$2.5 million from last year. She stated the reason in the decrease was due to grant funded capital improvements for the Airport. Braxton discussed expenditure types, debt service, and major revenue sources in the General Fund and Ad Valorem increase. Atchley stated that Braxton will mention a line item only if there was a \$5,000 or greater change. R. Smith asked why a jump in Ad Valorem, was it the hospital. Braxton replied it was not the hospital for they are exempt; it was improvements being made to existing structures/homes. Braxton began reviewing the General Fund Line Item Detail. Braxton answered a few questions from the Commissioners.

Whatley presented the proposed budget for Department 521 the Police Department to the Commission. Whatley mentioned the new SRO position and the increase in pay for new officers.

Braxton resumed the General Fund Line Item Detail with Department 524, Code Enforcement and Department 541, Roads & Streets.

Whatley presented Department 562, Animal Control.

Braxton resumed with the final department in the General Fund, which is Department 572, Parks and Grounds.

Felix presented the \$1.9 million CRA Budget and reviewed the Line Item Detail. Felix mentioned the Capital Expenditures which were \$125,000 for the Auditorium, \$180,000 for In-Fill Housing, \$75,000 for milling and paving Melendy Street between 7th and 8th Avenue, and \$758,000 (\$142,000 which is from the RTP Grant). Cobb asked if anything was budgeted for sidewalks and

street lights. Atchley replied this year probably not because we want to kick start the Crews Park Project.

Braxton then presented the Airport Budget Line Item Detail. Braxton did note the dramatic decline in the total budget and stated that was due to the \$2.5 million Runway Rehabilitation Project. Nadaskay questioned the decrease in fuel sales. Braxton stated we are currently working on how to increase the volume of fuel sales at the airport. She noted we have seen a dramatic decrease due to aviation as a whole. Nadaskay asked if there was less aviation traffic. Atchley replied yes there is less aviation traffic coming through here. Any contingencies were allocated towards repairs and maintenance. R. Smith asked about the skydiving company. Minshew stated we have submitted everything to the FAA and explained the FAA was waiting on the vendor to submit a safety plan.

Felix presented the \$9.4 million Utility Fund Budget and reviewed the Line Item Detail. There were minimum questions asked regarding the Utility Fund Line Items.

Braxton presented the Sanitation Fund Line Item Detail. Braxton completed her review of the Sanitation Fund Line Item Detail. Braxton asked if there were any question. R. Smith asked about billed services and what kind of spread the City was getting. He asked if it was being compared to previous years and if it was staying consistent. Braxton stated she had looked at it for the current year but not for previous years. R. Smith commented that was something we needed to continue to look at because of our electric rates and we need to make sure there is enough spread. He continued by stating the spread on water and sewer was probably a lot greater than it was on electric. Atchley commented you are exactly right Commissioner and six plus years ago things were just what they were and that's why we have already done one electric rate study. It was not the first electric rate study that had been done, however we have done the first solid waste study that has ever been done. He continued by stating we have done water rate studies since then. Atchley stated that is why it is in this budget we knew it was time for another solid waste rate study. He commented in the next year or so it will be time to do another electric rate study. Atchley concluded that is why we are staying on top of rate studies so the spread doesn't get closed up and we start losing money.

Nadaskay stated you guys continue to impress, great job. G. Smith added it is easy looking at this budget now.

Atchley discussed upcoming discussions he will be having with the Commission regarding projects in the City.

Atchley and the Commission continued having discussion on the proposed budget and previous budgets and changes that have occurred in the last several years.

Atchley announced the budget hearing dates.

R. Smith asked a few questions regarding the HSA contributions. Atchley and Braxton answered his questions.

Cobb commented that everyone did a wonderful job and a lot of hard work was put into the budget preparation. Cobb talked briefly about the activities of the Ridge League of Cities.

With no further business to discuss, Nadaskay adjourned the Budget Workshop at 5:55 p.m.

Mayor Richard K. Nadaskay

City Clerk Holly Smith, CMC