

On Monday, July 8, 2019 at 5:00 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, Kenneth Lambert and Gary Smith.

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

Discuss the 2018/2019 Proposed Budget

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

Minshew addressed the Commission and explained the presentation process. Minshew noted the proposed millage was 5.6354 which was the same as last year and would be an increase from the roll-back rate and a tax increase would have to be noticed.

Minshew discussed the Contributing Budget Factors.

Personnel Services:

- 2.5% overall step plan adjustment
- Individual step raises for employees who are expected to or have achieved certain milestones.
- Health insurance premiums are budgeted at a 20% increase.
- Maintaining current Health Savings Account (HSA) contribution levels at \$3200 for family and \$1600 for individuals.
- Continued funding of the Employee Wellness Program.
- Workers compensation premiums are budgeted at a 10% increase.
- Required annual contribution to the Pension Fund is being funded by advanced employer contributions.
- Other Post-Employment Benefits (OPEB) are being funded directly out of the OPEB Trust Fund, while continuing to contribute to the OPEB Trust Fund.
- Creation of Lieutenant position within the Police Department (Dept 521) to oversee both patrol squads.
- Restructuring of Animal Control (Dept 562) including contracting of kennel services.
- Shift of employees from the Sanitation Fund (Dept 534-51200) to the General Fund, Parks & Rec department (Dept 572-51200) as a result of the new side-arm load garbage truck.

Operating Expenses:

- Insurance - The proposed budget includes an increase of 15% for automobile liability, and property and casualty liability premiums. This change can be seen across all Funds.

- Specific earmark of \$15,000 for Oak Street Park and Farr Field maintenance in FY 19-20. This increase can be seen in Dept 572-54600.
- Credit Card Fees continue to rise as that form of payment has steadily increased since implementation of online payments in 2014. Nearly half (47%) of residential customers pay by credit card and while check is by far the most common form of payment for commercial accounts, 33% of commercial accounts are paid by credit card. The projected increase in credit card fees can be seen in Dept 503-54900.
- The purchase of a 3" hydraulic mole is proposed in Dept 536-55230. This tool is used for boring purposes to save from open cutting roads.
- The potential need for additional garbage cans (\$6,000) is reflected in Dept 534-55200 Operating Supplies & Expense. After the rate for a second can is adopted and effective, staff will reevaluate to determine if there is still a need and the number of cans to order.

Capital Expenditures:

- Purchase of a F450 with a 2- or 3-yard dump bed is planned for FY 19-20. The city currently owns two dump trucks, one large and one small. Staff will propose to deem them both as surplus and use as trade-ins on the purchase. This can be found in Dept 519-56400. Also, within this department is the purchase of a diagnostic scanning tool for the maintenance shop.
- The purchase of 3 vehicles for the police department (Dept 521), which will begin the 2nd fleet replacement round within the department.
- A new truck is budgeted in Dept 541 in the General Fund, a continuation of our fleet replacement program.
- A new Kubota mower is planned for the Recreation department (Dept 572) in the General Fund.
- In support of the need for housing in Wauchula, the CRA is proposing an in-fill housing project. This can be seen in Dept 584-56220.
- Phase two of Crews Park renovation is budgeted to complete the pavilion, which includes restrooms. This is shown in Dept 584-56564. Reserve funds are being used to fund a portion of this.
- Design for the Rehabilitation of Taxiway A and the connectors to the Runway is proposed for the upcoming year. Grant applications have been submitted and while we will hope for 100% funding, we have budgeted a potential 2% match of \$6,000. This can be seen in 542-56310.
- A new truck is budgeted in Dept 502 in the Utility Fund, a continuation of our fleet replacement program.
- The water distribution crew has identified 5 areas, totaling 1,740 linear feet, of clay pipe in need of lining. The lining equates to \$55,025. In addition, the completion of the water line looping at W. Main Street & Hanchey is budgeted at \$40,000. These projects can be found in Dept. 533-56300. Reserve Funds have been budgeted to cover these investments in our infrastructure.
- The Waste Water Treatment Plant has a number of scheduled improvements for FY 19-20. These include new digester blowers (\$70,000), a new tanker to transport sludge (\$18,000) and the design phase of a new SCADA system for the plant (\$15,000). These items can all be found in Dept 535-56400. Reserve funds have been budgeted to cover the digester blowers.
- The lining of two lift stations (\$25,000) and the purchase of a spare 5 HP 4" Discharge pump (\$5,000) are included in the proposed budget. Much like the lift station lining, which has become a recurring item, staff proposes a permanent generator to be installed at a different lift station

each year (\$40,000). Currently only one lift station has a permanent generator. These projects can be found in Dept 535-56470 in the Utility Fund.

- New siding on the warehouse (\$25,000) and a new forklift (\$45,000) can be found in Dept. 539-56200 and Dept. 539-56400 respectively.
- Strategic planning for the electric distribution system has outlined a number of capital projects which are included within this proposed budget. One such project is the replacement of the existing three (3) single phase transformers and associated regulators with one (1) three phase transformer with load tap changers. The existing transformers are over 50 years old. The initial design and bidding of the project is planned for FY 19-20, with construction planned for FY 20-21. This project is budgeted for in Dept 593-56202 and will be funded with reserve funds from our rate stabilization fund.
- The electric distribution department has identified many upgrades to the system they plan to construct. These projects, totaling \$125,000, are budgeted in Dept 593-56335. Both overhead and underground projects will be undertaken to increase reliability and lessen storm exposure. Reserve funds are budgeted to cover these upgrades.
- As a means to lower bulk power supply costs, the City could purchase solar power which would be interconnected at the primary meter at the Waste water treatment plant, one of the City's largest electric customers. The development of a request for proposals from a third party to design, build & own a 1,000kW solar farm from which the City will purchase the output from is budgeted in Dept. 593-56340. This project will be funded by reserve funds from our rate stabilization fund.
- The proposed extension of Carlton Street will require modifications to the existing electrical infrastructure in that area. The modifications total \$38,000 and can be found in Dept 593-56370. This includes a pad mounted electrical enclosure, sectional cabinets and wires & cables for undergrounding of electric as a result of the Carlton Street Extension.
- New equipment, known as capacitor banks, will be added to the electric distribution system to balance the load and lower losses. Also, as more of our electric distribution system is put underground, the purchase of a primary cable fault locator will reduce the duration of power outages by enabling crews to locate underground faults quicker. This equipment, which will be purchased with reserve funds from our rate stabilization fund, is all budgeted in Dept 593-56400 in the Utility Fund.
- The Sanitation Department has a new dumpster truck and a pressure washer steamer budgeted for purchase in FY 19-20. These can be seen in Dept 534-56400.

Debt Service:

- The first loan which began the fleet replacement program in the police department was paid off in February 2019. This reduces annual debt service for FY 19-20 in Dept 521 in the General Fund. This loan also included the purchase of the animal control truck.
- The new bucket truck purchased in this fiscal year increases debt service in Dept 593 in the Utility Fund for FY 19-20.
- The loan for the dumpster truck has been paid off this fiscal year, resulting in a reduction of overall debt service for Dept 534, Sanitation Fund in FY 19-20.

Grants & Aids:

A new interlocal agreement is being worked out with Hardee County for kennel services related to animal control. While Wauchula Police Department officers will continue to respond to all calls for

service within the city limits, they will not be sending an employee to the kennel as part of the monthly rotation for weekend coverage. The interlocal agreement will include \$17,500 of funding to cover a portion of both personnel and operational costs at the County kennel.

The Wauchula CRA continues to seek public/private partnerships in order to maximize the impact of the Tax Increment Financing funds. The CRA is still working on 3 public-private partnership projects initiated in FY 17-18. In addition, the CRA will set aside \$50,000 in additional funds for new commercial grant projects in FY 19-20. These can be seen in Dept 584-58110 and Dept 584-58130. Another partnership which 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 Dept 584-58220.

Transfers & Contingency:

The City makes effort each year to build contingency into the budget for unexpected expenses. The proposed budget includes \$75,259 in contingency in the General Fund. The Airport Fund also has contingency of \$10,000 budgeted. Additionally, the Utility Fund and Sanitation Funds include \$137,000 and \$102,784 respectively in contingency.

The total transfer to the General Fund from the Utility & Sanitation Funds rose slightly from \$1.46 million to \$1.52 million, equating to just over a 4% increase.

Grant Funded & Potential Projects (Not in proposed budget)

The following projects are expected to occur in Fiscal Year 2019/2020 and be funded wholly with grant funds:

- 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. Design is continuing and the project will be put out to bid in FY 19-20.
- The design of a new Automated Weather Observation Station (AWOS) is still ongoing as FAA approvals have taken longer than anticipated. This project is fully funded by FDOT at the tune of \$25,000.

Minshew completed the contributing budget factors and informed the Commission that Braxton would review the overall City-Wide Budget.

Braxton began by stating the 2019/2020 proposed budget was \$17 million – an increase of less than a half percent from last year. Braxton discussed expenditure types, debt service, and major revenue sources in the General Fund and Ad Valorem increase. Braxton pointed out if the Commission chose to go with the roll-back rate of 5.3985 instead of the proposed millage rate of 5.6354 it would result in Ad Valorem taxes being \$672,586 a \$29,515 decrease.

Minshew began reviewing the General Fund Line Item Detail. Minshew stated the General Fund budget was \$4,083,637 a 2% increase from the 2018/2019 fiscal year. Minshew discussed the General Fund Line Item Detail for Departments 511, 512, 513, 514, 515, 519, 521, 524, 541 and 572. Lambert asked why Central Florida Regional Councils budget increased \$4,000. Minshew explained the amount of the CFRPC did for the City and was unsure how the increase was calculated. Lambert asked if staff was comfortable with only \$75,259 in contingencies. Minshew replied yes sir, this money was what was not spent elsewhere. Nadaskay commented it was much less than last year. Atchley noted the contingency of \$230,000 from last year, \$100,000 of that was earmarked for the prioritization of roads with an engineering firm. Atchley stated when you have a 1.3 million dollar fund balance we are comfortable with

the \$75,000 contingency. Atchley noted he felt the number would increase slightly because the final numbers had not been received for the insurance premiums. Minor discussions were had on individual line items.

Braxton presented the \$1,367,149 CRA Budget and reviewed the Line Item Detail. Braxton mentioned the reduction in the CRA Budget was due to the Crews Park Project.

Minshew presented the \$233,536 Airport Budget and reviewed the Line Item Detail. Discussion was had on the Airport regarding t-hangar rentals and the future of the Airport.

Braxton presented the \$10,008,784 Utility Fund Budget and reviewed the Line Item Detail. Braxton mentioned there was an increase of approximately \$500,000 for Capital Improvement throughout the fund.

Minshew presented the \$1,321,000 Sanitation Fund Budget and reviewed the Line Item Detail.

The budget presentation was concluded and Minshew asked if there were any questions. Lambert replied yes, roads. Minshew stated a draft evaluation report on the condition of the roads had been received from engineers. Minshew mentioned after the report was reviewed by staff a meeting would take place with the engineers to discuss the findings and how to move forward. Lambert asked if there was any money in the proposed budget for roads. Atchley replied no sir there was no money for roads in the proposed budget. Atchley stated the budget was a little different this year because you have not been accustom to 2 million dollars in capital improvements and only getting \$150,000 of new debt. We knew this would be a change and a challenge for you but we hoped that you understand and appreciate the direction you had allowed staff to go. Atchley noted staff was aware there was more work to be done and that was the reasoning for the \$100,000 in the current fiscal year to start the process. Atchley stated with this preparation it allows us to be ready to start pursuing any other potential available dollars. Atchley continued discussing other upcoming projects and equipment/vehicle replacements. Lambert commented roads still needed to be addressed and this was something we can continue not addressing. Atchley agreed and assured the Commission in the 2020/2021 fiscal year that funds would be earmarked for roads and streets. Atchley discussed a Fund Balance Policy that would come back before the Commission in the near future. Atchley stated a plan to fix the streets will come back before you and not a plan that is just to fix a street. Lambert asked that for it not to take a year to develop the plan. Atchley commented it had been funded and the initial stages of the plan are almost ready. Lambert stated the City was in a serious road deterioration issue. Atchley agreed but also pointed out other areas that had serious deterioration issues. R. Smith stated the debt has decreased and the fund balance has increased, we may need to consider getting a bond for roads. Atchley replied that could be an option. R. Smith stated he did not like debt but it was reality. Lambert agreed and stated the proposed budget was very responsible but he did not feel the buck could be passed another year. Atchley stated until the report is analyzed and plan is in place we cannot project how much money is needed. More discussion was had on road and streets and how to fund the repairs.

With no further business to discuss, Nadaskay adjourned the Budget Workshop at 7:36 p.m.