

**MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016**

The City of Leesburg Commission held a budget workshop Thursday, July 28, 2016, in the Commission Chambers at City Hall. Commissioner Robuck called the meeting to order at 5:34 p.m. with the following members present:

Commissioner Elise Dennison
Commissioner Dan Robuck

Commissioner John Christian arrived at 5:47 p.m. and Mayor Pro-Tem Bone arrived at 5:49 p.m.

Mayor Jay Hurley was absent. Also present were City Manager (CM) Al Minner, City Clerk (CC) J. Andi Purvis, City Attorney (CA) Fred Morrison, the news media, and others.

ENTERPRISE FUNDS (CONTINUED):

COMMUNICATIONS:

Capital Projects:

Line Extensions:

New Customer Additions

Fiber Relocations:

Roadwork

Remote Switches

Server Replacement

Probably the biggest increase for this fund was the addition of the new contract with the Libraries.

Commissioner Dennison asked if the city rents the space to customers placing antennas on city towers to save the cost of building and maintaining their own.

Communications Manager (CM) Jim Lemberg stated yes, and it is shown under the miscellaneous revenues.

Commissioner Robuck asked about the rental on operating expenses.

Budget Manager (BM) Brandy McDaniel stated the Communications fund pays a rent to the general fund for the building they occupy.

CM Lemberg stated the rental category is a little broad and the largest part is the pole attachment fees we pay annually for various entities.

Commissioner Robuck stated he would like to see a rate schedule for other government entities.

CM Minner stated he has that information sitting on his desk and will make sure it gets out to the Commission.

**MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016**

AIRPORT

Biggest loss was losing the That! Company, and we have followed up with a couple of other big leases that have helped in terms of bringing in revenue.

Commissioner Robuck asked if we have someone marketing that building and CM Minner replied yes.

Capital Projects:

Buildings:

8701 Roof Replacement

Improvements:

Pavement Rehabilitation Design

CM Minner stated the sea plane ramp project is moving along well and thinks it is scheduled for discussion on the August 22nd Commission meeting. Roughly looking at a 2.6-million-dollar total project, and thinks we can probably get that down to about 2.4 million; the biggest cost relatively being the mitigation cost. The mitigation cost is probably somewhere between about \$650,000 and \$400,000 and essentially what the \$400,000 option is, is using property at the 470 location to count as our credits for mitigation versus just paying into the fund which will save about \$200,000.

Commissioner Robuck asked if we have talked to the county about whether they have any mitigation land we could use because this would be a way that it would not cost them cash when they could actually help us out. Even if it is the same amount so we do not have to give up our 470 property. Maybe the \$400,000 could go to zero if we had enough property to give for mitigation.

CM Minner stated the property we are giving up is undevelopable, swamp property.

Airport Manager (AM) Tracey Dean stated that there is a requirement that we have to purchase some specific mitigation credits, and on the remainder of the costs our engineer is still going to work with St John's.

Commissioner Robuck asked if the county has been asked for a check to go towards the seaplane ramp. CM Minner stated yes, about \$150,000. Financially, it is looking like between the county contribution, state grant money, and our cash, the airport is in the neighborhood of somewhere around half a million dollars short and that number could fluctuate up or down. Staff recommendation is to go ahead and set up a loan between the airport fund and the wastewater fund, where the money for the 470 purchase went, so we kind of use that for economic development.

Commissioner Robuck asked if rent on the T-hangars has been increased and Airport Manager (AM) Tracey Dean replied no.

Commissioner Robuck asked if we have the ability to do so or are they long term leases.

**MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016**

AM Dean stated they are locked in for a year, that just started, then after that it goes month to month.

Commissioner Robuck asked if we are 100% rented.

AM Dean stated she knows you have said our prices are too low if there is a waiting list; however, an opening come up in March and it took her two months of going down the list, through seven people before she got a hit. The list has about 48, and she has recognized that sometimes people just like to be on a list just to keep their options open. She tries to do an audit every six months, and just did one on the middle of the list because people at the top constantly call and ask did I move, and the people at the bottom have recently got on.

Commissioner Robuck stated if we put a 5% increase, he does not think we would lose anyone, or at the most maybe one or two, and thinks it would be easy to those. He would still like to see a 5% increase in the rates.

CM Minner stated he will speak with AM Dean on this.

Commissioner Robuck asked on the capital expenditure of professional services, if this is for the updated airport study.

AM Dean stated no, that is the master plan, which we are waiting on grant paperwork. The Commission was notified, a few weeks ago, that Avcon was the winning consultant; that is in the current year. This one is the recommended improvements based on the annual DOT pavement report.

Commissioner Robuck asked if the goal on hangar space is to be at 100%.

AM Dean stated it is and there is only one coming due to the city this year and that is the bunker hangar, presently leased by Lewis Puckett. The city takes possession of that at the end of this September and Mr. Puckett does not want to renew, he wants to make a trade somewhere else. There are actually a couple of people who want it and she is considering, maybe rent it like we do the three corporate hangars, which are almost identical in size, and based on the location it is not ideal for a lot of people. There is one property, Orlando Financial, their lease is coming due so she did budget to get an appraisal done in this year.

Commissioner Robuck asked about sites if someone came in tomorrow and said they wanted to build a hangar.

AM Dean stated there is only a little bit and obviously the master plan will identify what is buildable on the west side of 13/31, but there is no infrastructure there, no road coming in, it would need an additional taxiway and that is going to take some really deep pockets. There is the east and then south of Lowe's where we do have infrastructure, it has been proposed that we could use that railroad bed to tie into towards the end of runway 31, but again that is going to take big chunk of money.

**MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016**

WATER

\$9,010,985 (about a half million increase)

Capital Projects:

Mains:

System wide improvements
Stock subdivision engineering
CR 468 / Cabin Street Loop Repair
Lee Street

Plant & Storage:

Warehouse & Overhang roof replacement
Well Rehabilitation
Plant Pumping Rehabilitation

Commissioner Robuck asked about the \$250,000 operating supplies expense.

Public Works Director (PWD) DC Maudlin stated those are the ERTs and meter replacements; both for reuse and water.

Commissioner Robuck stated it looks like we are losing a lot of money on the reuse and asked if normally do plan to make money on reuse.

PWD Maudlin replied we do; but right now we are only selling about half of the available reuse.

Commissioner Dennison asked when work on the sidewalks in Stock subdivision is planned to start.

PWD Maudlin stated there is money in this year's budget, not for sidewalks, but for storm water improvements. Staff has looked hard at the sanitary line which in this subdivision is mostly behind the houses and we cannot move those lines to the front. The first thing we have to do is a preliminary study on the entire face of the entire subdivision which is underway. Then what we are calling Phase 1 is funded in this year which will include sidewalks, storm water, in some instances curb and gutter, upgrading the water lines and then sanitary.

Commissioner Christian asked on our water rates, how are we with our reserves and our revenue; are they in line with what we charge customers. PWD Maudlin thinks the city has a very competitive rate.

Commissioner Christian asked about development on Highway 27 where the city had the issue with its CUP.

PWD Maudlin stated we have some development now down Highway 27 that is going to help us connect each of the systems; right now Royal Highlands and Plantation are separate systems. There is a development that is actually going to connect the Royal Highlands and Highland Lakes systems together, which will allow us to essentially move water between the CUPs. We still have, long term, some fairly big projects that are going

**MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016**

to have to be done to move water farther south, but for right now, those projects, especially when we get to the Secret Promise area and that starts building that we will have to work on supplying water to that area. Right now, moving south on Highway 27 is fine and we are taking advantage of the development that is happening to make some of the connections that we do not have otherwise.

WASTEWATER

\$10,899,358 (half million decrease in revenue)

Capital Projects:

Collecting Sewers:

623 N Canal Street

Lee Street

Lift Station Rehabilitation

Line Wet Well LS 106T

Other Equipment:

Pumps

Chlorine Equipment

Sludge Trailer

Lab Equipment

Treatment Plant:

North Pond Service Road Repave

Canal St Plant Improvements

Service Road – 470 to C&C Peat

Turnpike SBR #1 Repair

Commissioner Robuck asked what is causing the increase chemical expense in the Canal Street Treatment plant division.

PWD Maudlin replied when we convert with the belt press to compress the sludge, that requires a polymer, and it also increased some \$50,000 for tipping fees of the bio solids. He also stated in capital there is a purchase of a trailer truck to haul that rather than the tanker currently used.

Commissioner Robuck asked if the rates have been adjusted.

PWD Maudlin stated they have not, but at some point they probably will; not this or next year. He is hesitant and about a year and a half ago did a study with finance, and the majority of revenue comes from rate that fluctuates; the usage.

CM Minner stated from the rate study, he also is hesitant. We need to change the methodology; water money dwindling, sewer money increasing, but do not want to affect our small time users. The lion share is residential small users.

Commissioner Dennison asked about the new person in the laboratory.

PWD Maudlin stated they are on board; it was just a transfer of the ICP Inspector, from Canal Street where he was previously shown and charged, and moved him into the lab. His equipment was already in the lab budget.

MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016

SOLID WASTE

Commissioner Christian asked about the other listed in expenses.

Budget Manager (BM) Brandy McDaniel stated the other is the cost allocation they pay over to the General Fund of about \$400,000 and then they do have a reserve amount of about \$500,000.

PWD Maudlin stated their intent with the reserves, is if we have a storm event there will be a lot of clean up and expenses; so having a reserve there is a good thing.

Commissioner Robuck asked about the roll off compactors big increase. Are these fees or did we get a bunch of new customers?

PWD Maudlin stated no, those are city compactors. It is big this year because they learned a little bit of a lesson in the last three months or so when they had some repairs to go through; we need to plan better for repairs.

Public Works Deputy Director (PWDD) Jimmy Feagle stated as mentioned earlier, building is starting to pick back up and there is where we are getting the additional revenue with rollouts.

Commissioner Robuck asked if we charge the outside companies a fee to operate inside Leesburg on construction debris.

PWDD Feagle stated correct, on the roll-offs.

Commissioner Robuck asked what is the idea behind why they should pay the city to collect trash and PWD Maudlin replied franchise fees.

Commissioner Robuck stated on construction dumpsters you do not have to use the City of Leesburg, there are other companies out there that do it generally cheaper. We charge them a fee to have the privilege of collecting construction debris within the City of Leesburg. He asked for a break down; how much are we collecting and where it is going.

Commissioner Christian stated a while back we had issues with outside companies coming in and some would pay, other not, on the tipping fees. He thinks it was about four or five years ago, our City Attorney was doing some legal research just to try to figure out how we could enforce to make sure everybody was paying their fair share on the tipping fees. We might want to check on that.

CM Minner stated he will get back with the Commission on this one.

Commissioner Dennison asked on recyclables for the county, out of 494 tons the city gets less than \$4,000.

Commissioner Robuck said to be fair, one hundred percent of our waste is recyclable; it goes to the incinerator.

**MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016**

PWD Maudlin stated it is converted to energy, but recycle programs rarely pay for themselves and when they do, it is because they are very selective about what they sell. In our case we accept anything, everything together in one single source, and it has not paid for itself and probably never will.

STORMWATER

Capital Projects:

Ponds

Birchwood Ditch

Curbs, gutters & inlets

Oak Terrace

Miscellaneous Drainage Improvements

Lee Street Storm upgrade

Venetian Gardens Marina Cleanup

Commissioner Bone asked if we are taking care of the issue we have behind the Mt. Calvary Baptist church; debris keeps piling up and the grass is high.

PWD Maudlin stated we are mowing that area and will keep an eye on it. He believes it is solved now, but there was a little bit of a communications problem internally getting it on our mowing schedule.

Commissioner Robuck asked about the Venetian Gardens Marina cleanup.

PWD Maudlin that is to clean up the lagoon just to the east of Pat Thomas; the canal that runs alongside the Marina.

Commissioner Bone stated speaking of lagoons, in the Venetian Gardens Phase 2, there was some discussion around with some groups in the city about doing something more with the canals, the islands, and cleaning up the banks for better water flow through there to make it more useable for kayaking, or whatever. Would this be a place to maybe create some movement in the water through there? From what he understands in the past there was some minor attempt to do something like that; to put in a pump to help the water circulate through.

PWD Maudlin stated right now there are some aeration bubblers spread throughout the canals and it is for some semblance of water quality work there. We would need to be careful in doing something because of the storm water connection through there.

CM Minner does not think there is a system wide benefit to improving those little canals.

PWD Maudlin stated we could do some aquatic weed control in there, but when talking about trying to create flow in an area that is essentially stagnant anyway, then that probably gets outside the storm water.

Commissioner Bone asked if the ponds are throughout the city.

**MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016**

PWD Maudlin stated it is two in particular, Lake Hollywood (Leesburg High School area) and Lake Robinhood (Stock subdivision).

PENSION TRUST FUNDS:

POLICE PENSION

CM Minner stated the employer contribution is at nine percent of salaries.

Commissioner Robuck stated on the pensions, we get big swings on our contributions based on the rate of return in the market, which is understandable, but some years Fire went to 20 and some years it might be 33 percent, and that can cause big impacts to our General Fund budget. He would like to see us consider, at least for next year's budget, taking like a 10-year average rate of return and using that to contribute every year. If we are over contributing, say it is 25% and one year we are only required to put in 20, then put that in a reserve fund so that the years when it is 30% we do not have to all of a sudden write a big check. He thinks we might not get the benefit in a couple years, but over time it may smooth that out.

Commissioner Christian asked if staff can bring back like a 10-year average.

Commissioner Robuck asked it include for all three plans.

CM Minner replied yes, that will be brought to the Commission.

Commissioner Dennison asked about the difference in short fall between the Police and Fire pensions; aren't they basically in the same kind of fund.

CM Minner stated no, they are separate.

FIREFIGHTER'S PENSION

No comments.

GENERAL EMPLOYEES' PENSION

No comments.

INTERNAL SERVICE FUNDS:

HEALTH INSURANCE

CM Minner stated the health insurance is a little precarious; the city has not adjusted the fees charged to our employees for the health care services. Unfortunately, this year we have had a high claim year and at this stage he is not recommending any modifications, get through the remainder of this year and see where these claims close out. Worst case scenario would be we have to adjust the rate moving forward for next year.

**MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016**

Commissioner Robuck asked if we adjust the rate, can we look at the feasibility of offering employees a higher deductible plan where the city gives them money towards a health savings account. Some younger employees are healthy, not getting much benefit out of this plan, and it would save the city money because then they are generally using less services.

Risk Manager (RM) Dann Herrin stated the city already does; there is a three tier plan with increasing co-pays and deductibles and two of the three plans are in excess of \$1,000 annual deductible. This was done for that exact reason mentioned, because we do have some young healthy people who do not need all that coverage and they are not going to spend it.

Commissioner Robuck stated he did not realize the city had that and asked if they take that plan are we contributing to their account.

RM Herrin stated the city does not offer HSA.

Commissioner Robuck stated he would like to see us head toward this and then with that savings, pass it on to the employees in a HSA.

RM Herrin stated we call it benefit dollars, giving some of that savings back that they could spend on other benefits, but we cut that down to \$50 a month.

Commissioner Christian asked if many people take advantage of this; what is the ratio.

RM Herrin stated very little; we give them the Wellness Center with no out of pocket costs.

Commissioner Robuck stated everyone gets that benefit and RM Herrin replied correct.

WORKERS COMPENSATION

No comments.

RISK MANAGEMENT

No comments.

FLEET SERVICES

Capital Projects:

Replacement Vehicles:

Electric (2 trucks, 3 Utility body trucks)

Police (8 Crown Victorias, 1 Tahoe)

Fire (1 Command Truck)

Solid Waste (2 trucks)

Water (1 truck, 1 Utility body truck)

Wastewater (1 crane truck, 1 truck)

MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016

Gas (1 Utility body truck)

Refurbishment:

Fire (1 Pumper truck)

Commissioner Robuck stated he noticed in police we are replacing quite a few 2011 vehicles and asked if there is something wrong; it seems to be way ahead of schedule.

Police Major Rockefeller stated these are the K-9 cars and PWD Maudlin added that they get a lot of hours on the engines.

CM Minner stated one of the odd things about the police vehicles too, is that its run through the DST fund. So even though it weaves through the Fleet fund, it still has that subsidy that is really not affecting the chart.

CM Minner stated in the last three workshops we have kind of gone through the entire budget. This evening came up with a couple questions and we had some other issues brought up in previous meetings with reference to pay, tax number, the transfer number, and these type of things. He would like to continue with the workshop scheduled for Monday, August 1, to review these items unless the Commission feels comfortable.

Commissioner Christian stated he is not available this Monday.

Commissioner Robuck stated he feels good with this and asked when we will have discussions on Venetian Gardens.

CM Minner stated he is probably looking at about two weeks. He is still working with staff on charts and information.

Commissioner Bone asked what the purpose of meeting Monday night would be.

CM Minner stated just to go over and review the questions raised through the workshops. He stated we probably could skip Monday and could probably hit these highlights in a regular meeting or even when we get to the budget workshop hearings in September.

Commissioner Bone stated he prefers less meetings if possible.

Commissioner Dennison agreed, stating to hold this to a regular meeting.

CM Minner stated then based on the consensus of the Commission, Monday night's meeting, August 1, is cancelled.

Commissioner Bone thanked everyone for their work putting the budget together on top of their many other tasks.

CM Minner stated he has to give a lot of credit to the Finance staff and the Department Head team, and a number of supervisory positions under those department heads, who worked really hard to put good together good budgets. He is real proud of the product

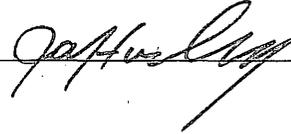
MINUTES OF THE CITY COMMISSION BUDGET WORKSHOP
THURSDAY, JULY 28, 2016

that comes before the Commission in relatively good shape; that really is a credit to the team that works for you.

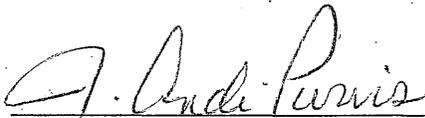
ADJOURN:

The meeting adjourned at 6:30 p.m.

Mayor



ATTEST:



J. Andi Purvis
City Clerk & Recorder