



MINUTES

City Commission Workshop

4:00 PM - Wednesday, July 14, 2021 - Community Building

CALL TO ORDER: 4:02 P.M.

ACKNOWLEDGEMENT OF QUORUM AND PROPER NOTICE

PRESENT: Commissioner Nan Cobb, Commissioner Willie Hawkins, Vice Mayor Emily Lee, Commissioner Karen LeHeup-Smith and Mayor Michael Holland

1. WORKSHOP ITEM WITH COMMISSION DISCUSSION, PUBLIC COMMENT AND DIRECTION

1.1 Continuation of review of proposed budget for fiscal year 2021-2022

Ron Neibert, City Manager, provided an overview of the Water & Sewer Revenue Fund with a beginning Fund Balance of \$9.4 million, Total Estimated Revenue of \$12.4 million and Total Revenues and Fund Balance of approximately \$21.8 million. He cited Total Proposed Expenditures including Capital of \$13.8 million with a net loss of \$1.4 million He stated that is an acceptable situation when you have sufficient Operating Reserves. He indicated they have \$3.3 million restricted reserves with an available Fund Balance of Unreserved Balance of \$2.6 million and a total ending Fund Balance of \$8 million.

The Commission asked if the budget includes CARES Act funds with Mr. Neibert stating those funds will be used for the sewer plant expansion and that will not be built until the following fiscal year so it will appear in the next year's budget.

Mr. Neibert then reviewed the various Water and Sewer Revenues. He noted that the Umatilla sewer charges should come online towards the end of the year. He stated they are estimating annual revenues from that of \$90,000 partial year and eventually approximately \$350,000 per year.

The Commission asked what constitutes the Fines & Forfeitures with Mike Sheppard, Finance Director, responding those are late fees.

The Commission asked about Bad Debt Recovery with Mr. Neibert explaining those are lost revenues that wind up being paid when a property is sold that has a utility lien on it.

Public Utilities

Rick Gierok, Public Works Director, explained the department is broken down into three sections - Public Utilities which includes administration, engineering and customer service, Water and Wastewater. He then explained they have done some restructuring which has changed some of the numbers. He noted the retirement of Bill Johnston and the promotion of Max Brundage as Wastewater Superintendent, Brad Pennington to Water Superintendent and Greg Dobbins as Utilities Director. He then reviewed the Public Utilities - Administration detail noting \$19,000 for a new computer for the engineer, new Autocad software and replacement of a copier. He explained the \$24,000 under Professional Services is for continuing service contracts for specialty engineers.

The Commission asked about the increase under Operating Supplies to \$22,550 with Mr. Gierok indicating that Operating Supplies vary from year to year. He noted the increase in cost for engineering software. He added that in the current year they have already spent more than 50% of what is budgeted with six months in.

Mr. Gierok then noted the reduction in Employee Study Expense and explained that covers annual recertification training.

The Commission asked what happens with older vehicles with Mr. Gierok and Mr. Neibert explaining they are transferred to other departments and eventually auctioned off. He then explained Machinery & Equipment is for capital items.

Mike Sheppard, Finance Director, explained Customer Service has been transferred to Public Utilities and explained some of the personnel changeovers which reduced some of the personnel cost. He cited Repairs and Maintenance and explained how that is now being divided between the General Fund and Water & Sewer Fund. He explained the Machinery & Equipment is for replacement of the air conditioning unit in the IT room where the servers are located and the cost is being split between the General Fund and Water & Sewer.

The Commission questioned the number of Customer Service personnel with Mr. Sheppard responding there are four Customer Service Representatives, one Supervisor, one Utility Billing Clerk and four meter readers.

The Commission then asked about the Other Contractual Services with Mr. Sheppard explaining that is for credit card service fees to allow customers to pay by credit card. It was noted that other organizations charge a convenience fee with Mr. Neibert noting it is offered as a convenience to the customers and eliminates the problem with getting bad checks.

The Commission discussed offering an incentive to encourage people to do their payments by bank drafting.

Mr. Sheppard commented on staff's efforts to get customers to use bank draft and e-bills.

Meter Reading

Mr. Sheppard reviewed the Meter Reading budget with the Commission asking how they estimate the fuel costs with Mr. Sheppard and Mr. Neibert commenting on the difficulty in estimating that cost due to the fluctuations in gas prices.

The Commission asked where the City purchases gas with Mr. Sheppard stating they use a Wex card and can get it anywhere and get a discount from the pump price.

The Commission questioned the increase in Operating Supplies with Mr. Sheppard indicating that was transferred from the General Fund to the Water/Sewer Fund and consists of fuel for the meter readers.

Water

Mr. Gierok indicated that there are actually 24 positions in Water and 17 in Wastewater due to the restructuring. He commented on the inhouse promotions and hiring of young individuals that earn less per hour.

The Commission asked about reaching the \$15 per hour minimum wage with Mr. Neibert explaining the plan is to have a 3% increase over the next three years with a slight additional increase at the end which will result in the lowest paid employees reaching the \$15 per hour prior to the federal mandate.

Mr. Gierok reviewed the different divisions - Administration, Water Treatment, Distribution, Ground Maintenance, Backflow/Conservation, Eastern Water System and Reclaimed Distribution. He then explained the increase in Professional Services due to the required water supply plan and water master plan updates and a wetlands study required for the City's Consumptive Use Permit. He then reviewed the detail for Other Contractual Services. He stated the increase in Repair & Maintenance is for repairs to three warehouses and maintenance of the standby generator and annual diesel tank cleaning.

Mr. Gierok then explained the increase in Promotional Activities primarily for the promotion of water conservation and advertising on the City of Leesburg local TV and radio regarding conservation which is part of the City's Conditional Use Permit. He explained some of the increase in Operating Supplies is due to moving all of the employee uniforms into one account. He noted the increase in AWWA memberships under Books, Pub, Subscriptions and explained everything they do is in accordance with AWWA standards. He cited the decrease in Repairs & Maintenance. He reviewed the detail for Machinery & Equipment to add security cameras with storage at the various facilities.

The Commission questioned whether or not all repairs are handled by the City mechanics with Mr. Gierok indicating a lot is done inhouse; however, whenever it is cheaper it may be done outside. He noted that it requires certain certifications to do the fire vehicles so some of those have to go to Sanford for repairs.

Water Treatment

Mr. Gierok reviewed the detail for Water Treatment noting the reduction in salaries due to hiring young people to replace individuals promoted. He commented on the City's efforts to make sure staff are ready for promotion when upper individuals retire. He then explained why Professional Services doesn't show any expenditure yet; however, funds have been encumbered to update an analysis of the water system and plants. He reviewed Other Contractual Services and Repairs and Maintenance. He cited components at the water plants that are due for replacement due to starting to need more repairs. He explained the reduction in Operating Supplies is partially due to moving uniforms to another account. He commented on the funding for Employee Study Expense and the City's efforts to get their operators dual licensed. He indicated that will reduce some of the overtime costs.

Distribution

Mr. Gierok explained that distribution includes both the water and the gravity sewer lines. He cited the reduction in Travel & Per Diem. He commented on Repair & Maintenance and explained they keep an inventory of spare parts such as hydrants, valves, piping, etc. He indicated that is in addition to project work. He noted extra parts for the large equipment such as frontend loaders and backhoes. He again noted the reduction in Operating Supplies primarily due to moving the uniforms to the other account. He commented on the reduction in Vehicle Repairs & Maintenance due to previous replacement of some of the older equipment.

The Commission questioned the reduction in Machinery & Equipment from \$36,000 down to \$8,000 with Mr. Gierok indicating that last year they had to purchase a new trencher.

Ground Maintenance

Mr. Gierok explained this division is for mowing of the two plants and includes two employees one of which was currently vacant.

Backflow/Conservation

Mr. Gierok explained this is for testing of backflow protection devices and notification to utility customers regarding the need to test those devices and keep them operational. He noted a new truck is budgeted under Capital Outlay.

The Commission confirmed that the Christmas Bonus represents \$100 per employee. They asked about utilizing flex time rather than overtime with Mr. Gierok explaining that if someone gets called out on the weekend they get a minimum of two hours. He commented that sometimes they use comp. time rather than taking overtime. He indicated the difficulty in allowing additional time off.

Eastern Water Plant

Mr. Gierok explained the City has two water plants. He cited issues they are having with Well #2 which has a higher volume. He indicated that Well #1 is much smaller than Well #2 and cannot serve the City if Well #2 goes down. He explained the increase in Professional Services is for engineering to try and upsize Well #1.

Discussion was held regarding what caused one of the well failures.

Reclaimed Distribution

Mr. Gierok commented on the possibility of this item being incorporated into Water Distribution. He stated if there is a reclaimed break it will be charged under this.

Recess: 5:15 p.m. Reconvene: 5:34 p.m.

Wastewater

Mr. Gierok explained the Wastewater Division consists of Administration, Collection & Lift Station, Treatment, Laboratory, Reclaimed, Sludge Disposal, Eastern Wastewater Plant, Environmental Compliance and Eastern Lift Stations. He noted that the actual number of employees is down to 17. He commented on the reduction in Salaries due to the restructuring. He explained the increase in Professional Services was due to combining the Professional Services and Contractual Services. He stated the increase in Operating Supplies is again because of moving all of the uniforms into one division.

Collection & Lift Station

Mr. Gierok noted the reduction in Professional Services stating it was higher the previous year due to engineering for the Umatilla project and cited the needed influent and infiltration studies. He explained the benefit to the I&I studies to prevent the City wastewater plants having to treat runoff type water. He explained the fluctuations from year to year in Repairs and Maintenance.

Treatment

Mr. Gierok commented on the overtime for Treatment due to requirements for operating the wastewater plants. He indicated that is where dual certification

will help. He reviewed various line items including Utilities Services, Repairs & Maintenance, Operating Supplies and Employee Study Expense.

Laboratory

Mr. Gierok explained there are two employees - one with a biology degree and the other with a chemistry degree. He explained that when there is a water line break they have to have an independent third-party company do the testing. He then reviewed detail for the following line items - Professional Services, Operating Supplies and Machinery & Equipment.

Reclaimed

Mr. Gierok indicated there is only one employee under Reclaimed. He reviewed the following specific line items - Professional Services, Utility Services and Repair & Maintenance.

Sludge Disposal

Mr. Gierok explained that sludge disposal consists of biosolids. He explained the process noting that the City currently uses Shelley's. He commented on staff's intent to purchase a press to reduce the water content which will reduce the hauling costs.

Eastern Wastewater Plant

Mr. Gierok further explained how the restructuring is affecting the plant. He cited the reduction in Salaries.

The Commission asked about the turnover rate with Mr. Gierok explaining that the City lost a couple of employees two years ago but they have already left the other city.

Discussion was held regarding the addition of the Dual Operator position with Mr. Gierok indicating that will be an entirely new position and will have a bump in salary.

Mr. Gierok then reviewed various line item details including Professional Services and Operating Supplies.

Environmental Compliance

Mr. Gierok explained this consists of inspections particularly of restaurants to ensure that they are not putting grease in the sewer system. He commented on companies that collect the grease have been known to dump it down a manhole and it immediately clogs the system. He stated that every spill has to be reported to FDEP and a TV station. He further explained the ramifications and how it affects the plant.

Eastern Lift Stations

Mr. Gierok noted those are for Heathrow to get the flow to Sorrento Springs.

The Commission commented on residents in the eastern area that use more than their share of reclaimed water and asked if it is possible to have a control valve with Mr. Gierok noting there is a higher rate for individuals that use more than a certain amount. He noted they are in the process of renegotiating the reclaimed water contract with Heathrow.

Mr. Neibert stating that the City could initiate use regulations and could put in a series of valves to control who gets it when.

Discussion was held regarding a previous incident where they complained about lack of reclaimed water which was exacerbated by a shut down due to grease being dumped into the system. Further discussion was held regarding how to control the use.

Mr. Gierok noted the excess use is enforced through code enforcement; however, that area is in Lake County and not under the City's jurisdiction.

Non-Departmental Expenses

Mr. Neibert announced that the proposed budget includes a transfer from Water/Sewer to the General Fund of \$2,000,000. He also noted that funds are transferred to the Water & Sewer R&R Fund to pay for that year's capital projects. He also cited \$293,000 transferred into the Sewer Impact Fund for the incentive program.

Discussion was held regarding Bad Debt Write-offs with Mr. Sheppard also explaining that if someone has a bad debt and comes in and wants new service, they are forced to pay off the bad debt first.

Millage Rate Discussion

Mr. Neibert then discussed the previous millage rate suggestion to slightly increase the millage rate to fund the desired six additional firefighters. He noted he had sent out information regarding the millage rate options. The current proposed millage rate is the same as for the past seven years of 7.581. He stated that a .25 increase would provide \$300,000 in additional revenue. He indicated the discussion at the last meeting was to increase the millage. If the rate is increased .25 point to 7.831, it would generate an additional \$300,000. Taking \$200,000 from the General Fund surplus of \$451,000, would provide the \$500,000 required for the additional six firefighters and leave a General Fund surplus of \$251,000. This would provide sufficient staffing to put the rescue truck back into operation.

The Commission asked if an additional \$300,000 could be transferred from Water/Sewer with Mr. Neibert responding he has reviewed that with the

Finance Director and City Attorney and determined they could probably do that increasing the transfer to \$2.3 million. However, the downside to keep doing that reduces the funds for capital projects in the Water/Sewer Fund.

Discussion was held regarding whether or not to increase the transfer with Mr. Neibert noting that he has been monitoring the County Commission's discussion regarding their millage rate. He indicated they had proposed to roll the .5 MSTU into their regular millage rate and do away with the MSTU tax. The net result would keep taxes to the County residents the same but add an additional \$45 to the municipal residents.

Mr. Neibert indicated that if the City approves the .25 increase combined with the County increase would result in a .75 increase on the City's residents and \$110 per year on a \$200,000 home with a \$150,000 taxable value.

Mr. Neibert reported that the City has the highest millage rate in the County; however, under functional millage rate the City has one of the lowest in the County. He indicated that he has not been able to determine yet what all the other cities are doing.

Discussion was held regarding whether or not residents understand the functional millage rate with Mr. Neibert noting that previously staff compared total cost of living within the Golden Triangle and Eustis had the lowest cost of living. He commented on the possibility of someone in Eustis actually paying less in taxes than the other communities even with Eustis having a higher millage rate.

Discussion was held regarding when the City should see an increase in its taxable property value with Mr. Neibert indicating the City may have to carry some of the expense for a few years. He stated the City did see a 7% increase in its taxable value over last year.

Discussion was held regarding the need for the additional six firefighters and getting the rescue truck back on the road.

Discussion was held regarding the deadline for submitting the tentative millage rate to the Property Appraiser and that whatever the rate they set is the highest they can go but they can reduce it later.

Further discussion was held with the following comments: 1) Keep the millage rate at 7.5810; 2) How long would the City have to keep transferring the additional \$300,000 with the City Manager indicating probably the next two years and then may be able to reduce; 3) Making the hard choices instead of pushing the problem down the road; 4) Increase the millage rate by .25; 5) Finding ways to grow the City; 6) Purpose of the .25 increase would be to add six more firefighters; 7) Limitations on use of Water/Sewer funds with Mr. Neibert explaining that once transferred to the General Fund they can be used for whatever the City wants; and 8) Use of the \$300,000 if not transferred including debt service or a capital project.

CONSENSUS: It was a consensus of the Commission to keep the tentative millage rate at 7.5810.

Discussion was held regarding a possible allocation to the City for a trails PD&E study.

Discussion was also held regarding doing a study to see if solar energy would be feasible for use at the library.

Vice Mayor Lee commented on how records are kept at the cemetery. She asked why it has not yet been computerized.

Mr. Neibert indicated there are funds in the budget to purchase the appropriate software. He noted that when the City took over the cemetery they inherited the records from the hardware store.

The Commission thanked everyone for their work on the budget.

2. ADJOURNMENT: 6:36 P.M.

**These minutes reflect the actions taken and portions of the discussion during the meeting. To review the entire discussion concerning any agenda item, go to www.eustis.org and click on the video for the meeting in question. A DVD of the entire meeting or CD of the entire audio recording of the meeting can be obtained from the office of the City Clerk for a fee.*

CHRISTINE HALLORAN
City Clerk

MICHAEL L. HOLLAND
Mayor/Commissioner