

MINUTES
CITY COMMISSION MEETING

June 18, 2012

The City Commission met this date in special session in the Commission Chambers. A quorum being present, the meeting was called to order at 6:00 PM with the following in attendance.

Mayor	:	John B. Arnold, Jr.
Commissioners	:	Heyward H. Strong, Jr.
	:	Joe Morgan
	:	Kay Hamilton
City Clerk	:	Tammy Johnson
City Administrator	:	Carl Scott
Police Chief	:	Joe Hart
General Manager VBCS	:	Burt Bennett
Fire Chief	:	Mark Norris
Library Director	:	David Weatherford
Director Public Works	:	James Valandingham
City Engineer	:	Roy Petrey
Recorder	:	Lois Davis

Others in attendance: (Not inclusive) James Butler (Camera), Beth Millsaps

1. **Resolution 07-06-18-12 Increase Water Rates**
2. **Resolution 08-06-18-12 Increase Sewer Rates**

Comm. Strong stated that at the last meeting Comm. Hamilton asked for a bit of information in connection with the resolutions for the proposed water and sewer rate increases. He stated that Ms. Johnson had answered Comm. Hamilton's questions concerning the bond issue and Comm. Morgan's questions had been answered. Comm. Strong stated that they started their budget in April and spent a lot of time preparing it. He stated that the bond issue demands that they establish rates for utilities (an average of \$58.00 total per resident). Comm. Strong stated that they basically established the minimum capability that they needed. Rounding off some things, Comm. Strong stated that he rounded off some things and that with 2,000 houses, the increase would be \$691 per house per year, but Mayor Arnold stated that the City has 1700 houses. Ms. Johnson stated that base rate for water has increased 18% and the sewer would be increasing \$3.

Resolution
07-06-18-12
Increase
Water Rates

Resolution
08-06-18-12
Increase
Sewer Rates

Mr. Valandingham stated that they normally budget \$44,000 for water tank maintenance. He stated that Tank #3 is not under a maintenance agreement and that they are not convinced that maintenance is the best way to go. Mr. Valandingham stated that Utility Service gave the City a reduction and it only spent \$16,000 this year. In response to Comm. Hamilton's inquiry concerning whether the big difference was due to the new meter at the Regional Plant, Mr. Valandingham stated partly. Mr. Valandingham stated that the metering is a little more accurate, but they won't see the volume increase. In response to Comm. Hamilton's inquiry concerning how long they have had the new meter, Mr. Valandingham stated that he is not sure when they started reading. Comm. Hamilton stated that her concern is that they would be gone a year and half with erroneous readings and that Niceville would be absorbing that. Mr. Valandingham stated that it was the Regional Plant's responsibility to read the meter. In response to Comm. Hamilton's inquiry concerning how long the City had been aware that the flow rate was exceeding the budget, Comm. Strong stated that they noticed it when there was an increase in the budget from the regional plant.

Comm. Morgan stated that between 2010 and 2012, it really appears that there is not that much difference. He further stated that if they do not have a metering issue, there may not be a problem. Comm. Strong stated that it is running \$155,000 which would be \$243,000 for the year which would be \$43,000, short.

Based on the minimum bill, for 4,000 gallons or less, the increase would increase the bill to \$36.00. Comm. Strong stated that the bill they received from Regional Sewer was for \$200,000 and he does not know who is to blame. He stated that they will be okay and able to pay. Comm. Strong stated that they can bring the amount from the water tank this year and put on next year's water tank bill.

Comm. Strong stated that when the City has a bond issue, when they sell the bonds, they take the money and go through the Investment Trust and tell them how to invest the money. He stated that when they got the money for the upgrade of the Regional Sewer, Ms. Johnson discussed with the League of Cities about using the interest money toward making payments. Comm. Strong stated that they saved about \$20,000. In response to Comm. Hamilton's inquiry, Comm. Strong stated that the interest is used to pay on the monthly payment of the bond issue. He stated that what they get from Regional Sewer is a table telling Valparaiso how much their payment is, and that the League holds the money until it is all used.

Comm. Hamilton stated that she views these undertakings of the City as a business and it appears that some of the practices don't seem to be very good. She stated that she has a problem

since they were not taking care of this back then and juggling the money around. Comm. Hamilton asked what impact this would be in the future. Mr. Valandingham stated that they still met that number in 2011. Comm. Morgan stated that it appears that they don't have a metering issue, they have a usage increase, and that most of the increase will be covered by the current rate. He stated that he needs to know the additional amount. Comm. Morgan stated that they have an additional amount of \$100,000 for water tank maintenance, which could be prorated, part of the shortfall that they are trying to pay. Comm. Hamilton stated that she thinks the important thing is to understand exactly why we are having a shortfall.

Mr. Valandingham stated that they originally budgeted \$44,000, \$18,000 of that is taken up. On the annual inspection, and in working with Mr. Petrey, they found that the water tank is in dire need of a \$90,000 refurbish, but by caring over the \$28,000, they will need \$108,000. Mr. Valandingham stated that this is one time increase, which needs to be done. Comm. Morgan stated that \$90,000 is a significant amount of this rate increase. He stated that since they are rate oriented with the agreement, there should be none of these monies going toward improvements. Mayor Arnold stated that the County has pulled out administratively, but not operationally. Comm. Strong stated that the extra cost that Niceville will have to pay is two years off.

Comm. Strong stated that they are using the numbers that they get off the current meters. Mr. Petrey stated that if the City is sending more wastewater to the Regional Sewer, they should be collecting more revenue. He stated that they have collected 65% of their revenue, but have spent more than that. Mr. Petrey stated that while their expenses are greater than anticipated, so should the revenues be more.

Mr. Petrey stated that the employee at the Regional Plant where he needs to get the information is out this week. He stated that basically they are looking at a \$230,000 budget for next year. Mr. Petrey stated that he does not see their flow going down, and that there will be additional expenses that Valparaiso will be responsible. He stated that Valparaiso would be responsible for about 11% of the \$300,000. Mr. Petrey stated that he thinks they should be budgeting for about \$276,000.

Mr. Petrey stated that they are projecting 96 million gallons more than this, but Mr. Valandingham thinks there will be 1 million more per month.

Comm. Morgan asked were they asking for \$158,000 for total increase. Mr. Valandingham asked Comm. Morgan if he was wanting to take the \$90,000 from a different method. Comm. Morgan stated that this way they do not have to go up and down on their rate, which would bring us to a much more reasonable figure. Comm. Strong stated that with the bond issue, this would show another loan. Comm. Morgan stated that this is a one time cost and he doesn't want the rate to go up and down. Comm. Strong stated that they did not have a rate increase this year. He stated that personally he does not think that the amount that the residents will have to pay is too much. Comm. Morgan stated that it is still an 18% increase. Comm. Strong stated that he looks at other entities and Valparaiso's rates are still less. He said that they are trying to build up the reserve so that when the ten year mark comes around, he would have money to do the work. Comm. Morgan stated that all of Comm. Strong's comments were valid. Comm. Strong stated that he only likes to borrow money to do capital improvements. He stated that most of the increases in the past have come from mandates from DEP and EPA.

Comm. Strong stated that he, Mr. Valandingham, and Ms. Johnson would have to go back and scrub the budget to see if there is any money to go into reserves.

Comm. Hamilton inquired about the administrative fee and was informed that there is a 10% cap on it.

Mr. Valandingham stated that in the State of Florida it is roughly ten years before maintenance should be needed; however, this tank is only five years old. Comm. Morgan stated that he agreed with the intent thoroughly.

In response to Comm. Morgan's inquiry concerning when the Commission voted on the budget, Ms. Johnson stated that it was sometime in September. Comm. Morgan stated that one of the things that Mr. Valandingham mentioned is that they divulge the rates for the surrounding cities. Mr. Valandingham stated that Niceville pays \$35.82 for water and sewer with no information a new rate increase. He stated that Fort Walton Beach pays \$39.24 for water and sewer for 3,000 gallons and will increase in October to \$40.42. Mr. Valandingham stated that the fees were comparable. He stated that the County bases their rates on 2,000 gallons and the rates are higher when the usage increases.

Comm. Morgan stated that because they are still learning where they are in the budget, he thinks they could pass this with a caveat that at finalization they have a clear O&M Budget that includes capital expenditures. Comm. Strong stated that if in six months into the fiscal year, they are running ahead of budget, they can reduce the water and sewer rates for six months. Comm. Morgan stated that he also wants to make sure that they do not get hit with \$108,000, which would be closer to 12%.

Comm. Hamilton stated that she does not like this; she does not like be pushed into a corner. She stated that it is not coherent. Comm. Hamilton stated that she can see an increase when they have a coherent plan. Comm. Morgan stated that he and Comm. Hamilton are hitting on the same plan.

Comm. Strong told Comm. Hamilton that if she wants to put it like that, the rates need to go in effect if this is not satisfactory. Comm. Morgan asked Comm. Strong if he would accept the rates if they have a final budget and a final budget at that point in time. Comm. Strong stated

that he will not have a five year plan from the Regional Sewer before it would be time to give it to Comm. Morgan.

Mr. Valandingham stated that he was looking for ways to modify. Comm. Morgan stated that he thinks to demand it is a good idea. Comm. Strong stated that the City makes its money on the water; they do not make it on sewer. He stated that it is hard to do a five year plan on wastewater. Comm. Morgan asked what items would normally be included in capital. Mr. Petrey stated that a capital item is an asset, i.e., refurbish of Nordberg Lift Station. Comm. Strong stated that the City has applied for a grant, but Valparaiso's average per capita is too high. He stated that they have already done all of this (the way they budget is where they are this year and where are they going next year). Mr. Valandingham stated that his intent is that they budget \$10,000 and that they can do this with the water line upgrade (water tank painting). He stated that in part this was to be used to go forward, but unfortunately, the tank needs maintenance in five years. Mr. Valandingham stated that when there are left over funds, everything is put into reserves. He stated that the intent is based on the theory and philosophy of the City of Valparaiso. Comm. Hamilton stated that what Mr. Valandingham is saying that the same end result was anticipated, but it was done differently. She stated to Mr. Valandingham that she wants it very clear that he be very focused.

COMM. STRONG MADE A MOTION TO ADOPT RESOLUTION 07-06-18-12 AMENDING THE SCHEDULE OF WATER RATES CHARGED TO RESIDENTIAL AND COMMERCIAL CUSTOMERS AND PROVIDING AN EFFECTIVE DATE. MAYOR ARNOLD SECONDED THE MOTION, WHICH PASSED WITH A VOTE OF 3 - 1, WITH COMM. HAMILTON VOTING IN THE NEGATIVE.

COMM. STRONG MADE A MOTION TO ADOPT RESOLUTION NO. 08-06-18-12 RESOLUTION AMENDING THE SCHEDULE OF SEWER RATES, CHARGED TO RESIDENTIAL AND COMMERCIAL CUSTOMERS AND PROVIDING AN EFFECTIVE DATE. MAYOR ARNOLD SECONDED THE MOTION, WHICH PASSED WITH A VOTE OF 3 - 1 WITH COMM. HAMILTON VOTING IN THE NEGATIVE.

The special meeting concluded at 7:29 PM and the Commission continued in a budget workshop.

3. BUDGET WORKSHOP

Library

Mr. Weatherford stated that he would like to change a part time position, which was done away with five years ago, to a full time position. He stated that he has a female employee who does the story hour and he is proposing turning this into a forty hour position. Mr. Weatherford further stated that he wants to hire another 32 hour employee. He stated that he wants the library to run with five people instead of six. Mr. Weatherford stated that after Mrs. McDaniel passed away last year, they had to regroup. He stated that there is a library in the area that is larger than Valparaiso and Valparaiso is within four hundred books of them. Mr. Weatherford stated that the library is a first impression. He stated that this would take the wage line from \$81,648, to \$95,000. Mr. Weatherford stated that he did make adjustments in insurance and payroll tax. Ms. Johnson stated that it would cost about \$11,000 to change a part time to full time. .

Communications

Mr. Bennett stated that he, Comm. Strong, and Ms. Johnson met to discuss the capital improvements. He stated that they have zero capital improvements, but are working on increasing data rates for IP users. Mr. Bennett stated that the budget is tight, and that he has turned off two or three customers in the last couple of weeks who commented that they were disconnecting because of their budget. He stated that the numbers have decreased because of the economy. In response to Comm. Hamilton's inquiry concerning whether customers have disconnected because of dish, etc., Mr. Bennett stated that there are some of those customers that do, but they usually come back to Valparaiso after their contract is up. Mr. Bennett stated that people usually change because of what they see on TV, but if you stay with them, it becomes very unattractive. He further stated that Dish and Direct TV probably do have more services than Valparaiso. Mr. Bennett stated that Dish and Direct TV do not have the customer service with a face.

Public Works - Wish List

Mr. Valandingham stated that some of his wish list was carryover from last year. He stated that something they had discussed in sanitation a few months back is trying to provide the business accounts with carts, in order to eliminate the dumpsters. He stated that he would propose that the City provide these carts at a much cheaper rate than the businesses are paying for a dumpster. Mr. Valandingham stated that the revenue received would pay for the carts within six to eight months. He stated that it pains him to see other businesses come into Valparaiso and not be able to furnish service to them. Mr. Valandingham stated that they have had so many requests for dumpster over the past two years, but he cannot justify a rear loading truck. Comm. Hamilton stated that if they went to a rear loading truck later, they could save some injuries. She stated that the employees could pull the carts to the street.

Mr. Valandingham stated that a truck for streets and stormwater was also included, but this was on the list last year.

Mr. Valandingham stated that the rear building which houses the dog kennels and shelters the hazardous materials that they take to the County also needs reproofing. He stated that he

would also like to contract with the County for the use of inmates to work in Public Works. Mr. Valandingham stated that the City had used this service a couple of years ago. He stated that the start up charge is \$64,500, plus \$4,833 for a communication radio. This cost would cover eight inmates for ten hours per day, or a total of 256 hours per week. Mr. Valandingham stated that the City Crew is simply having a problem keeping up. He will bring this up with Comm. Kelley.

Mr. Valandingham stated that it looks like one of the 50%/50% employees will be unable to come back to work, and that it would cost \$36,500 if it happens. He stated that the difference between the inmate cost and the 50%/50% employee not coming back to work would be a difference of \$28,000. Mr. Valandingham stated that they also have to provide transportation for the inmates and officer. He stated that a lady has offered to send the City a PowerPoint Presentation. Mr. Valandingham stated that it is not just a main crew; they can do construction and many other things.

Mr. Valandingham stated that he would like to also look at looking at constructing some stormwater drainage spots

Mr. Valandingham stated that for the other half of the parks, they would like to add five pavilions. He stated that he knows that the City has not been interested in the past, but there are people interested in renting the pavilions. Mr. Valandingham stated that he and Comm. Kelley discussed this and they are also replacing all the receptacles and other items in the parks, which will cost about \$20,000. Mayor Arnold asked Mr. Valandingham to prioritize these items.

Administrative

Ms. Johnson requested a computer workstation (\$1,300) for the City Clerk, software human resources (\$2,000), part time employee to full time employee (\$12,750), Email Archiver (includes update \$7,000), for a total of \$35,000. Mr. Bennett stated that the problem with the Email file is that it is kept on a CD and it may not be recoverable. He stated that this is not an easy task. Mr. Bennett stated that the archive can store a terabyte Comm. Morgan will look at this.

Ms. Johnson stated that she would like to take the part time employee, who has an accounting degree and make it a full time position.

Police Department

Chief Hart stated that he has no capital requests; however, he has a position that hasn't been funded for the last two or three years, and he asked if it could possibly be fund at a cost of \$47,000.

Fire Department

Chief Norris stated that he had an eight pound camera that he wanted to replace with a \$13,000 camera that measures five inches tall, four inches wide, and seven inches long, and weighs less than a pound. He stated that he can pay for the thermal imaging camera with left over money in the budget. In response to Comm. Strong's inquiry, Chief Norris stated that he would like to get contract bids.

Mayor Arnold stated that next Monday the Commission would look at the detailed Fire, Library and Police Budgets.

ADJOURN

There being no further business to be brought before the Commission, the meeting adjourned at 8: 03PM.

John B. Arnold, Jr.
Mayor

Heyward H. Strong, Jr.
Chair, VCA

ATTEST:

Tammy Johnson, CMC
City Clerk

The DVD labeled June 18, 2012 contains the audio and video of this meeting and will be kept as a permanent part of these minutes.