

CITY COUNCIL EMERGENCY MEETING MINUTES

SEPTEMBER 17, 2010

Mayor Joe LaCascia called the meeting to order at 7:06 p.m.

ROLL CALL

Present: Mayor Joe LaCascia, Vice Mayor Trudy Block, Councilor Nancy Adorno, Councilor Mike Blethen, Councilor Don Kimsey and City Clerk Patricia Jackson. Also present were Finance Director Pamela Lawson and Librarian Mary Ellin Barrett.

A quorum was established.

Discuss the Mount Olive Utility System –Payment to the County

Mayor LaCascia advised the purpose of the emergency meeting is to discuss the Mount Olive Utility System and the payment to the County; the reason it is an emergency is the County did not accept the City's payment plan. He advised the motion we will entertain tonight is to make monies available to pay that payment to the County.

Mayor LaCascia made a motion to make a transfer from the City Impact Fees, the General Fund and the Water Fund into the Sewer Fund for payment to Polk County in the amount of \$348,772.34 for the FY 2009 and FY 2010 defaulted loan payments (both of these amounts have been budgeted in their respective years); Councilor Adorno seconded the motion.

Under discussion, Vice Mayor Block advised she met with Counsel today and talked a little about the payment plan and when we went to the County we were led to believe that if we came up with a payment plan for the City of Polk City for both the impact fees and the Mount Olive Spray Field they would probably accept our plan, and as most of you know they did not. The City has money available, but it's in the wrong funds. In previous years we did not go to Council to ask to move these dollars, but that is the appropriate thing to do, and that is what we're doing. We have the money and we are solvent. After speaking with the Attorney, litigation would be more costly than just paying the bill. What we are doing today is approving the transfer of funds; at this time Finance Director Pam Lawson gave the amounts to be transferred into the Sewer Fund and where the transfers are coming from as follows:

\$100,000 from the City Impact Fees
\$114,000 from the General Fund
\$ 46,772.34 from the Water Fund

Vice Mayor Block advised it is City Impact Fees, and we have approval from our Auditor that this is the appropriate way to use these funds – the impact fees; we are not taking the County's money, these are the City's Impact Fees. We have the money available and this is a solid business decision and we still have dollars.

Mayor LaCascia asked when the payment had to be made by; Vice Mayor Block advised they have to be paid by September 20th, which means we have to have the check to them on Monday. Mayor LaCascia then asked what were the consequences of not paying it; Vice Mayor Block advised we would go into litigation whether we want to or not, and the County would go after us.

Councilor Kimsey asked if this was just for the impact fees; he was advised by Mayor LaCascia and Vice Mayor Block the payment is for the two payments that the City missed for the spray field. Councilor Kimsey then asked if we pay that bill, will the County rescind them taking the spray field back; Vice Mayor Block advised yes. Councilor Kimsey then made the comment that “we would be right back in the business of having a sewer system”, and Vice Mayor Block responded back with a yes. Councilor Blethen asked if we do not pay it and go into litigation, what would be the next steps through that, or what direction does the County want to go. Vice Mayor Block advised it depends on what the County wants to do – there are several directions they could go, but we can't really get into that because we don't know what they want to do. Mayor LaCascia commented that from what Vice Mayor Block said, they would go into litigation. Councilor Blethen then asked if the County wanted to foreclose on Polk City, and Vice Mayor Block advised she would rather not comment on that.

Councilor Kimsey asked didn't the County say it was their conclusion that Polk City could not pay its debts regardless of whether or not we make this payment – that we basically are insolvent? Vice Mayor Block commented there are no conclusions; they did not look at our budget. We have a solid budget, and we pay our bills; this is the only bill we haven't paid. We are solid with our finances, and we are better than we were last year at this time. Vice Mayor Block advised she is not saying we will not have it tight for a few weeks, but what she is saying is we are not putting Polk City at risk by doing this, and in reality we are putting Polk City at risk by not doing it because it will force us to go into litigation.

Councilor Kimsey asked didn't they make mention of going to the Governor because they thought Polk City to be insolvent; Vice Mayor Block advised they can't do that if we pay our bill – if we pay our bill there is nothing they can do.

At this time in the meeting someone from the audience stood up and starting talking without being recognized; Mayor LaCascia advised he was out of order and asked him to please sit down. The gentlemen did not set down and Mayor LaCascia advised he was out of order, and if he continued, he would have him removed.

Vice Mayor Block advised it is a solid plan, and as Acting City Manager she is recommending the funds be transferred. Councilor Kimsey thinks it is time to “fold

them.” Councilor Blethen asked if the payment to the County was in the FY 2011 Budget; Vice Mayor Block advised it was. Councilor Blethen commented if it is in the FY 2011 Budget and the City makes the payment, then the County will not be coming and looking for another payment; Vice Mayor Block advised that is correct (the City Clerk left the meeting at 7:10 p.m. and returned at 7:20 p.m.). There is still some disruption from the audience, and Councilor Adorno the audience to please allow Council to speak, and then it would be their turn to speak.

Councilor Kimsey asked how much in the red the sewer system would be if we continued down this same road in March; Pam advised she has not finished with those projections; however, there were transfers in those projections, but that picture has changed. Pam advised she would need to carry the projections forward with the changes. Vice Mayor Block asked if we were in better shape than we were last year, and Pam advised we were.

Councilor Blethen commented we are having a budget hearing on Tuesday, and we are going to balance the FY 2011 Budget, and we will basically be out of financial payment problems. Mayor LaCascia advised until Ad Valorem Taxes come in, it will be "real thin" because we have to come up with the money to pay the County because they did not accept any terms. Councilor Blethen commented that as of the FY 2011 Budget we will be balanced; Vice Mayor Block advised that is correct; she also advised the County was very complimentary for what the City has accomplished to date.

Councilor Kimsey advised he has to vote the way his constituents wants; that is the reason he is here – he represents these people and all of the other people of the town that are not here, and they don't have an appetite for a sewer system. He is not going to vote to spend one dime to keep the sewer system. If this money is transferred and the County paid, then the County will rescind in taking the sewer system back. Mayor LaCascia was under the impression either the City pay this by Monday, or litigation was going to be started, which is more costly. Mayor LaCascia commented we have to pay what we owe; this will prevent litigation. Councilor Kimsey commented if we pay it the County would not take back the Mt. Olive System, and we are right back in the sewer business, and he doesn't want in the sewer business. Vice Mayor Block advised if the County takes back the system, the City will still owe the debt; Councilor Kimsey commented if we keep it we will have more debt. Councilor Adorno would like to allow the citizens to tell us what they want.

Councilor Adorno advised it is our responsibility to pay our debt; if we do not make this payment on Monday, we will be putting the City in more debt. Councilor Kimsey asked Councilor Adorno why she thought the petition was being circulated. Councilor Adorno advised she hasn't seen a petition – she has heard about the petition, but she has to go by what she sees. A debt is a debt, and if the monies can be moved around and is no threat to the City, we have to pay our debt. Councilor Kimsey advised he is not opposed to paying the County; he is opposed to paying the County if we get to keep the sewer system. Vice Mayor Block advised the question is whether or not we are going to pay our debt; the Attorney advised we need to pay our debt – it will help the City in

every other way, even if we don't get the sewer. It will help in negotiations if we are not in default of any loans, or debt. The debt was budgeted for last fiscal year and is budgeted for this fiscal year. Councilor Kimsey commented to make the payment after Monday; he is not in favor of keeping the spray field. Mayor LaCascia advised after Wednesday when the County did not accept the City's payment plan they advised we would be in default if not paid on Monday, it became clear we had to speak to an Attorney, who said to pay the bill on Monday in order to prevent going into litigation and running up more debt. The decision was to transfer the money from the places available into the proper fund to make the payment, and that is the motion we are talking about. Vice Mayor Block asked if Councilor Blethen what he was thinking; Councilor Blethen is in favor of keeping the City. We pay our debt and keep the City going.

There being no further discussion, Mayor LaCascia asked for a roll call vote (Mayor LaCascia called for a recess at 7:28 p.m. and at 7:29 called for a roll call vote – the audience was asking questions without being recognized).

Roll Call: Vice Mayor Block-aye, Councilor Kimsey-nay, Councilor Adorno-aye, Councilor Blethen-aye, Mayor LaCascia-aye

4-ayes
1-nay

The meeting was adjourned at 7:30 p.m.

Patricia R. Jackson, City Clerk

Joe LaCascia, Mayor