

CITY COMMISSION MINUTES

January 16, 2018

Mayor Joe LaCascia called the meeting to order at 7:00 p.m.

Walter Lawlor, New Life Community Church, gave the invocation.

Those present recited the Pledge of Allegiance led by Mayor Joe LaCascia.

ROLL CALL – Assistant to the City Manager Sheandolen Dunn

Present: Mayor Joe LaCascia, Commissioner Don Kimsey, Commissioner Mike Blethen, Commissioner Randy Carroll, City Attorney Thomas Cloud and City Manager Patricia Jackson

Absent: Vice Mayor Wanda Harris

APPROVE CONSENT AGENDA

Motion by Commissioner Kimsey to approve the Consent Agenda; motion was seconded by Commissioner Carroll. **Motion carried unanimously.**

PRESENTATIONS AND RECOGNITIONS - None

PUBLIC COMMENT

Susan Ketterman (583 Marklen Loop) Expressed appreciation for replaced Street Signage. Expressed concern regarding Code Enforcement issues in the Marklen Loop area. Floor cleaning in the Activity Center.

Sandra Cutts (315 Central Avenue) Inquired about the total amount financed on the largest note the City refinanced. Old Public Works building future use. Lighting time at the Basketball/Tennis Courts.

Mayor LaCascia responded the Bond is \$8.5 Million.

Keith Prestage responded the lights go off at 9:30 pm. There is signage at the courts reflecting this time frame.

Laurence Doyle (160 Appaloosa Hill Road) – Warehouse property is clear of all code enforcement violations.

City Manager Jackson responded no liens have been filed against the property.

ORDER OF BUSINESS

Discuss and Select Payment Options for Bryant Property Purchase

Mayor LaCascia stated that Polk City is in an excellent position due to several factors which allows us to have options to pay for the Bryant Property. Polk City's S&P credit rating is "A Stable" and gave us excellent interest rates. We have traditional methods to finance. 1) We can pay cash, 2) we can do a mortgage with different terms, or 3) we can pay some cash and have a mortgage. However, after discussion with City Manager Jackson, there is sufficient cash available from a 2012 event.

City Manager Jackson discussed the allocations of how the cash would be distributed between the Utilities, which is the Enterprise Fund and the General Fund. A portion of the allocation would be from Impact Fees and normal funds. Sixty-one percent (61%) of the \$450,000 would come from the Utility side Enterprise Fund and the remaining 39% would come out of the General Fund. The total Utilities side would be \$274,500, of which the Impact Fee from water would be \$49,410 and the Impact Fee from Sewer would be \$74,115; the General Funds 39% would be \$175,500. Regular Funds that would go toward the property is \$206,010. Impact Fees that can be used is \$243,990. This is from the current growth projected throughout Polk City. As of April 1, 2017, Polk City is just shy of 2,000 residents inside the city limits. As of today, we are over 2,000. Polk City's service area is 37.5 miles of utilities. This is with current Impact Fees and current funds. A copy of the Engineer's Allocation for Use of Impact Fees is attached and made a part of the minutes.

Polk City's Auditor prepared a document stating when the Polk City Government Center was built, Polk City investigated ways to pay for it with future growth money (Impact Fees) and regular funds. Total cost for the Polk City Government Center was \$2.43 million. The USDA loan was \$1.75 million. Polk City received a grant for \$200,000; Total costs incurred by the city was paid was \$480,580.29. These monies can be reimbursed by Impact Fees because of the City's growth. Of that, the portion for Utilities is 33%; the General Fund is owed \$158,591.50 from Utility Impact Fees. The General Fund portion of the Impact Fees owed is \$147,848.78, and the Public Safety portion of Impact Fees owed to the General Fund is \$42,254.63. Therefore, if the City Commission chose, we can take the money owed to the General Fund plus the money owed from the Impact Fees currently and pay cash for the Bryant Property of \$450,000 without any financing. A copy of the Auditor's Spreadsheet is attached and made part of the minutes.

Sandra Cutts (315 Central Avenue) – Commented that cash is the way to go.

Commissioner Blethen inquired about cost incurred by Polk City. Is that what is used to pay on City Hall?

City Manager Jackson responded Polk City is not using Impact Fee monies for the payment of the Debt Service for the loan. This is strictly what is owed to the General

Fund from what was paid for in advance that simply needs to be refunded back from the Impact Fees that have not been collected yet.

City Attorney Cloud stated there is an allocation that has to take place; this is why City Manager Jackson went back in time to determine what the allocation of costs were for the Government Center in the beginning. Under Florida Law this has to be done to ensure that impact fees are being used properly. In an effort to ensure this, Gerald Hartman, a professional engineer and rate consultant, compiled the allocation based on the information from the City's auditor.

Motion by Commissioner Kimsey to authorize City Manager Jackson to use funds as explained in the January 12, 2018 Hartman Consultants letter and the Auditor print out for purchase of the Bryant Property; this motion was seconded by Mayor LaCascia.

City Manager Jackson stated Polk City could pay \$200,000 and finance \$250,000 or pay \$250,000 and finance \$200,000. You have a Citizens Bank document that spells out the interest rate terms. A copy of the Citizens Bank Letter is attached and made a part of the minutes.

Commissioner Kimsey stated we should pay cash.

Commissioner Blethen wants to know where the \$450,000 is in the budget right now.

Commissioner Kimsey reiterated we could pay cash, finance all, or pay cash and finance.

City Manager stated the majority of the funds come from Impact Fees which is restricted funds from utilities then in the General Fund which is Public Facilities and Public Safety.

Mayor LaCascia stated this is a win-win way to pay for the Bryant Property.

Lengthy discussion ensued.

Roll Call Vote: Commissioner Carroll - aye, Commissioner Blethen - aye, Mayor Lacascia - aye, Commissioner Kimsey - aye

Motion carried 4/0.

Discuss Vehicles in Public Works and Utilities

Keith Prestage, Public Works Director presented information on City vehicles in Public Works and Utilities. Polk City is in day 16 of taking back the Utilities. A slide show was presented of each vehicle as well as the maintenance program currently utilized. A report is handwritten by the mechanic of work performed on each vehicle. Since we

have ADG software, staff has the ability to electronically maintain the vehicle maintenance.

Listed below is a breakdown of vehicles in Polk City's fleet:

-2003 F150 Regular Cab – Has 130,000 miles and is in poor condition. Multiple engine conditions occurring with this vehicle. It does not go out of town. Polk City has owned this vehicle over 12 years.

-2007 F150 Regular Cab - Has 41,000 miles and is in good condition. This vehicle is maintained.

-2002 F150 Regular Cab – Has 94,000 miles and is in poor condition. Drive train issues. Won't take this vehicle too far.

-2004 F550 Utility Crane Bed Truck – Has over 100,000 miles and is in good condition. This truck is a critical need for Lift Station work. It has a Diesel engine. It would need to be set aside for task specific use only.

Used vehicle purchase options:

-2008 F350 Regular Cab – 54,000 miles – \$19,000.

-2008 F350 Regular Cab Utility Box truck - 117,000 miles - \$19,500.

-2008 F350 Regular Cab Utility Box Truck - 17,000 miles – \$27,500.

-2006 Chevy 2500 – 85,000 miles - \$23,500

New vehicle Purchase Options:

2017 F250 Regular Cab Utility Box on a County contract - \$28,519.

Mr. Prestage addressed concerns regarding the employees riding together in one vehicle. That is an inefficient way of doing business. There are a variety of tasks that have to be completed that only require one person, while another could be doing something totally different on the opposite end of the City.

It is the recommendation that Polk City trade in the vehicle that is in poor condition.

In the Utility Department we will have five staff members with three vehicles. Of the three vehicles, one is a crane truck which we need to designate as task specific.

Mayor LaCascia reiterated to the Commission that a decision will not be made tonight, we are listening to determine what the need is.

Keith Prestage stated that in total there are seven people in the Public Works and Utilities Departments.

We are currently using the Jeep to do multiple tasks for the Library, City Hall, Utility and Public Works.

Commissioner Kimsey discussed the possible purchase of vehicles from Garner as well as the number of miles put on the trucks per week.

Keith Prestage responded mileage is not recorded weekly, but monthly. Using the crane truck as an example. Approximately 100 miles a month for the crane truck. Each time we do any type of maintenance to the vehicle, it is documented.

After lengthy discussion, City Manager Jackson will put together dates for a workshop and email to the Commission.

City Manager Jackson Salary

Mayor LaCascia discussed City Manager Jackson's current salary of \$76,000. In 2017 the City Commission approved a 3% Cost of Living Increase for staff, which included City Manager Jackson. Because Mrs. Jackson is a contract employee, the City Commission has to vote on amending her Employment Contract to move forward with this increase. As of January 1, 2018, Polk City took back the Utilities which warranted additional responsibilities. Therefore, it is recommended that City Manager Jackson be given a 3% increase, which is approximately \$88 per paycheck and \$2,280 per calendar year. City Manager Jackson's employment contract will be amended to reflect this increase.

Motion by Mayor LaCascia to increase City Manager Jackson's salary to \$78,280 retroactive to January 1, 2018; this motion was seconded by Commissioner Carroll.

Roll Call Vote: Mayor Lacascia – aye, Commissioner Blethen – aye, Commissioner Kimsey – aye, Commissioner Carroll – aye

Motion carried 4/0.

CITY MANAGER ITEMS

Bond Closing – The Closing has been finalized.

Budget – Work will begin earlier on the budget process.

Fountain Park – There will be a Planning Commission Meeting on January 29, 2018 at 6pm.

Workshop – A City Commission Workshop is being planned and a date will be emailed to each Commissioner.

CITY ATTORNEY ITEMS

Ordinance 2018-01

AN ORDINANCE PROPOSING AN AMENDMENT TO THE CHARTER OF POLK CITY, FLORIDA; PROVIDING THE RIGHT, DUTY, AND OBLIGATION FOR THE CITIZENS OF POLK CITY TO HOLD A REFERENDUM AS A REQUIRED CONDITION BEFORE BUYING OR SELLING A WATER OR WASTEWATER UTILITY; REQUIRING SIXTY PERCENT OF THOSE VOTING TO VOTE IN FAVOR OF BUYING OR SELLING SUCH A UTILITY; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; PROVIDING FOR AN ELECTION IN WHICH QUALIFIED ELECTORS OF THE CITY MAY VOTE FOR OR AGAINST THIS CHARTER AMENDMENT; PROVIDING FOR A BALLOT QUESTION; PROVIDING FOR PUBLIC NOTICE; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; PROVIDING AN EFFECTIVE DATE.
First Reading

City Attorney Cloud read Ordinance 2018-01 by title only. City Attorney provided thorough explanation of the Ordinance. This Charter Amendment will appear on the April 3, 2018 Election ballot.

Motion by Commissioner Kimsey to approve Ordinance 2018-01; this motion was seconded by Commissioner Blethen.

Commissioner Blethen asked what this Ordinance really does?

City Attorney Cloud stated that if there is going to be a purchase or sale of a Utility, there has to be a referendum. The numbers have to be disclosed. The voters will not be asked to decide on this without proper disclosure.

Roll Call Vote: Commissioner Carroll – aye, Commissioner Blethen – aye, Mayor LaCascia – aye, Commissioner Kimsey – aye

Motion carried 4/0.

COMMISSIONER ITEMS

Commissioner Blethen – Red light running in the school area. Thanked everyone for coming.

Deputy Poindexter is working on the sign.

Keith Prestage gave an update on the roadway. Main Street Streetscape. If FDOT won't/can't do it, then the City may be able to address the issue.

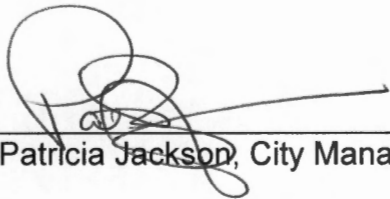
Commissioner Kimsey – Would like to discuss having another Deputy in the next meeting.

Commissioner Carroll – Agrees with Commissioner Kimsey. Polk City is growing and needs another more law enforcement coverage. Would like to work on a scholarship for Polk City students. Thanked everyone for coming.

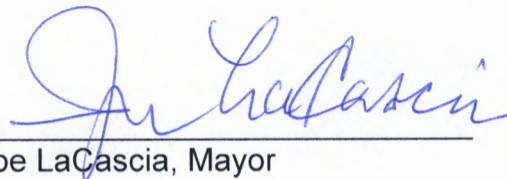
Mayor LaCascia – Discussed the Parks and Recreation Master Plan Community Meeting held on Saturday, January 6, 2018. It was a huge success.

ANNOUNCEMENTS - None

ADJOURNMENT – 8:55 pm



Patricia Jackson, City Manager



Joe LaCascia, Mayor

CONSENT AGENDA
January 16, 2018

MAY ALL BE APPROVED BY ONE VOTE OF COMMISSION TO ACCEPT CONSENT AGENDA. Commission Members may remove a specific item below for discussion, and add it to the regular agenda under New or Unfinished Business, whichever category best applies to the subject.

A. CITY CLERK

1. Accept minutes – December 18, 2017– Regular City Commission Meeting

B. REPORTS

1. Building Report – December 2017
2. Code Enforcement – December 2017
3. Library Report – December 2017
4. Polk Sheriff's Report – December 2017
5. Public Works Report – December 2017

C. OTHER

Hartman Consultants, LLC

www.hartmanconsultant.com

HC #14035.00

January 12, 2018

Mrs. Patricia Jackson, City Manager
City Hall
123 Broadway Boulevard, SE
Polk City, Florida 33868

**RE: Engineer's Allocation For Use of Impact Fees
For the Public Works and Utilities Complex**

Dear Mrs. Jackson:

This letter provides the type and magnitude of the General Fund Impact Fees and the Water or Wastewater Enterprise Fund Impact Fees that can be used for the above referenced improvement project.

The total project cost is estimated at \$450,000. To the extent that the actual total project cost is greater or less than the estimate a ratio factor should be used (i.e. actual project cost divided by \$450,000 (the estimate)).

The first step is to disaggregate the project cost to a general fund activity and to a water/wastewater utility activity. The considerations used herein are:

<u>Item</u>	<u>Description</u>	<u>Total</u>	<u>Utility E.F.</u>	<u>General Fund</u>
1.	Employees	9	5.5	3.5
2.	Vehicles	8	5.5	2.5
3.	Equipment			
	- Truck	1	---	1
	- Front End Loader	1	0.5	0.5
	- Tractor	1	0.5	0.5
	- Lawn Mowers	2	1	1
	- Bush Hog	1	0.5	0.5
	- Crane Truck	1	1	---
	- Generator Mobile	1	1	---
4.	Supplies			
	- Rock	1	0.5	0.5
	- Sand	1	0.5	0.5
	- Asphalt	1	---	1
	- Misc. Inventory	1	0.5	0.5
	- Water Pipes, Meters, etc.	1	1	---
	- Sewer Pipes, Chimneys, etc.	1	1	---
	Totals	31	19	12

Based on the above disaggregation the improvements will be used 19/31 or 61% for Utilities and 12/31 or 39% for General Fund activities.

Impact fees are used to fund the growth, expansion or the replacement of existing capacity.

The City's growth has been the following over the past six (6) years:

2012 - 1572
2013 - 1582
2014 - 1630
2015 - 1623
2016 - 1793
2017 - 1980

The above reflects an approximate population growth of 68 persons per year. The general fund property at the proposed complex is expected to have an average remaining service life of 35 years. I will use 50 persons per year due to historically lower growth.

The utility's growth has been greatly impacted by utility acquisitions of the Polk City Water System in 2002 from the City of Lakeland which had some 1,040 customers at the time and the Mount Olive Water and Wastewater Systems in 2008 which had some 800 water and

800 sewer connections. Then in 2010 the City secured its 180 water and sewer service area involving some 37.3 square miles.

	Customers	
	Water	Sewer
2009	2,000	800
2010	2,200	1,000
2017	2,300	1,100

The utility growth is at an historical approximate average rate of 37.5 customers per year. The utility property at the proposed complex is expected to have an average remaining service life of 35 years.

The second step is to establish the growth component versus existing customer/resident component for the services provided. Those calculations are below:

1. General Fund - Citizens/Population

Growth - $50 \times 35 = 1,750$
 Existing 1,980
 Total Served 3,730

Growth Component
 $1,750/3,730 = 47\%$

2. Water Utility - Customers

Growth - $37.5 \times 35 = 1,313$
 Existing 2,300
 Total Served 3,613

Growth Component
 $1,313/3,613 = 36\%$

3. Sewer Utility - Customers

Growth - $37.5 \times 35 = 1,313$
 Existing 1,100
 Total Served 2,413

Growth Component
 $1,313/2,413 = 54\%$

Allocation of Impact Fee Fund Reserves to the project.

Assume total project cost = \$450,000.

61% = Utilities = $0.61 \times 450,000 = \$274,500$. Assume Water and Wastewater as equal for this project, therefore,

Water = $274,500/2 = \$137,250$ total Water Growth Component = 36%
Water Amount of Impact Fees = \$49,410

Wastewater = 137,250 total Wastewater Growth Component = 54%
Wastewater Amount of Impact Fees = \$74,115

39% = General Fund = $0.39 \times \$450,000 = \$175,500$
Growth Component = 47%
General Fund Amount of Impact Fees = \$82,485

Total Project	-	\$ 450,000
Water I.F.	-	(49,410)
Wastewater I.F.	-	(74,115)
General Fund I.F.	-	(82,485)
<hr/>		
Net Amount Not Funded by Impact Fees		\$ 206,010
Amount Funded by Impact Fees		\$ 243,990

The \$206,010 can be funded from a variety of sources including reserves, a bank loan or an inter-fund loan, etc.

I believe the above addresses the City's request.

Very truly yours,

Hartman Consultants, LLC


Gerald C. Hartman
Florida P.E. #27703
BCEE #88-10034
ASA #7542



City of Polk City
 Analysis of Cost Allocation of City Hall

		Utility Portion 33%	General Govt Portion 52%	Public Safety Portion 20%
Total Cost of City Hall	2,429,598.89			
Less: USDA Loan	(1,749,018.60)			
Less: USDA Grant	<u>(200,000.00)</u>			
Total Costs incurred by the City	480,580.29	158,591.50	249,901.75	96,116.06
2007 Activity				
Public Facilities Impact fees used			(23,423.27)	
2008 Activity				
Public Facilities Impact fees used			(68,517.50)	
Public Safety Impact Fees used				(50,891.13)
2009 Activity				
Public Facilities Impact fees used			(3,120.16)	
Public Safety Impact Fees used				(2,970.30)
2010 Activity				
Public Facilities Impact fees used			(6,992.04)	
Public Safety Impact Fees used				(3,960.40)
2011 Activity				
No impact fees		-	-	-
2012 Activity				
No impact fees				
Amounts Remaining at year end		<u>158,591.50</u>	<u>147,848.78</u>	<u>42,254.63</u>

Per discussion with City Manager, it was noted she had allocated costs of the new City Hall across three departments... the utility department, public safety and the remainder general government. Her reason for this allocation is that she is planning on utilizing the impact fees collected by the City as payment for the City portion of the City Hall costs as well as debt service on the USDA loan going forward. As noted above, they have utilized all of their public facilities and public safety impact fees as of 9.30.2008 and none will be allocated against interest and principal payments on the debt service. In future years when the City cost has been recovered through impact fees, an accounting of debt service incurred will need to be completed and compliance with their impact fee ordinance regarding using them for debt service will need to be reviewed.

Purpose: This is an accounting of the client allocated costs incurred to build the new City Hall. This will carry forward the client reasonable allocation and the amounts of costs that are recovered through impact fees usage.

Source: Client Inquiry and prior year/current year w/ps (restricted assets and capital assets)

Conclusion: Based upon square footage it appears that the client's allocation is reasonable and the amounts carried from the capitalized cost of the building and allocated based upon the client's analysis. Furthermore, the amounts recovered regarding impact fees agree to restricted asset analysis from the current year and the previous years.

THIS IS CARRIED FORWARD FROM PREVIOUS YEARS AND WILL BE CARRIED FORWARD



Robert Loftin
SVP/Chief Commercial Officer

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Member FDIC

December 28, 2017

Ms. Patricia Jackson
City of Polk City
123 Broadway Blvd SE
Polk City, FL 33868

Dear Ms. Jackson:

Thank you for allowing Citizens Bank & Trust the opportunity to provide the City of Polk City with a Letter of Interest and Term Sheet for the city's proposed purchase of property to facilitate the Public Works Department. Following are the bank's proposed terms and conditions for your consideration:

Borrower: City of Polk City, Florida

Loan Amount: Anticipated to be either \$250,000 or \$350,000, not to exceed 80% of the purchase price of \$450,000.

Interest Rate & Terms:	<u>Loan Amt.</u>	<u>Rate*</u>	<u>Term</u>	<u>Approx. Pmt</u>
	\$350,000	3.50%	10 years	\$3,465/month
	\$350,000	3.90%	15 years	\$2,575/month
	\$250,000	3.50%	10 years	\$2,475/month
	\$250,000	3.90%	15 years	\$1,840/month

*All rates are quoted as Qualified Tax Exempt Rates.

Origination Fee: ¼ of 1% of the loan amount paid at the time of closing.

Repayment Terms: Monthly payments of principal and interest based on the terms selected.

Collateral: A First Real Estate Mortgage on the property and improvements being purchased(approximately 17 acres). An appraisal will be ordered by the bank with the loan-to-value not to exceed 80% of appraised value or purchase price(whichever is less).

Prepayment Penalty: None

Closing Costs: Typical recording and documentary related costs consisting of a real estate appraisal, survey, environmental assessments and title insurance as well as any legal counsel costs associated with legal opinions, loan documentation, etc.

Respectfully submitted,

Robert Loftin

Robert Loftin
SVP-Chief Commercial Officer

This letter constitutes an expression of our interest only based upon the information currently at hand. Any obligation to lend will arise only upon the satisfactory preparation, execution, and delivery of documentation in form and substance satisfactory to the Bank, including, but not limited to, the terms set forth above.

All terms and conditions expressed in this letter of interest are subject to change. The interest rate, fee and terms presented in this letter are for discussion purposes only and are subject to change. The actual interest rate, fee and terms offered will only be determined after the request has been fully underwritten and approved by the Bank.