

MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
SEPTEMBER 15, 2011

The Niceville City Council met in special session at 6:00 PM, September 15, 2011 in the Council Chambers, 208 N Partin Drive. All council members, and the Mayor were present. Also present were City Clerk Dan Doucet; City Manager Lannie Corbin; Director of Public Works Bruce Price; a member of the press and visitors in the audience. Mayor Wise called the meeting to order at 6:00 PM.

PUBLIC HEARINGS

Consulting Engineer Briefing - Mr Glenn Stephens, polyengineering

Mr Glenn Stephens, Polyengineering, Inc. briefed the council concerning his report on Debt Service Coverage Analysis and proposed water and sewer rates for the City of Niceville as required by bond covenants. He explained that bond covenants require that our net revenues be 1.15% of the debt service amount. Mr Stephens explained that our coverage is adequate for FY 2012, however, he recommended a 3 percent rate increase in FY 2012 to prevent a higher increase in FY 2013 since his statistics project a shortfall beginning in FY 2013 thru 2016. He stressed the importance of meeting the coverage test every year to prevent the city from defaulting on current bond issues, SRF and other loans that have coverage requirements. Discussion followed.

Financial Advisor - Mr Bill Fray, Fray Municipal Securities

Mr Bill Fray, our finance advisor, presented an overview of his written report to the council regarding our Annual Debt Management, our Investment Program and our Stormwater Program. He advised that the purpose of his report was to review policies and initiatives to help insure efficient and effective management of the City's debt and investments. He advised City's Debt and Investment Management covers a year of substantial disruption in the economy in general and in the credit and investment markets specifically. He advised the City has taken action to reduce debt cost and to maximize investment returns with investment security a highest priority. He stated the City historically has ratcheted down interest cost for debt when interest rate cycles allowed. Refunding City outstanding debt to lower interest rates has saved the City many hundreds of thousands of dollars in Present Value terms and even more in gross dollars. He advised that City management initiated a thorough review of specific depository security provisions protecting City funds. This was done to determine if additional action needed to be taken to protect and safeguard City funds during early stages of sub prime defaults.

He stated the City Debt Management and investment Program is serving its intended purpose. The City policies provides a proactive approach. This includes minimizing cost and maximizing investment return with safety the priority consideration. Whether its long

term planning to maintain high bond ratings, immediately refunding debt to reduce interest cost or addressing economic disruption to protect the City from negative impact, the City teams serves the City well. Mr Fray provided an overview of the Stormwater Management Program. He advised the City Storm Water Utility has analyzed various capital improvement plans, rate adjustments and projected revenue and expense assumptions. The \$1,500,000 grant has been included in the various scenarios to construct capital improvements. He stated certain calculations required for the SRF loan were completed and included in the application. SRF Loan number 50611P for \$602,139 was completed by the City and has a maturity date of February 15, 2016. The City Storm Water Utility has completed certain engineering for capital improvements and is reviewing additional funding options consistent with budget parameters. He stated the grant and below market loan put the City in an excellent position to minimize cost for the capital improvement plan. Discussion followed.

Resolution 11-09-01- A resolution amending Section 1, Table 1 of the City of Niceville Florida, municipal waterworks system rate Resolution No. 10-09-02 dated September 16 2010 to provide for a rate adjustment and providing for an effective date.

Mr Doucet read Resolution 11-09-01 by title. Councilman Thomas moved approval. Councilman Smith seconded. Mr Doucet explained that water bills for a 7,000 gallon customer (average user) will increase \$.58 a month over last year's rate. Mr James Doubois, 11 Chip Lane stated his home insurance, food, gas prices, medical plans and other expenses have escalated in recent years making it difficult especially senior citizens and young people to meet their financial obligations. He suggested consideration for establishing a senior discount. Discussion followed. Council Vote: Henkel-yes; Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes.

Resolution 11-09-02 - A resolution amending Section 1, of the City of Niceville Florida, Municipal Sewer System Rate Resolution No. 10-09-03 dated September 16, 2010, to provide for a rate adjustment and providing for an effective date.

Mr Doucet read Resolution 11-09-02 by title. Councilman Smith moved approval. Councilman Rominger seconded. Mr Doucet explained that sewer bills for a 7,000 gallon customer (average user) will increase \$ 1.40 a month over last year's rate. Discussion followed. Council Vote: Henkel-yes; Schaetzle-yes; Thomas-yes; Rominger-

yes; Smith-yes.

Resolution 11-09-03 - A resolution amending Resolution No. 10-09-04, September 16, 2010 of the City of Niceville, Florida, increasing the Stormwater Utility Rates and providing for an effective date.

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Mr Doucet read Resolution 11-09-03 by title. Councilman Smith moved approval. Councilman Thomas seconded. Mr Doucet explained that the rate increase is a 3% increase. No one spoke for or against. Council Vote: Henkel-yes; Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes.

Resolution 11-09-04 - A resolution increasing the Sanitation Tipping Fee and providing for an effective date. Mr Doucet stated that effective October 1, 2011 the county is increasing their tipping fee for garbage by 2% which is a CPI increase. To accommodate this increase we must raise our residential tipping fees from \$13.11 to \$13.37 per month and also raise our

Commercial Tipping by 2%. The rate changes are included in our proposed budget for FY-12. Councilman Smith moved approval. Councilman Henkel seconded. Mr Don Poe, a local business owner stated that all rates are going up making it a squeeze on all business owners and stated he is speaking especially for his employees and lower income families. He stated in his opinion the rate increase is not associated with CPI. Discussion followed. Council Vote: Henkel-yes; Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes.

Ordinance 11-09-04 - An ordinance of the City of Niceville, Florida levying the AD Valorem Property Tax millage rate for municipal purposes on all taxable property within the City for the Fiscal year beginning October 1, 2011 and ending September 30, 2012 stating the percentage by which the millage to be levied exceeds the rolled-back rate; and providing for an effective date. (First Reading)

Mr Doucet read ordinance 11-09-04 in it's entirety and stated the proposed millage rate of 3.65 is the recommended rate for FY-12. He stated the percentage by which this millage rate to be levied exceeds the rolled-back rate of 3.7177 (computed pursuant to Florida law) is -1.82%. Mr Doucet advised that the revenues received will be used to defray budgeted General Fund Expense. Councilman Smith moved approval on first reading. Councilman Schaetzle seconded. No one spoke for or against. Mayor Wise asked for a roll call vote: Council Vote: Henkel-yes; Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes. Motion passed.

Ordinance 11-09-05 - An ordinance adopting the final budget for the City of Niceville for the fiscal year commencing October 1, 2011; an ordinance adopting and approving the appropriations set forth in said budget for the fiscal year commencing October 1, 2011; and providing for an effective date. (First Reading)

Mr Doucet read ordinance 11-09-05 by title and provided an overview of estimated revenues and expenditures as follows:

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General Fund

Total estimated revenues and expenditures: \$9,217,860

Special Revenue (Franchise and Utility Tax)
Total estimates revenues and expenditures: \$2,750,500

Sanitation:

Total estimated revenues and expenditures: \$2,768,050

Water and Sewer

Total estimated revenues and expenditures \$11,365,300

Storm Water Management

Total estimated revenues and expenditures \$1,493,230

Total Budget is **\$27,595,140**

Councilman Smith moved approval on first reading. Councilman Rominger seconded. No one spoke for or against. Council Vote: Henkel-yes; Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes. Motion passed.

SENIOR CITIZEN ADDITIONAL EXEMPTION:

Mr Doucet stated he received information for the Property Appraiser's Office advising that **101** Niceville residents applied for the additional \$25,000 exemption this year. To

qualify for the exemption the property owner must be at least 65 years of age as of January the 1st of the year they want to file. Their total household adjusted gross income for the 2011 tax year cannot exceed **\$26,203**. The additional senior exemption could save a property owner up to **\$91.25**. Thus, it was a good decision by the council to approve this provision for our lower income seniors.

Ms Vickie Ritchson, 105 Lincolnshire Drive, suggested consideration in the future to establish some type of impact fee to set aside funds to support expensive equipment purchases such a ladder truck for the Fire Department and other purchases. Mr Corbin stated we do have impact fees in place to include a fire impact fee. Discussion followed. She inquired about the need for increasing rates in the future beyond the current Capital Improvement Plan (CIP). Mr Doucet stated that as projects are completed there will be more

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projects added to the CIP based on requirements to maintain the system. Discussion followed. Mr Corbin thanked Mr Glenn Stephens and Mr Bill Fray for their excellent presentations.

Mr Doucet advised that the next budget hearing is scheduled for September 20, 2011 at 6:00 PM.

The meeting adjourned at 7:30 PM.

MAYOR

ATTEST:

CITY CLERK