

MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
SEPTEMBER 11, 2014

The Niceville City Council met in special session at 6:00 PM, September 11, 2014 in the Council Chambers, 208 N Partin Drive. All council members, except for Councilman Nodjomian, and the Mayor was present. Also present were City Manager Lannie Corbin; City Clerk Dan Doucet; Director of Public Works Bruce Price; Library Director Sheila Bishop; Technology Chad Morris a member of the press and 3 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. He recommended a 2.00 % rate increase for water and a 4.70 % rate increase for sewer in FY 2015. The average being 3.5%. 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. Mr Stephens answered several questions posed by the council.

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, and our Investment 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 the 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 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. Discussion followed. Mr Fray answered several questions posed by the Council.

Resolution 14-09-04- A resolution amending Section 1, Table 1 of the City of Niceville Florida, municipal waterworks system rate Resolution No. 13-09-02 dated September 12, 2013 to provide for a rate adjustment and providing for an effective date.

Mr Doucet read Resolution 14-09-04 by title. Councilman Henkel moved approval. Councilman Schaetzle seconded. Mr Doucet stated that bond covenants require that we maintain 1.15% coverage as outlined in our bond covenants. He stated that rates must be in place to insure those covenants are met. Discussion followed. Mr Doucet stated that a 7,000 gallon customer would pay \$ 0.57 cents more a month as compared to the current rates in place. He further stated that a 4,000 gallon customers would pay \$ 0.36 cents a month more. He further stated that the cost for Lawn Meter would increase from \$5.15 to \$5.40 per 1,000 gallons. He advised that construction water for each residential living unit would increase from \$275.00 to \$ 280.00. This rate increase for each commercial unit would also increase from \$275.00 to \$280.00 per 1,000 square foot floor space or fraction thereof. Ms Susan Hancock, 4462 Woodbridge Rd resides in the unincorporated area of Niceville stated she was very concerned about the increase in water and sewer rates. Her research stated that in the past 10 years the rates have increased approximately 50%. In comparison, Gulf Power, Okaloosa Gas and other utilities have only go up approximately 5%. She provided other information expressing her opposition to the rate increase. Mr Doucet stated that infrastructure projects are very expensive and are typically funded by bonds or bank loans that have become competitive in recent years. He reiterated that bond covenants and loans structured like bonds require that we maintain the 1.15% coverage. Mr Corbin stated that our proposed rates are 3.2% lower than the average rates of surrounding utilities. Discussion followed. Mr Ronald Swafford, 506 Matthew Street expressed his concerns about the water and sewer rates going up every year for the past 10 years. He stated he is a senior citizen on a limited income and his home insurance has gone up to an amount that is unaffordable. He made reference to other utilities that have increased , however, his income remains the same. Discussion followed. Mr William Slighter, 502 Sugarberry Ct expressed his opposition to the water and sewer rate increase. He also stated that he could find no announcements/information on the City web site regarding budget meeting dates/times. Discussion followed. Council Vote: Henkel-yes; Schaetzle-yes; Boudreaux-yes; Rominger-yes. Motion Passed

Resolution 14-09-05 - A resolution amending Section 1, of the City of Niceville Florida, Municipal Sewer System Rate Resolution No. 13-09-03 dated September 12, 2013, to provide for a rate adjustment and providing for an effective date.

Mr Doucet read Resolution 14-09-05 by title. Councilman Schaetzle moved approval. Councilman Rominger seconded. Mr Doucet stated the base rate will be increased from \$18.95 per month to \$19.86 and the per 1,000 gallon cost be increased from \$2.66 to \$2.78 not to exceed 16,000 per unit. He stated the rate for a 7,000 gallon customer would increase \$ 1.75 per month. He further stated the rate for a 4,000 gallon customer would increase to \$ 1.49 per month. He stated this change would also apply to Multiple Family, Apartments, Motels, and Trailer Parks and all Non- Residential customers. Customers on Water Well connected to Sewer from \$61.31 a month to \$64.34 a month. Customers not connected - Sewer Available: From \$18.95 a month to \$19.86 a month. Outside City Limits: A surcharge of ten (10) percent shall be added.

Resolution 14-09-06 - A resolution amending Ordinance No. 06-09-07, September 21, 2006 of the City of Niceville, Florida decreasing the Sewer Impact fee and providing for an effective date. The Sewer Impact Fee is being reduced from \$ 5,830 to \$ 2,830. The \$3,000 reduction is being added to Resolution 14-09-07 to increase the water impact fee as appropriate to offset future water projects that involve growth.

Mr Doucet read Resolution 14-09-06 by title. Councilwoman Boudreaux moved approval. Councilman Schaetzle seconded. No one spoke for or against. Council Vote: Henkel-yes; Schaetzle-yes; Boudreaux-yes; Rominger-yes. Motion Passed.

Resolution 14-09-07 - A resolution amending Ordinance No. 06-09-06, September 21, 2006 of the City of Niceville, Florida increasing the Water Impact fee and providing for an effective date. The current fee is being increased by \$ 3,000 shifted from Sewer Impact Fees.

Mr Doucet read Resolution 14-09-07 by title. Councilwoman Boudreaux moved approval. Councilman Schaetzle seconded. No one spoke for against. Discussion followed. Council Vote: Councilman Henkel-yes; Councilman Schaetzle-yes; Boudreaux-yes; Rominger-yes. Motion passed.

Resolution 14-09-08- A resolution increasing the Commercial Sanitation Tipping Fee and providing for an effective date.

Mr Doucet read Resolution 14-09-08 by title. Councilman Rominger moved approval. Councilman Henkel seconded. Mr Doucet stated that effective October 1, 2014 the County is increasing their tipping fees by 2%. He stated the anticipated revenue for commercial accounts is estimated to be \$ 9,560. Council Vote: Henkel-yes; Schaetzle-yes; Boudreaux-yes; Rominger-yes. Motion Passed.

Resolution 14-09-09 - A resolution decreasing the Residential Sanitation Tipping Fee and providing for an effective date.

Mr Doucet stated we implemented the “Enhanced Recycling Program” on 1 March 2014. We have tracked the county tipping charges to the City. Since there is no tipping fee charged for recycled materials we are reducing our fee to our customers based on program participation. The decrease represents a \$ 0.65 reduction per customer. Mr Doucet stated the County is increasing their tipping fees by 2% effective October 1, 2014. The 2% increase represents \$ 0.28, therefore the net reduction to the customer is \$ 0.37. Current tipping fee is $\$ 13.91 + \$ 0.28 = \$ 14.19$. When reducing the \$14.19 by \$ 0.65 results in a \$ 13.54 final cost per customer. Councilwoman Boudreaux moved approval. Councilman Schaetzle seconded. No one spoke for or against. Council Vote: Henkel-yes; Schaetzle-yes; Boudreaux-yes; Rominger-yes. Motion Passed.

Ordinance 14-09-02 - 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, 2014 and ending September 30, 2015 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 14-09-02 in it’s entirety. Councilman Schatezle moved approval on first reading. Councilman Rominger seconded. Mr Doucet stated the percentage by which the millage rate of 3.70 mills exceeded the rolled back rate of **3.6054** Mills (computed pursuant to Florida law) is **2.62%**. Mr Doucet advised that the revenues received will be used to defray budgeted General Fund Expense. No one spoke for or against. Council Vote: Henkel-yes; Schaetzle-yes; Boudreaux-yes; Rominger-yes. Motion Passed.

Ordinance 14-09-03- An ordinance adopting the final budget for the City of Niceville for the fiscal year commencing October 1, 2014 an ordinance adopting and approving the appropriations set forth in said budget for the fiscal year commencing October 1, 2014 and providing for an effective date. (First Reading)

Mr Doucet read Ordinance 14-09-03 by title and provided an overview of estimated revenues and expenditures as follows:

General Fund

Total estimated revenues and expenditures: \$11,424,470

Community Redevelopment Agency (CRA)

Total estimated revenues and expenditures: \$ 10,270

Sanitation:

Total estimated revenues and expenditures: \$ 2,854,800

Water and Sewer

Total estimated revenues and expenditures \$ 9,704,670

Storm Water Management

Total estimated revenues and expenditures \$5,542,200

Total Budget is \$ **29,536,410**

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

SENIOR CITIZEN ADDITIONAL EXEMPTION:

The Niceville City Council adopted an ordinance to allow an additional homestead exemption of up to the \$50,000 for any person who has the legal or equitable title to real estate and maintains thereon the permanent residence of the owner, who has attained age **65**, and whose household income does not exceed the current adjusted income limitation of **\$27,994** for 2014. As of today, there are **108** Niceville residents who have applied for Senior's Exemption. The additional senior exemption could potentially save a property owner up to **\$ 185.00**. Thus, it was a good decision by the council to approve this provision for our lower income seniors.

Mr Doucet advised that the next budget hearing is scheduled for September 16, 2014 at 6:00 PM.

The meeting adjourned at 6:40 PM.

MAYOR

ATTEST:

CITY CLERK