

MINUTES  
SPECIAL COUNCIL MEETING  
CITY OF NICEVILLE, FLORIDA  
AUGUST 17, 2023

The Niceville City Council met in special session at 6:00 p.m., August 17, 2023 in the Council Chambers, 208 N. Partin Drive. Mayor Henkel, Councilman Schaetzle, Councilman Williams, and Councilman Donahoo were present. Councilman Nodjoman attended by conference phone call. Councilwoman Alley was out of town on business and unable to call in. Also present were: City Manager, David Deitch; Deputy City Manager, Chad Morris; City Clerk, Dan Doucet; Deputy City Clerk, Wendy Farmer; Finance Director and Deputy City Clerk, Steven Rausch; Public Works Director, Johnathan Laird; and CRA Manager, Ammy Hanson. Christopher Saul of the Midbay News also attended. Mayor Henkel called the meeting to order at 6:00 p.m.

PUBLIC HEARING – FY24 Sanitation Fund, Stormwater Fund, and Niceville Community Redevelopment Agency (CRA) Budget Workshop

Mayor Henkel called on Mr. Deitch to begin his presentation.

Mr. Deitch greeted Mayor Henkel, the City Council and all in attendance. Tonight, we're going to talk about the CRA, the Sanitation Fund, and the Stormwater Fund. For tracking purposes, if you're looking at the printed budget report, the CRA section is pages 47 to 49. The Sanitation Fund is pages 62 to 66. The Stormwater Fund is pages 67 through 70. I will start with the Niceville CRA.

We are projecting revenues of approximately \$1.9 million, of which \$677 thousand is from tax revenues. The remainder is projected revenue from interest and \$1.2 million approximately, carried forward from this year, said Mr. Deitch. Our projected expenditures included \$744 thousand in professional services. The remainder is the \$1.2 million we have in the Niceville CRA. Are there any questions about the CRA, asked Mr. Deitch?

Mayor Henkel said I have one question, referencing the CRA and the property that we're trying to purchase. Have we got that figured out, asked Mayor Henkel? Mr. Deitch replied, regarding the \$950 thousand property on Bayshore, it's been purchased and paid for sir. Okay; I'm impressed, but did I see that asked Mayor Henkel? Ms. Hanson said I haven't received any of that documentation. Mr. Deitch said, Mr. Powell brought it over a week or two ago. We signed all of the closing documents on or around the first of August. The seller had asked for some time to get out of the building, I think until the end of August. I didn't have any concerns with that since we didn't have any plans for that building before the end of August anyway, said Mr. Deitch. Thank you, said Mayor Henkel.

Councilman Schaetzle asked Mr. Deitch to repeat the Niceville CRA FY24 Draft Budget amounts. Mr. Deitch began repeating them. Councilman Schaetzle said what was a little confusing to me is it says FY24 requested budget, and you're saying revenue. Mr. Rausch said page 47 shows CRA revenue and pages 48 and 49 show CRA expenses. Thank you for the clarification, said Councilman Schaetzle. No additional discussion of the CRA followed.

Mr. Deitch said, moving on to the Sanitation Fund, which again are pages 62-66, we are projecting revenues of approximately \$4.7 million, of which \$4.1 million is earned in charges for services. The remainder is projected revenue from interest, penalties, and cash carried forward from this year. With regard to our expenditures, most of our expenditures are associated with our Waste Management contract, for the collection and tipping fees. Additionally, our City-run bulk-waste program has ran well over-budget this fiscal year, so we're anticipating much higher expenses in FY24, including \$425 thousand for tipping fees, and \$150 thousand for vehicle maintenance. This proposed budget is using a little over \$541 thousand of reserve money from the Sanitation Fund in FY24. If this budget is approved, our Sanitation Fund reserves will be approximately \$174,000, which is approximately 3.6 or 3.7 percent of our annual Sanitation fund operating expenses, said Mr. Deitch.

The Sanitation Enterprise Fund is one of the funds that I've spoken with all of you about. It's woefully underfunded for operating cost and for revenues. So, we are actively researching options to shore up this fund. Whether it is the 4-cubic yard rule, which is two grabs of the claw, or it is outsourcing the bulk pick-up altogether, we are looking at a myriad of different options. We're still doing our homework and running the numbers. I anticipate at some point in the near future, I will be coming back to you for a rate increase for the bulk pick-up, of a couple dollars per month for residents. Again, I have a lot more homework yet to do before I make any recommendations to the Council, said Mr. Deitch. A lengthy discussion between Mayor Henkel, the City Council, Mr. Deitch, Mr. Morris, Mr. Doucet, and Mr. Laird followed concerning the service level, the fees charged, enforcing illegal dumping rules, waste removal contracts, and details of the options Mr. Deitch is exploring and may eventually propose to the City Council to best deal with the Sanitation Fund's budget and service challenges.

Councilman Schaetzle said, when we finally decide on the recommended increase for Sanitation Fund bulk pick-up, our alternative might be good to state too. If you cut down a tree, when you have yard waste, or when you have appliances, are you going to have to haul it away when the City does not do this anymore, how much is it going to cost you? It may be an easier sell. This is a convenience. It's costly, said Councilman Schaetzle. That's going to be part of the recommendation, said Mr. Deitch. What I envision is 4 cubic yards. That's two grabs of the claws and drive away. If you want anything more than that, you can call the City, and it's \$100 or whatever. I don't know what the number is. I'm just throwing \$100 as an example. We could afford that opportunity as well, but again someone

will pay for it, said Mr. Deitch. Are there any other questions about Sanitation, asked Mr. Deitch?

Councilman Nodjomian said I have one more. You or Mr. Laird had said we were schlepping up and down Highway 85 spending a lot of money on our trucks and now we're not. Yet, our repair and maintenance expense line has tripled from an average of \$55 thousand per year to \$155 thousand next year. Mr. Deitch said sir, that's for rebuilding three trailers that we already have. Mr. Laird said that's \$50,000 for three trailers. Mr. Deitch said sir, please stand by, we're taking a look at that right now. A discussion between Mr. Deitch and Mr. Laird followed. Mr. Deitch said sir, I've got the wrong number in there. That should be \$110 thousand, not \$150 thousand. Councilman Nodjomian said, and again it's extra because we're doing these rebuilds; that's what's bumping it up from its historic average? Mr. Deitch replied yes sir. Councilman Nodjomian asked, alright probably a \$40,000 to \$50,000 potential savings just on that one line item? Yes sir correct, replied Mr. Deitch. Okay, replied Councilman Nodjomian. No further discussion about the Sanitation fund followed.

Moving on to the Stormwater Fund which again is pages 67 through 70, said Mr. Deitch. We are projecting revenues of approximately \$3.96 million, of which \$2.1 million is the remainder of the American Rescue Plan Act (ARPA) money. That includes \$542,000 in charges for services and the remainder is interest, grants, and cash-carry-forward. Mr. Deitch said, with regard to expenditures, I budgeted for projects on Valparaiso Boulevard, where Mr. Laird and his team are going to remove deteriorating metal pipes and replace them with plastic pipe and then fill in the ditches. Gracie Lane is cleaning out a holding pond and then building slopes. The Bayshore Drive and Palm project is digging out and replacing some stormwater pipes. The Hill Lane road improvements project is to move traffic on Hill Lane to Marquette, and then ultimately over to Cadillac, so that it is easier to get onto Government, because where the traffic comes out on Government right now is right at the top of the hill as you're coming off John Sims Parkway, and everyone is racing up that hill. It's hard to get off, so we're going to build the road around Hill Road to push that exit out onto Government, further north, so that it's easier for our residents to get out of that neighborhood.

McEwen Drive includes work redoing the baskets near the high school, and then rebuilding the slopes on the pond. There's a Pine Lake and Pine Court, which is a realignment or a replacement of metal pipes, replacing them with plastic stormwater pipes. Over on Hart Street, there's a total roadway and stormwater design and build that we have planned.

This budget proposes using a little over \$1 million of reserve money in FY24. If this budget is approved, our Stormwater Fund reserves will amount to approximately \$841 thousand, which is approximately 21 percent of our annual Stormwater annual operating expenses.

Mayor Henkel asked, are there any other questions?

Councilman Schaetzle said, in the last couple of Council meetings, we talked about Marc Smith Boulevard and the walkway going in there. I think Mr. Laird mentioned pipes in there. Is that FY23 money, or is that something that needs to be accounted for in FY24? Mr. Laird answered, no sir; we have moved the fence like we said we would, so the sidewalk and utilities will all be on Huff Homes. We will pay about \$30,000 out of the Water and Sewer fund for a bore. All of the rest of the work is on the developer for Juniper West subdivision, said Mr. Laird. Thank you, said Councilman Schaetzle.

Mr. Deitch said, Mayor that's all I have for you and the Council tonight. Sanitation and Stormwater are two of our enterprise funds that are struggling. I'm going to have a proposal on both funds for you in the near future. So, I don't have anything else for you on the topics for conversations for tonight, however if you want to circle back on anything from Tuesday, following the emails I sent out to you late last night, I'll be happy to entertain any questions you might have.

Councilman Schaetzle said this is probably going to be a subject for a future budget meeting, but it may be something to think about. I was in a meeting this afternoon with J.B. Whitten, the mayor of Crestview, and also Mayor Bobby Wagner from Destin, and I asked them specifically about animal control code enforcement. We have seen over the last three years that Panhandle Animal Wellness Society (PAWS), which is the company the provides us with animal control, has increased their prices dramatically over the past 3 years. I have no idea what they are coming in with this year. Councilman Schaetzle said Mayor Whitten said to me, if you terminate your contract with PAWS, we cannot absorb your animal control services. So that is an option that I was looking at. Mayor Wagner said last year they refused to pay whatever it was, and said they might have negotiated down a little, but he didn't recall that it was significant. That's coming up. Did we get any information from PAWS on that, asked Councilman Schaetzle? Mr. Deitch said, I think we did. What's in the budget is what they gave us. It's \$105 thousand and change I think. That's the cost. It's significant. I think it's \$6.50 per house? Mr. Rausch replied, yes \$6.50 per resident, and the population of Niceville went up so that's the increase. More discussion followed about budgeting for animal control services in FY24.

Councilman Schaetzle asked if PAWS pin-points the location of the animal pick-up so it can be determined if it is within Niceville city-limits, or in the unincorporated County? When they send you this data for the next year's contract, did they include data like that? Do we have that, asked Mr. Deitch? Mr. Rausch replied, I know they send a report quarterly of their work. I don't know if it has the exact address where it was done, but it includes what they did. It probably has the address. I haven't looked at it closely in the last month or two. Councilman Schaetzle said I don't see it; as long as we are not paying for the County. And the County shouldn't be paying for us either, said Councilman Schaetzle.

Councilman Schaetzle said in our printed budget report there is a Code Enforcement officer and a Building Inspector. Where are we going on that? Are they one in the same, asked Councilman Schaetzle? Mr. Deitch replied no sir. I'm going to have two separate people doing those jobs. Councilman Schaetzle said okay, we share with Valparaiso right now. Mr. Deitch said, we don't sir. Last week, or the week before, I don't remember the exact date, as part of my reorganization, for fiscal reasons, I eliminated our code enforcement/building inspector position. We had two of them... a full-time position filled by Carl Scott and a part-time position filled by Bob McElroy, and I eliminated both of those positions, sir. So, we are now being serviced by the County. Mr. Purl Adams, who is the Building official for Okaloosa County, comes over every morning and does our plan reviews, inspections, etcetera, said Mr. Deitch. More discussion followed about the personnel changes in Building Inspections and Code Enforcement departments.

Councilman Schaetzle asked what the Central Garage department was, on page 32 of the FY24 Draft Budget? Mr. Rausch said that used to be the vehicle repair department, but it is no longer a department. Mr. Morris said our vehicle maintenance department used to have its own department. Basically, it's still in here because it has not rolled off yet. If you notice, there's not anything budgeted in the current year or next year. In two or three more years, that won't be a part of this report anymore. We're not using those expense line items anymore. Those personnel are in other departments now. The expenses are split up into the individual departments that the vehicles belong to. So, it's a more accurate representation of where the expenses should go. The only reason that it's in the report is because it has the historical information, said Mr. Morris. Thank you, said Councilman Schaetzle.

Mayor Henkel asked, are there any other questions from Tuesday night's discussion. If not, I'm sure you all have seen your email. If you haven't, I strongly suggest you review your email you received from the City Manager, talking about a couple things that he's advocating for. So, take a look at those things and make sure that you can bring those issues up to him separately if you want. Or, the next time we meet, if you've had a little bit more time to digest things you can bring it up at that point, said Mayor Henkel.

Mr. Deitch said, the next meeting is next Tuesday night, at 6 p.m., right here. We're doing Water and Sewer Department's proposed budget. Mr. Doucet said, and Water and Sewer rates.

Councilman Nodjomian said I will be in Phoenix. Do you know if Councilwoman Alley is going to be back? Mayor Henkel said, I don't, but we will get in contact with her.

Mr. Deitch said, we have two meetings next week, one on Tuesday and one on Thursday at 6 p.m. That will be Water and Sewer on Tuesday and the non-profits on Thursday.

Mr. Deitch said, alright gentleman, that's all I have for you unless you have any more questions. Mayor Henkel said thank you very much.

The meeting adjourned at 6:34 p.m.

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MAYOR

ATTEST

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CITY CLERK

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