

MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
August 18, 2022

The Niceville City Council met in special session at 6:00 PM, August 18, 2022 in the Council Chambers, 208 N. Partin Drive. Mayor Henkel and all Council members were present. Also present were: City Manager, Lannie Corbin; City Clerk, Dan Doucet; Steven Rausch, Finance Director and Deputy City Clerk; Chief Mayville, Fire Chief; Chief Popwell, Chief of Police; Johnathan Laird, Public Works Director; Chad Morris, Information Technology and Purchasing Department Director; and Ammy Hanson, CRA Manager. Mayor Henkel called the meeting to order at 6:00PM.

PUBLIC HEARING

Councilwoman Alley asked if funding, for Livestreaming the Council meetings in this Council Chambers building, was included in the FY23 Draft Budget now? Mr. Morris said that funding to cover that expense was available in the FY23 Draft Budget. Councilwoman Alley asked if funds were included to upgrade the City Council Chambers? Mr. Rausch said the funds were included in with Governmental Services, under the Professional Services expense budget, \$100,000 for engineering services. The expense is offset by \$100,000 of debt proceeds in the General Fund revenue budget. Councilwoman Alley asked can you tell us what page that will be on in the budget document? Mr. Morris said that is on page 11 on the budget detail document. It was \$103,200. That was bumped up to \$203,200. So, we have \$100,000 for design services, said Mr. Morris. Councilman Nodjomian asked, as we talk about design services, are we just talking about this building, or are we talking about the Mr. Corbin's office complex and the Finance office complex too? Mr. Morris replied, we're just talking about the Council Chambers. Part of the decision will be if it is just for the carpet side, or if it is for the carpet side and the tile side of the Council Chambers. Deciding what needs to be done and how it will be done will be part of the design process, said Mr. Morris.

Mr. Morris said there was some discussion about salaries. We have gone back and changed the 3 percent to 10 percent for salary calculations. That's across the board. That is in the balanced budgets. I did not mention Tuesday night that the employee health insurance amounts are still in question. The most current quote we have has a 23 percent increase. That is actually down from the first quote we received, which had a 60 percent increase. We don't have the detail break-out for that, so the insurance line-item expense budget amounts are subject to being changed a little bit, said Mr. Morris.

Mr. Morris said, we're waiting on some claims detail paid out over the past couple of years from Blue Cross Blue Shield, so we can receive a competitive bid from United Healthcare and a couple of other healthcare providers. The way the insurance industry works is they

don't have to give us a quote until 30 days before the term ends. Our term starts on October 1st, so it is sometimes difficult to get final information. We're looking at that. Mr. Powell sent them a letter so we could get that information from them, so we can go out for pricing from some other companies too, said Mr. Morris. We are expecting to get that information back from them this week, so we can get some other quotes in the next couple of weeks. Obviously, we need to get things finalized in the budget, said Mr. Morris.

Mr. Morris explained some of the FY22 budgeted amounts, shown for comparison purposes on the Niceville FY23 Draft Budget Information report, did not update properly. When that information was moved over, somehow the previous year's information had been there. So that was the reason those numbers didn't match up. Mr. Rausch fixed that. He found that issue and took care of it.

Mr. Morris said, in the Streets Department the "Salary" expense had a \$50,000 discrepancy that was brought to light. We're still looking at some things. In the spreadsheet, used to do the budget calculations, we found one employee whose rate of pay had been mistyped as \$30 per hour instead of \$20 per hour. Somebody had hit the three instead of the two. That accounts for about \$21,000 of that \$50,000, and we're going back and reviewing the rest of them to see where the rest of that was. We don't think there are many if any more of those, but we are making sure all of them were correct, said Mr. Morris.

Regarding questions about Panhandle Animal Welfare Society, Inc. (PAWS), we have made contact with City of Crestview and spoke with them. They are hiring three people for their animal control. They're also training two of their police officers as backup for that. They still had their old animal control building. They leased a place in Laurel Hill temporarily while they renovate the old animal control building in Crestview. They are now using that, and they used a vehicle that they already had in the fleet for their personnel to use. They operate from 8 a.m. to 5 p.m. and they are on call 24 hours per day.

I don't have dollar amounts of what it costs, but a large part of their savings was due to the fact that they already had their old animal control building. For what we're looking at, if we were to try to go that same route, we would first have to build a facility that meets all of the requirements. If we hire two people, just with the salaries of those two people, and not counting the construction of the new facility, we are pushing close to what the contract amount with PAWS would be. From a cost perspective, if you are just looking at cost, it doesn't appear to be a cost-effective idea to do our own animal control. The cost of the building is allocated over time, so you could make an argument if you needed to, but it would increase the cost to the City substantially the first year, said Mr. Morris.

I have not verified with every other city, but I have been told, Crestview is the only one in the County that is not using PAWS for animal control services. I know Destin discussed using another service provider, and they have decided not to because it was not cost-effective for them. I believe Okaloosa County talked about it some last year and I'm not

sure of what the results of that were, but they're still using PAWS, said Mr. Morris.

Councilman Schaetzle asked, on your discussion with your point of contact at Crestview, was there any further discussion with them, since they have the facilities, to partner with Crestview instead of PAWS? Mr. Morris replied, there was not any discussion about that. I was just getting information about what they were doing at this time. That could be something that we could look into I'm sure, if that's what the Council would like me to do. I can follow up with that and see, said Mr. Morris. Councilman Schaetzle said, it would just be a competitive quote. That's why you would ask. Mr. Morris replied, okay.

Mr. Morris asked, were there any other questions that you all had, that I missed, from Tuesday night?

Councilman Williams asked, that 10 percent would be across the board, not a 10 percent salary amount which the department head could use to avoid compression of the pay scale, so a sergeant that just made sergeant this year would not make the same amount as a sergeant who had been a sergeant for seven years? I think it would be in the best interest to allow this because they know their department the best, said Councilman Williams.

Mr. Morris replied, we did a 10 percent calculation, and increased salary line-items based on that 10 percent salary increase, across the board, based on what we're currently paying each individual. However, those funds are available within the salary line-items. Mr. Corbin allocates those. He's the one that allocates those out, in consultation with the department heads. Mr. Corbin said, the department heads would have 10 percent. Some in their department might get 3 percent. Some might get 13 percent. It all depends on how the employees are doing. It's not going to be 10 percent across the board for every employee, said Mr. Corbin. Councilman Williams said, I'm sure the department heads know which employees are working really hard and going above and beyond. Mr. Corbin said, you would think the supervisor would know.

Councilman Williams asked would that employee get the same 10 percent as the guy that is just doing the minimum? Mr. Morris said, that's not what we're saying. The pay raises would actually be given out based on the supervisor's recommendations and how well the employee was working and things like that. The dollar amounts that were used in the budget are based on a 10 percent, across the board pay increase. We didn't go through each employee and decide on what each should get. Councilman Nodjomian said, if the City's payroll was \$10 million last year, it is going to be \$11 million this year. You're putting a million dollars, which is 10 percent into payroll, which would then be distributed to departments as needed to be market-competitive. Correct, said Mr. Morris.

Councilman Nodjomian said, that's also to accommodate growth of full-time equivalents (FTE). What was that amount? Mr. Rausch replied, within the General Fund, it resulted in a total increase, which included all of the payroll-related costs, of around \$670,000. Then

there was some increase in the Water and Sewer fund and Sanitation Fund also. I don't have those numbers right away, but all together it was a little over a million dollars, said Mr. Rausch. Councilman Nodjomian said, right. So, it was a little over a million dollars.

Mr. Morris said, just to be clear, when we went through and were looking at things, there was a stormwater project that we decided to postpone for another year. We've been making it work for several years. We can continue to make it work for that. It was an American Rescue Plan Act (ARPA)-funded project. So, we were able to back out the reserves, so we weren't pulling anything out of reserves in the Stormwater Fund, and we were able to use some of that ARPA money in the General Fund, to help balance it as well. We are still looking at some options. Councilman Nodjomian, you had asked to be able to bring it back down to having a 3.7000 millage rate, said Mr. Morris. We are still working on that as well. Councilman Nodjomian replied, I appreciate that.

Mayor Henkel asked, are there any other questions? Councilman Schaetzle asked, as you look at the salaries expense for FY22 and FY23, and this is probably a question for Steve Rausch, is ARPA funding still available to apply to salaries expenses? Mr. Rausch replied, yes sir. There are several categories, that you can use ARPA funds under, when you report it once per year. One of them is "lost revenue", and if your government received less than \$10 million, as we did, they won't question how it is spent, as long as you follow some basic rules. One of them is that it cannot be put into a retirement account. Another is the requirement to follow Code of Federal Regulations (C.F.R.) 200, which is a purchase regulation. You cannot do business with anyone on the list of vendors who have been disqualified because they have done something illegal or unethical. So, that's how we plan to file the report to the U.S. Treasury Department. Mr. Morris said, yes and some of that money is budgeted in salaries expense budget for the Police and Fire Departments.

Mr. Morris asked, are there any other questions or anything that I have forgotten that was asked? Obviously, we are still not completely finished. We still have some tweaks, and we're still looking at few other items in the General Fund, but tonight's about moving on to some other things. If there are any other questions please get with me or Mr. Corbin, or Steve Rausch.

Councilman Nodjomian asked, on your very first page of the Budget Information Summary, why is the total we are looking at tonight \$700,000 more than the same total on the report from Tuesday night? Mr. Morris asked is that from non-revenue? Mr. Rausch said, for the debt proceeds, yes. Part of that is the ARPA money that we moved out of the Stormwater Fund, said Mr. Morris. Mr. Rausch agreed, part of it was debt proceeds. Part of it was the individual for whom we had a wrong amount in payroll. Because of added expense, we had to find revenue, which we took out of ARPA and also, we changed the amount slightly that was budgeted to come from reserves.

Councilman Nodjomian asked, so you did all of these revisions so we would still be

balanced in our FY23 budget? So, what Councilwoman Alley asked to see, resulted in having to pull funds out of reserves and things like that? Mr. Morris replied, yes. Councilman Nodjomian said, we need that as part of our disclosure in our conversation. Nobody wants to be the bad guy up here and say we're not going to do the 10 percent pay raises, but people need to understand how we are going to get to 10 percent pay raises, said Councilman Nodjomian. Mr. Morris said, what we are pulling from reserves this year is substantially less than what we have pulled from reserves in previous years. More discussion followed about revisions to the General Fund budget. Mr. Morris said, I will send all of you an email explaining where that difference is, for the revenue for the General Fund, because it actually looks like the draw on reserves dropped about \$25,000.

Councilwoman Alley asked if you look at page 7, the one we received on Tuesday, and the one we received today, your total budget was \$21,297,000, and tonight's is \$21,993,000. So, it looks like it is \$696,000 more. Mr. Morris replied, that was the raises and increases. We haven't taken expenses out of the General Fund yet. We're still looking at how we can rearrange some things. That included the raises and the \$100,000 for the design work for this building, said Mr. Morris. I'll have some more details put together on that.

If there's nothing else, I think we're going to get started with the Community Redevelopment Agency (CRA) FY23 Budget, said Mr. Morris. Let's get started, said Mayor Henkel.

Thank you, Mr. Morris and Mayor Henkel, said Mr. Rausch. Good evening everyone I am going cover the Niceville CRA, and Ms. Ammy Hanson is here, so I'll just give you an overview of what I did, and if you have any questions, she may have more information about the details. It's an \$8,274,730 budget, which is more than 9 times bigger than last year, but there's a lot of work in this budget scheduled. Councilwoman Alley asked for the page numbers. Mr. Rausch said we're on page 27 in the Budget Information report and page 45. Mayor Henkel said okay, hold on. I'm getting questions while you're talking. The bottom line is on the Budget Information report it is page 27, and on the Budget Detail report it is page 45. Give us a second while they get there, said Mayor Henkel. Yes sir, replied Mr. Rausch. Go ahead, said Mayor Henkel.

Mr. Rausch said, on page 27 of the Budget Information report, which I printed darker, so I hope it is more legible, the ad valorem tax increment funding (TIF) is about half from the City and half from the County. It is basically just ad valorem tax revenue from the area that is part of the CRA district. That has been increasing every year, so this year it totals over \$700,000. The interest is based on the CRA fund balance, and the expected interest revenue is \$10,770, and I did a detailed calculation there. The information Ammy provided to me included that they plan to go for a \$7,000,000 bond. The CRA revenue budget shows the \$7,000,000 bond proceeds, and then \$553,510 of a draw on reserves, which is available in the fund balance for the CRA. In the expense section, we have a matching amount of expenses, which includes \$53,000 toward salaries for the CRA Manager and CRA Director.

The operating expenses are listed there. Mr. Rausch read all five lines of professional services, saying it all adds up to \$328,000. There's \$10,000 for training of staff.

Community Redevelopment Agency (CRA) (pp. 45-47)					
REVENUES:	FY22 -	\$815,410	FY23 -	\$8,274,730	914.79% Increase
Taxes:					
Ad Valorem TIF - City				349,960	
			Total:	\$349,960	(p. 45)
Intergovernmental Revenue:					
Ad Valorem TIF - County				360,390	
			Total:	\$360,390	(p. 45)
Interest & Other Revenues:					
Miscellaneous Revenue			Estimate:	\$100	
Interest Earned			Estimate:	\$10,770	
			Total:	\$10,870	(p. 45)
OTHER SOURCES:					
Debt Proceeds (Bond Issue)				\$7,000,000	
Draw on Reserves (Cash Carry Forward)				\$553,510	
				\$7,553,510	(p. 45)
EXPENSES:	FY22 -	\$815,410	FY23 -	\$8,274,730	914.79% Increase
Personal Services:					
Salaries - CRA Director			Estimated Cost:	\$25,000	
Salaries - CRA Manager			Estimated Cost:	\$28,000	
			Total:	\$53,000	(p. 46)
Operating Expenses					
Professional Services					
Engineering Services (Historic Downtown)			Estimated Cost:	\$175,000	
Landscape Design (Historic Downtown)			Estimated Cost:	\$75,000	
Engineering Design Services			Estimated Cost:	\$38,000	
Coordination of CRA Professional Services			Estimated Cost:	\$30,000	
Audit Services			Estimated Cost:	\$10,000	
				\$328,000	(p. 46)
Training					
Training for CRA staff			Estimated Cost:	\$10,000	

Dues and Subscriptions					
Dependent Special District Fee			\$180		
Dues and Subscriptions		Estimated Cost:	\$2,500		
		Total:	\$2,680	(p. 46)	
Capital Outlay					
Improvements Other Than Buildings					
Capital Improvements - Old Town Landing		Estimated Cost:	\$7,881,050		
		Total:	\$7,881,050	(p. 46)	

Mayor Henkel asked, you mentioned \$328,000. I’m looking and I see about \$340,000, and previous to that, on your Professional Services, I see \$318,000. Mr. Morris said, on the Budget Detail document, the line item below is \$10,000. That is added in, on the Budget Information report. Those two are combined. Mr. Rausch said, yes, the detail report sometimes breaks out the items on the summary, or Budget Information report.

Mr. Rausch said, page 28 of the Budget Information report has some more expenses for the Niceville CRA. The Dues and Subscriptions include the annual payment to the State for the special district fee of \$175, rounded up to the nearest \$10. Also, the Florida Redevelopment Association (FRA) dues are based on the CRA Budget total amount, so it is \$2,495, rounded up to \$2,500. For capital outlay the remainder of the budgeted revenue that is not used for other expenses is \$7,881,050. That’s included for capital improvements to the old town landing area.

Councilman Nodjomian said, there’s a lot here. Firstly, I think we put \$300,000 away for design. You went over that, \$318,000 minus the audit. That will be probably a full year’s effort. The actual dollars for improvements will not be expensed in FY23, said Councilman Nodjomian. You won’t put a single dollar in the ground next year. I can guarantee that, just knowing how long it takes to solicit engineering designs, get designs commissioned, and pull permits. So, we’re saying we’re going to spend \$7.8 million next year on construction, and we won’t. At best, it will be spent in future years, and it also won’t be spent at one time. It will be periodic draws over time, right? So, why is it depicted this way, asked Councilman Nodjomian? Mr. Morris said the \$7 million bond proceeds are put in there, on the off-chance that we get to that point before the end of September. A lengthy discussion followed about the budgeting of bond proceeds and the reasons for and against doing so. Mr. Morris said, if we don’t get to the point where we are ready to do construction, we probably will not be doing the bond issue. Right, Councilman Nodjomian replied.

Mayor Henkel said let’s move on. Mr. Rausch asked if there were any other questions about the Niceville CRA draft Budget for Ms. Hanson or me? Then, I’ll move on to the Sanitation Department. That is page 35 of the Budget Information report, which is pages 60 to 64 of the Budget Detail report. We’ll start on page 60 of the Budget Detail report, said Mr. Rausch.

Mr. Rausch said, the Sanitation Department has 13 full-time positions and they’re requesting one additional full-time position. They have charges for services of \$3,894,970.

**420 - SANITATION
(pp. 60-64)**

The Sanitation Department currently has 13 full time positions, and is requesting one additional full-time position, based on workload and The annual increase in the number of yard waste and bulk loads appear to be in line with growth; however, the increased volume of

REVENUE: (p. 60)	FY22 -	\$3,927,780	FY23 -	\$4,522,930	15.15% Increase
Charges for Services			Estimate:	\$3,894,970	(p. 60)
Miscellaneous			Estimate:	\$47,480	(p. 60)
Other Financing Sources			Estimate:	\$580,480	(p. 60)
			Total:	\$4,522,930	(p. 60)
EXPENSES: (pp. 61-64)	FY22 -	\$3,927,780	FY23 -	\$4,522,930	15.15% Increase
Professional Services			Estimated Costs:	\$18,000	
			Total:	\$18,000	(p. 61)
Auditing and Legal Fees			Estimated Costs:	\$14,500	
			Total:	\$14,500	(p. 61)
Repair & Maintenance Vehicles/Equipment					
Preventive maintenance, service and repair of trucks and			Estimated Costs:	\$60,000	
			Total:	\$60,000	(p. 62)
Repair & Maintenance - Contractual					
Materials and supplies for preventive maintenance and repairs;			Estimated Costs:	\$14,470	
			Total:	\$14,470	(p. 62)
Human Resources - R&M Other					
Labor for building maintenance & repairs			Estimated Costs:	\$5,000	
			Total:	\$5,000	(p. 62)
Machinery/Equipment:					
New Relay Trailers (13)			Estimated Costs:	\$420,250	
			Total:	\$420,250	(p. 63)
Equipment Reserves			Estimated Costs:	\$50,000	
			Total:	\$50,000	(p. 63)

Mr. Rausch read aloud the budgeted amounts for the three major categories of Sanitation Fund revenues, then moved to the page 60 of the Budget Detail report to review the major revenue sources. Looking at the revenue more specifically, the largest one is residential tipping fee revenue, which is revenue from charging customers for picking up their trash. It also includes haul-offs, where we haul the things the trash company won’t pick up to the dump for Niceville residents. The tipping fee expense is what we charge customers to cover the dump charges for both our own trucks and the Waste Management company trucks to dump their trash. The residential sanitation operating income is for just picking up the trash. The commercial revenues are the same thing, but for businesses with both of those.

Mayor Henkel asked, when you look at the “Residential Sanitation” operating income for the FY22 budget, and you see what the FY23 budget is, you can see that year-to-date we’re over \$100,000 underspent, and we’re still asking for another \$60,000. Mr. Rausch said, it looks like we’re going to be over budget. This has 10 months of revenue. If you look at year-to-date, it’s \$688 thousand. That comes to almost \$69,000 per month average. So, with two months, we can expect another \$138,000. That added to \$688,000 is \$826,000, so we’re going to be over our FY22 budget. Mayor Henkel said thank you. Mr. Rausch said there may be a small increase. Right now, Mr. Doucet is working with Waste Management to come up with a contract renewal.

Mr. Doucet said Mr. Doug Rainer is the new head guy over at Waste Management. We met yesterday and went through the franchise agreement. They have reformatted it with all of the latest detail in the agreement. We added in the things that we wanted in it. Next, it will go to Mr. Powell for legal review. So, it will be on the agenda for the September meeting. Hopefully, the second reading will be in October and it will be in effect when the franchise agreement begins on November 1st. They’re not the same rates. In January they’ll qualify for a Consumer Price Index (CPI) adjustment, like they normally do. Annual CPI is up or down, and that is in the month of January. So, we’ll be doing a good franchise agreement. I’ll be getting it to you as soon as it is finalized. I don’t have it right now. We should have that published within a week, said Mr. Doucet. Councilman Williams asked, and that’s a 5-year contract, right? Mr. Doucet replied, it’s a 5-year contract.

Mr. Rausch thanked Mr. Doucet. Are there any questions about the charges for services section of Sanitation revenue, asked Mr. Rausch? Councilman Schaetzle asked, at the very top of the Budget Detail report, when you first began, you said they had 13 full-time positions and they requested one additional position. There are two lines. But it looks like one line was cut off. Is there anything of significance that was cut off? It’s like a dangling phrase there, said Councilman Schaetzle. Mr. Rausch said, sorry sometimes the Excel box shrinks when the page breaks are changed, so I need to recheck that. I will have that fixed next time. I have not memorized what that says. It is likely related to the growth of the City, said Mr. Rausch. Mr. Morris said we will figure out what that says and email that out as well. It’s just general information about the Sanitation Department. There was something about the volume of trash had increased so that may have increased the cost a little bit. Thank you, said Councilman Schaetzle.

Mr. Rausch said, the next revenue section is “Miscellaneous Revenue”. It is interest. I calculated that on projected balances in the bank and projected interest rates. Right now, we’re expecting the money in the bank will be earning 1 percent as of October 1st. It will probably go up some after that, but it is hard to say how much because that’s a big question a lot of people are trying to figure out. Then, we are budgeting \$36,000 for penalties and miscellaneous receivables. That is from people who are late in paying their bill. Below that, “Cash Carry Forward” is a draw on reserves. It is \$602,480 said Mr. Rausch. You’ll see

when we get into expenses, why we're drawing on the reserves. It's a good reason. You'll see when we cover capital assets, said Mr. Rausch. The reserves are built up with depreciation and the reserves are used to buy capital assets, so that is a good use of reserves in my opinion.

Mr. Rausch said, moving on to expenses, if you want to just hit the big items, the salary includes the 10 percent pay rate increase. Under personal services, we have \$18,000 for professional services which would include medical expenses for testing new hires, and drug testing if needed. Mr. Morris said, it includes engineering expenses if needed. The accounting and auditing expense is the Sanitation Fund's portion of our auditor's fees. We increased the fuel budget a little to cover the higher fuel costs.

Mr. Rausch said, some of the other big expenses are down toward the middle of page 62 on the Budget Detail report and page 35 of the Budget Information report. In the middle C&D waste is construction and demolition waste. It's \$125,000, which is actually slightly down. We're just looking at the prior years and seeing what we think on average we're going to spend, because that's a pretty reliable way to forecast it, said Mr. Rausch.

With the residential and commercial waste expenses, just like with the revenue, we're doing our best to accommodate for a slight, gradual increase in the number of citizens, an increase in rates due to inflation and due to whatever contractual rates are negotiated, and we're also looking at the year-to-date actual expenses for 10 months and trying to project that out to the end of the year to come up with a reasonable expectation of FY23 costs to use in the budget. We don't want to get too close to reality because the budget is the upper limit, so we're not trying to budget the average expenditure. We're trying to budget a little bit above the average so we won't go over the upper limit, said Mr. Rausch.

Mr. Rausch said, near the bottom of page 62, we have recycling collection fees too. Later this year, we may have a couple of months with an increased rate, but we expect that increased rate will go back down by October 1st because they're going to have to close a site. Mr. Doucet said, on the recycling, the Escambia County Utilities Authority (ECUA) in Pensacola has some mechanical issues. So, they're having to transport the recycled materials to Montgomery. So, the tipping fee will be doubled, from \$50 per ton to \$100 per ton. But, it's only going to be a couple of months, and it should come back down once they repair it, said Mr. Doucet.

Mayor Henkel said, my understanding is that Waste Management is going to set up their own little recycling plant. Councilman Schaezle said, I heard that too. Mayor Henkel said, so it may come down quite a bit more, since they won't be going up to Montgomery. It sounds good, said Mr. Rausch. So, if we get that information from Waste Management, that we can expect lower costs, we will take that into account. Mr. Corbin asked, did they say when they were going to do that? Mayor Henkel replied, they're working on it right now. The way she was talking, they were going to be rolling it out reasonably soon. That's

a question you might want to ask. You might want to get with her and find out what the status is, said Mayor Henkel. Thank you, Mayor, said Mr. Rausch.

Mr. Rausch said, if you're ready we can turn to page 63 of the Budget Detail report, which is still on page 35 of the Budget Information report. Really quickly, just so you are aware, we did raise the price of the trash bags from \$7 to \$10 because we were losing money on them. They were charging us more than we were selling them for. So, now we're going to try to break even or come close to it.

Mr. Rausch said, under capital outlay, the \$420,250 includes \$200,000 for a new route truck. The other \$220,250 is for five trailers that are used to haul trash to the dump in Fort Walton Beach. Councilman Schaetzle asked Mr. Laird, are we retiring a truck? Mr. Laird replied, we will more than likely get rid of the oldest truck, a 2017 Freightliner. The new truck is an all-in-one unit. We won't have to unhook and hook up a trailer. We're going to use it for a lot of tree debris or furniture around the City. We will pick it up with one driver, take it straight to Kodiak and dump it, and come straight back to the route. So, we will save time by not having to come back to the yard and get a trailer, said Mr. Laird.

Councilman Nodjomian asked, so what did we divest ourselves from? A 2017 truck, did you say? Mr. Laird replied, that 2017 or we also have a 2016 Freightliner. A discussion followed about the value of the old Freightliner and why it was budgeted to be replaced.

Mr. Rausch said, the last item in the expense section of the Sanitation Department is the Equipment Reserves. That's just budgeting a little extra money in the expenses in case something comes up, and if not, then it just stays in the reserves. That's why it is labeled like that. And, that's how we balanced the Sanitation budget, said Mr. Rausch. Are there any other questions about Sanitation?

Let's move along, said Mayor Henkel. Mr. Rausch said, the next department we are covering is the Stormwater Management Department. That's on page 36 of the Budget Information report, and page 65 of the Budget Detail report. This time, it looks like I did a good time expanding all of these cells so you can read about it. I don't think you want me to read all of that to you, said Mr. Rausch.

Mr. Rausch said, it's a \$4,039,970 budget. I see a mistake. It says FY21, but that is a FY22 number, so if you would take a pen and make that change in ink, I will make sure to revise that when I go back to my office. But, that \$3,895,940 is from FY22, the current fiscal year we are in. The numbers under there include the ARPA revenue of \$2,160,040. If you want I can tell you exactly which pieces of infrastructure that is paying for. We cut some of that out, but we still have the Hill Lane project, the Valparaiso Boulevard project, \$200,000 for a dump truck, which was approved in the current year and is carried over because we won't get it this fiscal year. And, there's \$60,000 for the Gracie Lane project, said Mr. Rausch.

430 - STORMWATER MANAGEMENT					
(pp. 65-68)					
<p>There are 14 designated drainage basins in the City of Niceville’s Municipal Separate Stormwater Sewer System (MS-4) service area enveloping more than 4,600 acres. A majority of the land within 13 of those 14 drainage basin areas are, for the most part, built out primarily as medium and low density residential followed by commercial districts along the main travel corridors. The older developments and roadways in these 13 basins areas that were built prior to 1984 were not subject to stormwater regulation which resulted in stormwater being collected and directly discharged into nearby surface waters. The potential of new growth within these 13 basin areas is somewhat limited to infill development and redevelopment. The remaining 1,100 -acre Deer Moss Drainage Basin, which encompasses the Deer Moss Master Plan Development, is the last large tract of vacant undeveloped land within the corporate limits of Niceville. All future projects deemed as a major development must meet current water quality treatment standards and are subject to a complete review by city staff. There are currently 80 open stormwater treatment facilities, 21 miles of underground storm pipe and 1,500 associated drainage structures, 12 natural stream systems and a network of 33 manmade channels, ditches, ponds and grassed swales within the developed areas that are maintained by the City.</p>					
<p>The primary goals and objectives of the City’s Stormwater Management Program include:</p> <p>Inspection, Maintenance and Repair of existing drainage infrastructure : Periodic inspections and pre/post storm event inspections of the drainage system are performed by city staff. The Okaloosa County Inmate Work Squads perform a majority of the routine drainage maintenance. Drainage maintenance and repairs outside the scope of routine are performed by the Street Department with the assistance of the inmate work details and other public works departments.</p>					
<p>Flood Protection and Water Quality Improvements The city voluntarily participates in the National Flood Insurance Program’s (NFIP) Community Rating System (CRS) which recognizes and encourages communities that enact and enforce floodplain regulations. The city’s adopted Stormwater Standard operating procedures (SOP) includes the inspection and monitoring of all critical drainage facilities to insure those facilities are fully operational prior to and during any flooding event. The planning process for all drainage system repairs and retrofits includes flood protection measures and improved water quality treatment alternatives. The most recent installations of the two stormwater treatment vaults along Bayshore Drive are examples of the City’s efforts to address both drainage and water quality.</p>					
<p>Identifying the City’s future stormwater needs The 2018 Stormwater Master Plan addendum includes the capital improvement element which comprises a list of stormwater projects that identify the future goals and objectives of the city’s stormwater management program. There are 2 capital improvement projects in various stages of design and permitting. These projects are the Boggy Bayou Headwaters Project and the Thomas Branch Project.</p>					
<p>Compliance with federal and state regulatory programs Under the National Pollution Discharge Elimination System (NPDES / MS-4) permit the city must perform certain activities and meet specific goals referred to as Best Management Practices (BMP’s). Those activities include; Public education and Outreach, Public Participation/Involvement, Illicit Discharge & Detection, Construction Site Runoff Control and Pollution Control/Good House Keeping. The NPDES Permit is issued for a 5-year period however annual reporting is required to ensure compliance.</p> <p>The City’s Stormwater Utility provides a revenue source to address these needs, responsibilities and obligations. The management and implementation of the City’s Stormwater program is the responsibility of the Public Works Department. This department will continue to aggressively seek additional grant funding for the identified projects.</p>					
REVENUE: (p. 65)	FY21 -	\$3,895,940	FY23 -	\$4,039,970	3.70% Increase
Intergovernmental Revenues					
American Rescue Plan Act - for Infrastructure			Estimated:	\$2,160,040	
NFWF Thomas Branch Grant Project			Estimated:	\$200,000	
NFWF Boggy Bayou Restoration Grant Project			Estimated:	\$1,100,000	
			Total:	\$3,460,040	(p. 65)

Mr. Rausch continued, there are two National Fish and Wildlife Foundation (NFWF) grant projects. There’s \$200,000 from the Thomas Grant project grant to cover expenses toward that, and \$1.1 million for the Boggy Bayou Restoration Grant project.

Charge for Services:					
Revenue from Residential Customers:			Estimated:	\$369,000	
Revenue from Commercial Customers:			Estimated:	\$155,000	
			Total:	\$524,000	(p. 65)
Miscellaneous Revenues					
Interest Earned:			Estimated:	\$8,930	
			Total:	\$8,930	(p. 65)
Non-Revenues and Other Sources					
Customer Contributions (Impact Fees)			Estimated:	\$47,000	
			Estimated:	\$47,000	(p. 65)
			TOTAL REVENUE:	\$4,039,970	(p. 65)
EXPENSES: (pp. 63-65)	FY22 -	\$3,895,940	FY23 -	\$4,039,970	3.70% Increase
Professional Services - Engineering services for small projects and grant submittals. GIS Mapping of the storm water systems and development reviews.					
			Estimated Costs:	\$50,000	
			Total:	\$50,000	(p. 66)
Gasoline/Fuel					
			Estimated Costs:	\$3,000	
			Total:	\$3,000	(p. 66)
Transportation (Freight and Postage)					
			Estimated Costs:	\$1,000	
			Total:	\$1,000	(p. 66)
Electrical Service					
			Estimated Costs:	\$1,500	
			Total:	\$1,500	(p. 66)
Repair & Maintenance - Vehicles & Equipment					
			Estimated Costs:	\$5,000	
			Total:	\$5,000	(p. 66)
Repair & Maintenance - Other - Dredging (\$200,000), and material cost for repairs and maintenance of the stormwater system. (pipe, fittings, concrete, sod, base, asphalt, etc.)					
			Estimated Costs:	\$300,000	
			Total:	\$300,000	(p. 66)
Human Resources-RM other: Force account labor cost to perform all R&M other activities referenced above.					
			Estimated Costs:	\$100,000	
			Total:	\$100,000	(p. 66)
Repair & Maintenance - Contractual					
Inmate Work Squad Services Contract (100%)					
			Estimated Costs:	\$60,000	
			Total:	\$60,000	(p. 66)
Training/Certification					
			Estimated Costs:	\$2,000	
			Total:	\$2,000	(p. 66)

Under the “Charges for Services” revenue section, it shows we do charge the residents for their stormwater services provided by the City, and a little lower you’ll see there’s also an

impact fee charged to new residential and business construction. Mr. Rausch said, below that is the “Miscellaneous Revenue”, which is the interest. I calculated \$8,900 based on

Other Current Charges & Obligations	Estimated Costs:	\$9,000	
	Total:	\$9,000	(p. 66)
Operating Supplies	Estimated Costs:	\$30,000	
	Total:	\$30,000	(p. 66)
Dues, Subscriptions, Memberships	Estimated Costs:	\$600	
	Total:	\$600	(p. 66)
	Total Operating Expenses:	\$562,100	(p. 66)
Capital Outlay			
Buildings			
Pipe storage building at Campbell Drive	Estimated Cost:	\$10,000	
	Total:	\$10,000	(p. 66)
Machinery & Equipment			
Dump Truck - (Was approved in FY22 Adopted Budget)	Estimated Cost:	\$200,000	
	Total:	\$200,000	(p. 66)
Stormwater Projects			
Gracie Lane Woodridge - This work will include sediment removal from the stormwater pond that serves the Woodridge Subdivision and the regrading and stabilization of the entire site. (Note; This project may be started and completed this fiscal year as originally scheduled).	Estimated Cost:	\$60,000	
	Total:	\$60,000	(p. 66)
South Bayshore Drive (Tropopines)	Estimated Cost:	\$10,000	
	Total:	\$10,000	(p. 66)
Hill Lane Roadway Improvements	Estimated Cost:	\$950,000	
	Total:	\$950,000	(p. 66)
Bayshore Villas Outfall Retrofit - Replacement of an outfall pipe on Everglades Avenue that discharges into Palm Lake.	Estimated Cost:	\$25,000	
	Total:	\$25,000	(p. 66)
Valparaiso Boulevard Swale Restoration - This project will include the re-establishment of the grass stormwater swale along the north side of Valparaiso Boulevard between South Cedar Avenue and Bayshore Drive. These improvements will provide additional storage will improve the attenuation and treatment of the runoff from the roadway.	Estimated Cost:	\$600,000	
	Total:	\$600,000	(p. 66)

projected account balances and interest rates. Just below that is the \$47,000 of impact fees that I was just speaking about. So, that’s the revenue of \$4,039,970, a 3.7 percent increase.

Mr. Rausch said, for expenses, there’s \$50,000 for engineering services for small projects and grant submittals, and Geographic Information System (GIS) mapping of stormwater systems and development reviews. For the larger projects we decided to put the engineering costs in with the project, because that way, when it comes time to capitalize it, it is not as difficult a task, and we don’t want to be here all weekend, said Mr. Rausch.

Gasoline and fuel, we have increased to \$3,000 because fuel prices have kept going up. It was \$2,000 for the current year.

National Fish & Wildlife Foundation (NFWF) Thomas Branch Grant Project	Estimated Cost:	\$200,000	
NFWF Boggy Bayou Restoration Grant Project	Estimated Cost:	\$1,100,000	
Total NFWF Grant Projects:		\$1,300,000	(p. 67)
Capital Outlay Total:		\$3,155,000	(p. 67)
Debt Service (State Revolving Loan #506270)			
Principal	Expense Amount:	\$16,040	
Interest	Expense Amount:	\$6,830	
Total:		\$22,870	(p. 67)
Transfer to General Fund	Estimated Cost:	\$200,000	
Transfer to General Fund - IS	Estimated Cost:	\$100,000	
		\$300,000	(p. 67)
Stormwater Total Expenses:		\$4,039,970	(p. 68)

Mr. Rausch said I’ll stay with the bigger items. There is \$300,000 for “Repair and Maintenance-Other”. Of that, \$200,000 is for dredging. Mr. Laird said the outfall next to Bayshore Drive, in front of Giuseppe’s and Dana Pointe, as well another outfall along the lower end of Bayshore Drive next to Valparaiso Boulevard, were the areas that would be dredged using those funds. So, there’s three or four areas we are trying to dredge out this year and it is pretty costly, said Mr. Laird.

Below that, on page 37, there’s \$100,000 budgeted to do work, funded with Stormwater funds, by employees of the General Fund’s Streets Department. Sorry the explanation after that was cut off. I will pay closer attention to that problem in my spreadsheet, said Mr. Rausch.

Next there is \$60,000 for an “Inmate Work Squad” that is supposed to start working in January, right, asked Mr. Rausch? Mr. Laird replied, that’s what I heard from the prison. Moving on to page 38, the big item is the dump truck that was previously approved for FY22 but has not been received yet. We have the projects I previously mentioned listed

there. I mentioned some of them are going to be funded with ARPA funds. Below that, it shows the NFWF grant projects, which we also talked about, said Mr. Rausch.

Mr. Rausch said, then on page 39, the total capital outlay is summarized. It is \$3,155,000. The debt service is the state revolving fund (SRF) loan. It's the only SRF loan we have left and it's a small payment every year, going out another 12 or 13 years. The last thing is transfers from the Stormwater Fund to the General Fund, to help pay for the administrative services from Mr. Doucet's department, and for Information Technology services from Mr. Morris's department. So, that's what makes up the expenses, are there any questions about the Stormwater budget asked Mr. Rausch? Mayor Henkel said, any questions at all? Okay, none. What else do you have, asked Mayor Henkel?

Mr. Morris said, Councilwoman Alley requested that we discuss the naming of the Bayshore landing? Yes, replied Councilwoman Alley. A lengthy discussion of the potential names for that area followed. Councilwoman Alley motioned to name the shoreline area on Bayshore Drive, previously referred to as the landing, as "Boggy Bayou Landing". Councilman Nodjomian seconded. Council Vote: Nodjomian-yes; Schaetzle-yes; Alley-yes; Donahoo-yes; Williams-yes. Motion passed.

Mayor Henkel said, before we move on, I think we all received something on the CRA. Do you want to come up and address this to us? Ms. Ammy Hanson came forward and addressed the City Council. Hello, tonight I handed out to you the official copy of the feasibility assessment for an aquatic center in Niceville. It has maps of potential sites, as well as the places that were visited, and the places that we felt were most compatible with facilities in Niceville. One would be if we went low-end for just Niceville residents, and the other one is for if we should decide to build a multi-municipality facility that would pretty much target all of the County for usage. There is no local aquatic center that would meet the needs of competition swimming in Okaloosa County. They have to go to either Escambia or Bay County currently to do that.

Ms. Hanson spoke more, providing detail about the feasibility assessment presented to the Council members. Her presentation included a discussion about sports tourism, the draw of having a large swimming and diving facility in the area. The presentation turned into a discussion about how it could be funded. Ms. Hanson said it could use funding from the Tourist Development tax revenue shared by Okaloosa County. Councilman Nodjomian said it would not qualify for using Triumph Gulf Coast grant funding, and explained why.

Mr. Corbin said there are 10 acres where the Niceville-Valparaiso Regional Sewer Treatment Plant is now located. We own 75 percent of that and Valparaiso owns 25 percent. Right next to it is five acres owned by Eglin. Past that, Ruckel Properties has the rest of it. So, I don't know how much acreage we need, but 10 acres might be sufficient, said Mr. Corbin. Councilman Nodjomian said that's actually more than enough. There's a

lot of environmental remediation that is going to be required on that site though. And that's a big cost, said Councilman Nodjomian.

Councilwoman Alley said, if we can get the project moving forward, we can also go to our Representative Patt Maney, and he also can get funds from the State, if we can get to that place, to help fund the project. Councilman Nodjomian said, I think this project lends itself for some other grant funding as well, that are public health-related. More discussion followed about funding the project with grants.

Ms. Hanson said, if we build an aquatic center with deep water, she believes the Department of Defense may be interested because it does not currently have access to deep water pools for diver training of military personnel in this area. So, that's one of the things we are looking at speaking to them about. All of the sites that Mr. Corbin mentioned are potential sites and are in your package, so you'll see how large they are and where they're located.

Councilman Nodjomian asked, we can bond against our projected Tourist Development tax revenue, right? Yes, replied Ms. Hanson. Also, I wanted to tell you that in the Niceville CRA Budget, there's an additional \$25,000 for Matrix to assess potential economic effects of sports tourism from this project, as well as the \$13,000. Yes, \$13,000 is what we already have on our contract, said Councilman Nodjomian. Dr. McCartney had put together a proposal for doing this next year.

Councilwoman Alley said, we might be able to get some funds from the County as well. Ms. Hanson said, currently the County is not looking to use any of their funds for these types of projects, because Crestview is building a huge sports complex, which is where a lot of that money is going to end up. We approached Fort Walton Beach. We asked if they would put just a little bit of their funds toward this project and they said no, because obviously we just got this money. Everybody is spending it as fast as they can, said Ms. Hanson. Did you talk to Destin yet, asked Councilman Nodjomian? Not yet, replied Ms. Hanson. Councilman Nodjomian said, because they have more than anybody. Their proportion is huge.

We could come up with a joint-use agreement for their high school, said Councilman Nodjomian. Ms. Hanson said, currently they have the old YMCA that they're using. The whole idea is don't build a YMCA. The idea is to build a 50-meter, true competition pool, said Councilman Nodjomian. Ms. Hanson said, if we do this on a large scale, it would be a 50-meter pool, as well as a 25-meter pool, because you'll need a warm-up pool, as well as a competition pool. More discussion followed about the aquatic services that might be provided, the benefits to the community, and the potential cost and funding.

Mayor Henkel said I think you want to make sure we would also be providing a diving pool. Ms. Hanson said, it would be separate and it would be locked so it would only be

used if there were qualified professionals supervising the diving. It would be between 12 and 16 feet in depth for diving, said Ms. Hanson. Mayor Henkel said I've heard from more than one person that diving was important. There are several divers in our community who were at the professional level, and they feel that is very needed in our community, said Ms. Hanson.

Councilwoman Alley asked, so would this be a liner pool as opposed to a concrete pool? Correct, if we went with that Olympic swimming pool style, said Ms. Hanson. More discussion followed about the community excitement and encouragement for an aquatic center in Niceville.

Councilwoman Alley asked if the Aid to Organizations City Council Budget Workshop needed to be rescheduled? Mayor Henkel said even though I will be gone, Councilman Nodjomian will be gone, and Councilwoman Alley will be gone, you'll still have three Councilmen here, so I don't think we need to reschedule that. It's not decisional, just informational stated Councilman Nodjomian. Correct, said Mr. Morris. Mayor Henkel said so I don't need to reschedule that. Alright. Councilwoman Alley said, I will need to call in on Tuesday. Me too, said Councilman Nodjomian. Mr. Morris replied, okay. The next budget workshop is 6 p.m. Tuesday, said Mayor Henkel.

Councilman Nodjomian and Ms. Hanson discussed the dates and times for the Niceville CRA meeting and the Niceville Youth Advisory Council meeting. The Niceville CRA meeting will be on September 8th, starting at 4 p.m. The Niceville Youth Advisory Council meeting will be on September 13th at 5 p.m.

The meeting adjourned at 7:59 p.m.

MAYOR

ATTEST

CITY CLERK

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