

MINUTES  
SPECIAL COUNCIL MEETING  
CITY OF NICEVILLE, FLORIDA  
SEPTEMBER 7, 2023

The Niceville City Council met in special session at 6:00 p.m., September 7, 2023 in the Council Chambers, 208 N. Partin Drive. Mayor Henkel, Councilman Williams, Councilman Donahoo, Councilwoman Alley, and Councilman Nodjomian were present. Councilman Schaetzle attended by conference call. Also present were: City Manager, David Deitch; Deputy City Manager, Chad Morris; City Clerk, Dan Doucet; Police Chief David Popwell; Fire Chief Tommy Mayville, Deputy Fire Chief Matthew Webster, Children's Park, Community Center, and Library Director Sheila Bishop; Public Works Director, Johnathan Laird; Finance Director and Deputy City Clerk, Steven Rausch; and five other attendees. Mayor Henkel called the meeting to order at 6:00 p.m.

**PUBLIC HEARING – FY24 First Public Budget Hearing**

Consulting Engineer Briefing - Mr. Glenn Stephens, POLY-Inc.

Mr. Stephens greeted the Mayor and Council. I want to thank you for the opportunity to work on Niceville's water and sewer rates. We are thankful for the relationship we have with the City. As I have said before, we really enjoy working with the City of Niceville, with you and your employees. You should have a package in front of you and I'm going to put it on the screen, said Mr. Stephens.

On the cover, I want to point out that the Water and Sewer fund is an enterprise fund, which means that it has to generate its own revenue to support operation and maintenance, system renewal and replacement, etcetera. The next six pages are excerpts from your bond ordinance. There are a lot of definitions in there, said Mr. Stephens. Page 6 is the important page, where it talks about the rate covenant. It says you will fix a standard, and revise from time to time, whenever necessary, maintain and always collect such fees, rates, and other charges for the use of the products, services, and facilities of the system which will always provide net revenues in each fiscal year sufficient to pay 115 percent of the debt service requirement on all outstanding bonds in the applicable bond year. Mr. Stephens continued by providing more detail about what the bond covenants required.

Mr. Stephens said the water rates only increased one year in the last five years, and those increases averaged about half of one percent per year over that five years. The sewer rates were increased three times over the last five years, but only averaged about a one percent increase. Altogether your water and sewer rates have averaged an increase considerably less than one percent per year, said Mr. Stephens.

Mr. Stephens said, on the next page is your Capital Improvement Plan. These are the projects, that your staff and we have developed, that the system requires and for which funding is needed. I have drawn a line under line nine, which is the last of the projects budgeted for FY24. You will see that every project is already funded for this coming fiscal year. If you look at lines ten and below, you'll see a word there that I've highlighted, "other". What that means is you do not currently have the money to fund those projects. You will be required to fund those somehow in the future if you move forward with them, said Mr. Stephens. In our analysis of the rate coverage, it is assumed that you will borrow that money the year that it is needed and you will pay 5.5 percent annual percentage rate (APR) for 30 years. That's what we have in our model.

Mr. Stephens said, one thing I will point out, on project ten, is for the Deer Moss Creek (DMC) reclaimed water project, in FY25, there's a deficit there, for funds needed, of \$3,018,000. We have applied for a grant from the Water Management District for \$2,970,000. We really think it will be funded, said Mr. Stephens. If it is awarded, you will have grant money to cover most of that. The other "others" will require money that you do not have at this time, said Mr. Stephens. Councilman Nodjomian asked, for the reclaimed water project, it currently shows it is funded by the American Rescue Plan Act (ARPA) and "other". What portion of the \$5.9 million does ARPA cover? You've earmarked \$2.9 million of ARPA money, replied Mr. Stephens. Discussion followed.

Mr. Stephens said, we'll move onto the rate analysis itself. It's on page nine of your handout. Mr. Stephens explained some of the history of Water and Sewer fund revenue and expenses and detail about how revenue and expense amounts for future years were calculated and projected. Mr. Stephens said, we are projecting that next fiscal year, and every fiscal year following next year, you will not meet your debt services coverage requirements without rate increases, which means you will need rate increases. Mr. Stephens provided more detail about the required rate increases needed to meet debt service coverage requirements.

Mr. Stephens said, we are recommending you increase your water and sewer rates five percent for next fiscal year. Then, we're projecting if you increase the water and sewer rates another five percent for the next two years, and then two percent for the final two years, you should be okay to meet your debt service coverage requirements.

Councilman Nodjomian said, if the grant comes through, we're not looking at that debt line. Is that true? Mr. Stephens said, if the grant comes through, you would not be looking at debt until November of 2024. A discussion followed.

Councilman Nodjomian said, Mr. Deitch there's nothing in this budget that shows the revenue that we expect to get from reclaimed water. Mr. Deitch said, depending on what rates we charge, the model shows somewhere between \$224,000 and \$230,000 in FY24. A

discussion followed about the potential reclaimed water revenue and how the decision about that revenue would affect the need for water and sewer rate increases. Councilman Nodjomian said, I would like to see this coverage analysis done two different ways. One will show the projected income from the reclaimed water charges, and the other way will show coverage analysis without the charges. That should help the resolution go through by showing the importance of capturing the \$224,000 to \$230,000 of FY24 reclaimed water revenue said Councilman Nodjomian. We can do that sir, replied Mr. Deitch.

Councilman Nodjomian said, I have a pretty good feeling you're telling me that grant's going to come through. I'm not a fan of doing an unnecessary rate increase. Councilman Nodjomian and Mr. Stephens discussed the unfunded Water and Sewer projects scheduled for FY25 and beyond, and the impact potential grant funding might have on the need for the recommended Water and Sewer rate increases in FY24 and beyond.

Mr. Stephens said, let's compare how your rates would compare to surrounding utility companies. That's on page 16. If you were to increase your water and sewer rates by five percent, your average water and sewer bill, for your average customer using 6,000 gallons of water per month, would be \$74.39 per month. If you look at the average of the 13 surrounding utilities, their average water and sewer bill for 6,000 gallons is \$86.35. So, you would still be around \$12 per month cheaper than the average of the surrounding utilities. In fact, you would be lower than all but three of them, said Mr. Stephens. If you look at the average Niceville water and sewer customer who uses 4,000 gallons per month, you would be about \$7 per month lower than the surrounding water users who use 4,000 gallons of water per month. More discussion followed.

Councilwoman Alley asked, with a five percent rate increase, how much is that per month? Mr. Deitch said, ma'am on the water side, for a 4,000-gallon user, that's \$1.13 per month, and for 6,000 gallons, it's \$1.41 extra per month for residential customers. On the sewer side, a residential 4,000-gallon user, with a 5 percent increase will pay \$1.80 per month extra, and a residential 6,000-gallon user will pay \$2.12 per month extra. Combined that's \$2.93 per month for a 4,000-gallon per month customer.

Mayor Henkel asked, are there other questions? Do you have anything else Mr. Stephens? No sir. Thank you, replied Mr. Stephens. Councilman Nodjomian asked Mr. Deitch, did you take the task to redo this with the potential income stream as well? We'll see that next budget meeting? Yes sir; we can take a look at that, replied Mr. Deitch.

Mr. Deitch said the water and sewer rate increases are resolutions that are scheduled to be voted on tonight. A discussion followed about the resolutions. We don't need to address the resolution tonight. We can table this, otherwise it is a whole lot of work that doesn't matter if we vote no, said Councilman Nodjomian. True, said Mr. Deitch.

Mr. Deitch greeted the Council and attendees again. I'm going to start with the investment and debt briefing which is at tab 12 in your binders that we provided to you. As of this afternoon, we currently have \$11 million invested in U.S. Treasury Bills, which range between six months and two years maturity. Over the past month, Steve Rausch has made several sound investment recommendations that I subsequently directed him to execute. Mr. Deitch provided details of the investments. Combined, these investments will yield almost \$110 thousand more than they would have, had Steve not recommended these investment changes. Additionally, we have almost \$27 million in our cash operating accounts. Does anyone have any questions about our investments, asked Mr. Deitch. Councilman Nodjomian said that's fantastic; \$110,000 above and beyond for a relatively simple act. Thank you, sir. It was a team effort with Mr. Deitch, said Mr. Rausch.

Mr. Deitch said, regarding debt, we currently have approximately \$8.6 million in debt. This debt is spread across eight different loans, the bulk of which is a \$6.2 million balance on a loan which is a result of consolidating all of the Water and Sewer bonds into this one loan. This loan has an interest rate of 1.57 percent. The remainder of our loans have an interest rate of from 1.4 percent to 4.04 percent. Assuming we do not make any extra payments this year, we will pay off \$1.46 million in debt this year, and end the year with a debt balance of just over \$7 million. Are there any questions about our debt, asked Mr. Deitch? Councilman Schaetzle said I don't have any questions, but I do want to echo what Councilman Nodjomian said. I appreciate Steve Rausch's efforts in analyzing this and getting us more of a return on our funds. Thank you sir, replied Mr. Rausch

Mayor Henkel said moving on to Resolution 23-09-01, the water resolution. So, if we want to table this until September 21, we can certainly do that. Mayor Henkel said, I understand from at least one of the Council members, that is the recommendation. What do the rest of the Council members say, asked Mayor Henkel? Councilwoman Alley indicated agreement. Mayor Henkel asked Councilman Schaetzle, are you okay with tabling Resolution 23-09-01? Councilman Schaetzle said yes. I understand we will address it on September 21. Mayor Henkel said thank you. Then we will table Resolution 23-09-01.

Mayor Henkel said, moving on to Resolution 23-09-02, the sewer resolution. I assume the same result is going to end here as with Resolution 23-09-01? Mayor Henkel said, I'll once again query the Council. Are you good with tabling Resolution 23-09-02? I'll start with Mr. Williams? Yes, replied Councilman Williams. Mr. Donahoo? Yes. Ms. Alley? Yes. Mr. Nodjomian? Yes. And finally, Mr. Schaetzle, asked Mayor Henkel? Yes, replied Councilman Schaetzle. Mayor Henkel said, we will table Resolution 23-09-02 and address it on September 21.

Resolution 23-09-03 – A resolution amending section 1 of the Commercial Sanitation Tipping Fee Rate Resolution No. 22-09-03, dated September 8, 2022, to provide for a rate adjustment and providing for an effective date.

Mr. Doucet read Resolution 23-09-03 by title. Councilman Nodjomian motioned approval. Councilwoman Alley seconded. Mayor Henkel asked the Council if there was to be any discussion by the Council? No discussion. Would anybody in the audience like to address the Council about this resolution, asked Mayor Henkel?

Tammy Salsberry, 1104 Courington Court spoke against a rate increase. Mr. Deitch said, thank you for your questions. With regard solely to this commercial sanitation tipping fee in Resolution 23-09-03, effective on October 1, 2023, the County is increasing their tipping fees by 4.66 percent. The increase in commercial sanitation tipping fees is the Consumer Price Index (CPI) increase that the County has imposed. These rates are based on the size of dumpsters and frequency of pick-up. Both Resolution 23-09-03 and Resolution 23-09-04, that we are about to look at, are 4.66 percent increases that are imposed by the County when they looked at the CPI. Councilman Nodjomian said, I think it is important, and as I recall, these are contractual and are pass-through charges. They are not negotiable, said Councilman Nodjomian. In our contract if CPI increases, we have to pay that. Mr. Deitch said, that is correct. More discussion followed.

Mayor Henkel said, I think she also is asking, how are we notifying the public? Ms. Salsberry said, yes sir. Mr. Doucet said, we are required to advertise the resolution by title in the newspaper legal section. Ms. Salsberry asked, can you post it online, because I don't get the paper? We could consider that, said Mr. Doucet. A discussion followed. Mayor Henkel said, very clearly, I heard you say that you would like us to post these on the City website. We'll take that into consideration. I think it's an excellent idea, said Mayor Henkel. Thank you, replied Ms. Salsberry. More discussion followed.

Mayor Henkel asked is there any further discussion of Resolution 23-09-03? Councilwoman Alley asked, where are we on streaming our meetings as previously requested? Mr. Morris said, we have had a little bit of trouble with the audio picking up. We think we have that fixed. At the meeting on Tuesday night, September 12, we're going to be running it again to see if it is working and all of the audio is being picked up and clear as it can be, and it is not a problem with the equipment. Then we will be working on getting it somewhere. We are not sure yet what media we are going to be using to stream it. More discussion followed.

Council Vote: Williams-Yes; Donahoo-Yes; Alley-Yes; Nodjomian-Yes; Schaetzle-Yes. Motion passed.

Resolution 23-09-04 – A resolution amending the Residential Sanitation Tipping Fee Rate Resolution 22-09-04, dated September 8, 2022, to provide for a rate adjustment and providing for an effective date.

Mr. Doucet read Resolution 23-09-04 by title. Councilwoman Alley motioned approval. Councilman Donahoo seconded. Councilwoman Alley asked, is this a pass-through fee that

is passed to us? So, it's not just something that we're just coming up with? Mr. Deitch said, ma'am the County looked at the CPI to come up with the 4.66% increase. Mr. Deitch said this rate will increase from \$14.77 to \$15.46, which is a 69-cent increase per customer per month. No further discussion.

Council Vote: Williams-Yes; Donahoo-Yes; Alley-Yes; Schaetzle-Yes; Nodjomian-Yes. Motion passed.

Resolution 23-09-05 – A resolution amending Resolution 22-09-05, dated September 8, 2022, to provide for a rate adjustment increasing the residential recycling processing fee and providing for an effective date.

Mr. Doucet read Resolution 23-09-05 by title. Councilwoman Alley motioned approval. Councilman Williams seconded. Mr. Deitch said, Council this is a pass-through charge by the County. They looked to the CPI in requesting a 4.66 percent increase. For our residents, the monthly bill will go from \$1.16 to \$1.21, which is a 5-cent increase per customer per month in FY24. Mayor Henkel asked would anyone in the audience like to come before the Council to address the Council on Resolution 23-09-05? No one responded.

Council Vote: Williams-Yes; Donahoo-Yes; Alley-Yes; Schaetzle-Yes; Nodjomian-Yes. Motion passed.

Resolution 23-09-06 – A resolution amending Resolution 12-09-08, dated September 13, 2012 to provide for a rate adjustment increasing the Stormwater Utility rates and providing for an effective date.

Mr. Doucet read Resolution 23-09-06 by title. Councilman Nodjomian motioned approval. Councilwoman Alley seconded. Mayor Henkel asked Mr. Deitch, is there anything you would like to add? Yes sir, said Mr. Deitch. The City has not raised the Stormwater rates in 11 years. The monthly rate for a single-family detached residence is an increase of five percent. So, the rate will go from \$4.51 to \$4.74, which is a 23-cent increase per customer per month in FY24. No further discussion.

Council Vote: Donahoo-Yes; Williams-Yes; Alley-Yes; Nodjomian-Yes; Schaetzle-Yes. Motion passed.

Resolution 23-09-07 – A resolution amending Resolution 23-01-02, dated January 10, 2023, to provide for a rate adjustment increasing the yard waste service fee, and providing for an effective date.

Mr. Doucet read Resolution 23-09-07 by title. Councilman Nodjomian motioned approval. Councilman Donahoo seconded.

Councilman Nodjomian asked Mr. Deitch to explain Resolution 23-09-07. Mr. Deitch said Mayor and Council, we are requesting an increase the fee for the bulk and yard waste service that we currently operate, from \$5.02 per customer per month to \$6.00 per month. This is a 98-cent increase, or almost a 20 percent increase, due to the significant increase in bulk and yard waste pick-up expenses that we incurred this year. We have talked about this on a number of occasions, said Mr. Deitch. Our expenses far exceeded the budgeted revenues we have for this program. Mr. Deitch explained in more detail the causes for the increases in expenses and the need for the rate increases and possible service level decreases. A lengthy discussion followed.

Council Vote: Nodjomian-Yes; Schaetzle-Yes; Alley-Yes; Donahoo-Yes; Williams-Yes. Motion passed.

Resolution 23-09-08 - A resolution amending Resolution 09-06-02, dated June 9, 2009 to provide for a rate adjustment increasing the Utility Deposit and providing for an effective date.

Mr. Doucet read Resolution 23-09-08 by title. Councilwoman Alley motioned approval. Councilman Donahoo seconded.

Mr. Deitch said, this utility deposit is typically applied when a customer leaves our system. The current deposit does not cover the final bill. This increase would only apply to customers joining our system. The current deposit we collect is \$80. As the resolution states, I recommend an increase to \$125 to cover our cost when people leave our system and don't pay their final bill, said Mr. Deitch. How long has it been \$80, asked Councilman Nodjomian? Mr. Doucet replied, a good while. Probably 7 or 8 years. I can get a good date for you. No further discussion.

Council Vote: Williams-Yes; Donahoo-Yes; Alley-Yes; Schaetzle-Yes; Nodjomian-Yes. Motion passed.

Resolution 23-09-09 – A resolution to set charges for the use of reclaimed water and providing for an effective date.

Mr. Doucet read Resolution 23-09-09 by title. Councilwoman Alley motioned approval. Councilman Nodjomian seconded.

Mr. Deitch said I am requesting the Council to approve this resolution to establish a dedicated funding source for our reclaimed water system, so that we can continue to maintain and expand our reclaimed water system. You will note, at tab 9, there are two different proposed resolutions. The first is for an \$8 - \$16 - \$20 per month flat fee for residential customers, based on the size of their property. The second is for an \$8 - \$14 - \$20 per month flat-rate charge for residential customers per month. The \$8 - \$16 - \$20

resolution will generate roughly \$230,000 in FY24, while the \$8 - \$14 - \$20 resolution will generate \$224,000 in FY24. In addition to these flat-rate fees for residential customers who are already connected or will be connected to the reclaimed water system, this resolution also proposes that all Niceville water and sewer customers pay \$1 per month to cover the reclaimed water system that is used throughout the City on the medians, parks, mullet festival site, etc. Only those businesses and residences that currently have or will have reclaimed water in the future will pay the flat monthly fee described, other than the \$1 per month. Further discussion followed about the options and how they would apply if passed.

Mr. Doug Stark, 1606 Gum Creek Road – Mr. Stark spoke against the proposed rate schedules included in the two proposed reclaimed water resolutions for reasons of fairness and equity. Mr. Deitch explained how the proposal was designed to be equitable. Mr. Deitch said, Mayor and Council, as you will note in the resolution, we did try to make this resolution more equitable. We divided up the fees into tiers, assuming if you have a larger lot, you will use more water. Mr. Deitch provided more detail of the tiers and rate structure. Because the reclaimed water is not metered, there is no way to know how much reclaimed water a resident has used. Therefore, my proposal is that we break it up based on the size of the lot said Mr. Deitch.

Mr. Deitch said the cost of the reclaimed system has been borne by all for years and decades. This reclaimed water system is only provided to the most expensive neighborhoods in this town, but the cost is borne by everybody to include low and middle-income families. They don't get the benefit from the system. If they want to water their lawns, they have to do it with potable water and pay the cost that is metered. So, to say that the cost should be borne by all, and there are only a select few who are benefitting from the reclaimed water system, I don't think is entirely accurate, said Mr. Deitch.

Councilman Nodjomian said, address the quality issue. What was the big issue in 2018 to 2019, that has been somewhat successfully addressed? Mr. Laird was introduced by Mayor Henkel as the City's Public Works Director. Mr. Laird said, for this past year and last year, regarding complaints about the reclaimed water, I can tell you that the only two that I know of were Sugar Cane Tree Cove and Front Porch Circle. Mr. Laird described all of the actions the City had taken to address and correct the reclaimed water quality. Discussion followed.

Ms. Stephanie Phelps, 1315 Bayshore Drive – Ms. Phelps asked which communities were aligned with reclaimed water? Mr. Deitch said, it is Swift Creek, the Plantation, and the Preserve, which are all up Highway 285. Is that it, asked Ms. Phelps? Also, the Front Porch Circle neighborhood has reclaimed water. And all of the commercial, asked Ms. Phelps? Mr. Deitch said, not all of the commercial properties, just basically commercial properties between CVS and Walmart, on the North side, as well as the funeral home up the street, the medical center up the street, Rocky Bayou Christian School, and all municipal property.



Ms. Tammy Salsberry, 1104 Courington Court - Ms. Salsberry asked how has everybody been bearing the cost of the reclaimed water system? Mr. Deitch said it is from the water and sewer tax revenues. Ms. Salsberry spoke against charging non-users for use of the reclaimed water on the medians.

Ms. Rhonda Tolbert, 709 Mullet Creek Run – Ms. Tolbert said we should be paying our share in Swift Creek. I've been getting it for free for around 18 years. We still have nematodes. I would love it if you would table this because none of my neighbors are here to represent Swift Creek, said Ms. Tolbert. Thank you. That's all, said Ms. Tolbert.

Ms. Salsberry, 1104 Courington Court – For the areas that have reclaimed water, was that something they had an option to accept or vote for? Or, is it that they just got it anyway? Didn't it start out as something that was available at no cost for the people that were using it, and then you started charging for it? Councilman Nodjomian said nobody is paying for it. That is what this discussion is about. It was included in the construction of the newer neighborhoods, said Councilman Nodjomian. The City intended to start charging at some point, but never got around to it until now said Councilman Nodjomian. Mr. Doucet said, a little bit of history on that, if I can? Mr. Walt Ruckel put out the information about 20 years ago. He's passed away now. For five years the reclaimed water was to be provided at no cost. After that, it was allowed to be charged for. So, it was to be only five years at no cost, said Mr. Doucet. No discussion followed.

Mayor Henkel asked, what rate structure are we interested in? Was it the \$224,000 revenue rate structure, or the \$230,000 revenue rate structure plan? I already know Councilman Nodjomian is for the \$224,000 revenue rate structure. Councilman Schaetzle, what would be your preference? Councilman Schaetzle said, I would prefer the rate structure of \$8 - \$16 - \$20 per month. Mayor Henkel said, okay so you want the \$230,000 rate structure plan. Councilwoman Alley what would be your preference, asked Mayor Henkel? Ms. Alley chose the \$8 - \$14 - \$20 plan. Councilman Donahoo said \$224,000. Councilman Williams said \$224,000.

Mayor Henkel said, if we vote on this, it would be the \$224,000 revenue rate structure option. Do we want to table this to give people who want to address the Council an option to come on September 21? Councilman Nodjomian said, my feeling on that is no. This was advertised. I know we had a discussion earlier about how widely it was advertised, but we don't hold votes because somebody is not here to talk. Councilman Schaetzle said I would proceed forward with the vote. Councilwoman Alley said move forward with the vote. Mr. Donahoo said move forward with the vote. Mr. Williams said yes; move forward.

Mayor Henkel confirmed the motion up for vote was to move forward with the \$8 - \$14 - \$20 per month rate structure, which is the \$224,000 FY24 revenue rate plan.

Council Vote: Nodjomian-Yes; Schaetzle-Yes; Alley-Yes; Donahoo-Yes; Williams-Yes. Motion passed.

Ordinance 23-09-03 – 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, 2023 and ending September 30, 2024, stating the percentage by which the millage to be levied exceeds the rolled-back rate and providing for an effective date.

Whereas Florida Law requires the City Council of the City of Niceville, Florida, (the City), to pass an ordinance setting the millage rate for ad valorem property taxes for municipal purposes on all taxable property within the limits of the City for the fiscal year beginning October 1, 2023, and ending September 30, 2024, and

Whereas Florida Law requires said ordinance to state the millage rate to be levied, and also to state the percentage by which the millage rate to be levied exceeds the rolled-back rate as computed pursuant to Florida law; and

Whereas the City Council of the City has duly considered the budgetary requirements of the City; has adopted a tentative budget for the fiscal year beginning October 1, 2023, and ending September 30, 2024, based on a millage rate of 4.0000 mills on the taxable property within the City; and has acted in accordance with the terms, provisions, and procedures contained in Section 200.065, Florida Statutes.

Now therefore, be it ordained by the City Council, of the City of Niceville, Florida, in special session assembled, that:

1. The ad valorem tax millage rate for municipal purposes to be levied on the taxable property within the City limits of the City of Niceville, Florida, during the fiscal year beginning October 1, 2023, and ending September 30, 2024 is hereby set at a rate of 4.0000 mills.
2. The percentage by which this millage rate to be levied exceeds the rolled-back rate of 3.4817 mills (computed pursuant to Florida law) is 14.89%.
3. This ordinance shall take effect immediately upon its passage and adoption by the City Council of the City of Niceville, Florida.

Mr. Doucet read Ordinance No. 23-09-03 in its entirety. Councilman Nodjomian motioned approval of Ordinance 23-09-03. Councilwoman Alley seconded. Mayor Henkel asked Mr. Deitch, before we ask for discussion, Mr. Deitch is there anything you would like to add? Yes Mayor. Thank you, said Mr. Deitch.

Mr. Deitch said, the millage rate has been 3.7000 since October 1, 2012, which was FY13, eleven years ago. Prior to October 1, 2012, it was 3.6500. This ad valorem increase will generate an additional \$480 thousand in revenue during FY24 for the City, over and above what a 3.7000 millage rate would generate. If you approve this millage rate, Niceville's total tax burden will still be the third lowest tax rate of the nine municipalities in Okaloosa County behind only Destin and Laurel Hill. This increase would not only help in shoring up the City's financial situation, but more importantly will allow for meaningful pay increases for the dedicated men and woman who faithfully serve this community every day.

I would also note, and don't need to note, but will note that prices are considerably higher in 2023 than they were on October 1, 2012. Just for a frame of reference for the Council and the attendees, a 4.0000 millage rate on a \$250,000 property is a \$6.26 increase per month. Mr. Deitch listed the amount of increase for taxable property values, at \$100,000 intervals. The monthly increases ranged from \$6.26 increase per month on a \$250,000 property to \$16.27 increase per month increase on a Niceville property with a taxable value of \$650,000, over and above the current tax rate.

Mr. Deitch said, if I can circle back to a property with a \$250,000 taxable value, if the Council approves a 4.0000 millage rate, and approves all of the recommended fee increases that I've recommended, to include the two that we have tabled until September 21, on \$250,000 property that uses 4,000 gallons of water per month, the total monthly increase would be \$10.68 per month. Mr. Deitch provided net gain amounts for \$350,000 to \$650,000, at \$100,000 taxable value intervals, all using 4,000 gallons of water per month. The total monthly increases were: \$350,000 - \$13.17 per month increase; \$450,000 - \$15.67 per month increase; \$550,000 - \$18.19 per month increase; and \$650,000 - \$20.69 per month increase.

Councilman Nodjomian said, an interesting way to put this in relative terms; those of us who have reclaimed water are going to pay more in monthly reclaim fees than all of these increases added up together. Yes sir, replied Mr. Deitch. Mr. Deitch said, I was able to get lunch today. My lunch costs me more than all of these increases. Councilwoman Alley said, I want to thank you for putting this all in a chart so I can see everything across the board in one place. Discussion followed.

Tammy Salsberry, 1104 Courington Court – Ms. Salsberry asked what the ad valorem tax revenue was for Niceville in the current budget? A discussion followed. Mr. Rausch said the ad valorem tax revenue for FY23 was budgeted at \$5,351,850 current ad valorem and \$55,000 delinquent ad valorem. Mr. Rausch said the FY24 budgeted ad valorem tax revenue amount of \$6,388,390 is 95 percent of the calculated revenue because we don't expect to collect 100 percent. Ms. Salsberry asked how much ad valorem tax revenue would be if the City adopted the rolled-back millage rate of 3.4817. Mr. Rausch said it would be \$5,560,613. More discussion followed about the FY24 budget and millage rate.

Councilman Nodjomian suggested coming to the Budget Workshop special Council meetings next year. A discussion followed about advertising the budget workshops. Mr. Deitch said next year it will be advertised on social media, websites, and our electronic bill board. I appreciate it, said Ms. Salsberry.

Councilwoman Alley asked, our new City Manager has only been here for how many days now? Mr. Deitch replied 37. A cordial conversation followed. We know you are not just speaking for yourself, said Mayor Henkel. Thank you. I appreciate it, said Ms. Salisbury.

Council Vote: Nodjomian-Yes; Schaetzle-Yes; Alley-Yes; Donahoo-Yes; Williams-Yes. Ordinance No. 23-09-03 passed on first reading.

Ordinance 23-09-04 – An ordinance adopting the final budget for the City of Niceville for the fiscal year commencing October 1, 2023; and ordinance adopting and approving the appropriations set forth in said budget for the fiscal year commencing October 1, 2023; and providing for an effective date.

Ordinance 23-09-04 was read by title and provided an overview of estimated revenues and expenditures as follows:

#### General Fund

Total estimated revenue and expenditures:	\$27,744,790
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#### Community Redevelopment Agency

Total estimated revenue and expenditures:	\$ 1,979,050
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#### Surtax – Special Revenue Fund

Total estimated revenue and expenditures:	\$ 4,074,530
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#### Sanitation

Total estimated revenues and expenditures:	\$ 4,670,490
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#### Water and Sewer Fund

Total estimated revenues and expenditures:	\$19,421,420
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#### Stormwater Management

Total estimated revenues and expenditures: \$ 3,996,860

Total Budget is \$61,887,140

Mayor Henkel asked if there was any discussion by the Council. No discussion. Mayor Henkel asked if anyone in the audience would like to address the Council about this ordinance. No discussion. Councilman Nodjomian motioned approval of Ordinance No. 23-09-04. Councilman Donahoo seconded.

Mayor Henkel asked Mr. Deitch, do you have anything else you would like to say on this? Mr. Deitch said, no sir I have nothing further. No discussion followed.

Council Vote: Williams-Yes; Donahoo-Yes; Alley-Yes; Schaetzle-Yes; Nodjomian-Yes. Ordinance No. 23-09-04 passed on first reading.

Mayor Henkel asked, is there anything else on the agenda for tonight. Mr. Doucet said yes, just for information.

#### SENIOR CITIZEN ADDITIONAL EXEMPTION:

Mr. Doucet read the following update on Senior Citizen Exemptions:

The Niceville City Council adopted an ordinance years ago to provide for an additional exemption for our Senior Citizens. Later it was voted on and passed via a referendum. The exemption provides for an additional homestead exemption of up to \$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 \$35,167 for 2023. As of today, there are 97 Niceville residents who have applied for the senior's exemption. The additional senior exemption could potentially save a property owner approximately \$185. Thus, it was a good decision by the City Council to approve this provision for our lower income seniors years ago.

Mr. Doucet said Mr. Morris would like to address the Council about a purchase. Mr. Morris said we had another police vehicle that was involved in an accident last week. It totaled the vehicle out. We're working with the insurance company to get the revenue back in. It was not our officer's fault. Another vehicle ran a red light and hit our car. We are asking for permission to purchase another police vehicle. There is one in Crestview that we can get before the end of this fiscal year so that we don't need to adjust the budget for next year to replace that vehicle, said Mr. Morris. We'll use some of the surtax funds, just like we did for the other two at the last meeting when they were approved. When the insurance money comes in it will go into our reserves to replace the surtax funds. Mayor Henkel asked, so you just need permission from the Council? Mr. Morris replied, yes. It is \$42,544.

Mayor Henkel asked, do I have a motion to approve spending roughly \$42,500 on a new police vehicle? Councilman Donahoo motioned approval. Councilman Williams seconded. Is there any discussion by the Council, asked Mayor Henkel? What was the year of the vehicle that was totaled, asked Councilman Nodjomian? It was a 2018 vehicle, said Mr. Morris. A discussion followed about the insurance reimbursement amount the City could expect.

Council Vote: Nodjomian-Yes; Schaetzle-Yes; Alley-Yes; Donahoo-Yes; Williams-Yes. Motion passed.

Mayor Henkel asked is there anything else.

Mr. Deitch said the only think else it that I wanted you all to know that our dear Ms. Sandra March, who has been working for the City for the last 35 years, has let us know she will be retiring on September 19. She's a beloved and dear member of the team, and has been serving on the midnight shift for 35 years or so.

If you have the opportunity, I would invite you to come over and see Ms. March and thank her for her service to the Niceville community for 35 years.

Mayor Henkel thanked everyone for attending. Taxes are our least favorite thing. We know that, because what gets passed, we pay too, said Mayor Henkel. Have a great evening. Some of you will be back on September 21 and we'll see you then.

The meeting adjourned at 7:46 p.m.

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MAYOR

ATTEST

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CITY CLERK

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