

MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
SEPTEMBER 21, 2023

The Niceville City Council met in special session at 6:00 p.m., September 21, 2023 in the Council Chambers, 208 N. Partin Drive. Mayor Pro Tem Alley called roll. Councilman Williams, Councilman Donahoo, and Councilman Nodjomian were present. Councilman Schaetzle attended by conference call. Mayor Henkel was out of town on business so could not attend. Also present were: City Manager, David Deitch; Deputy City Manager, Chad Morris; City Clerk, Dan Doucet; Deputy City Clerk, Wendy Farmer; Fire Chief Tommy Mayville, Finance Director and Deputy City Clerk, Steven Rausch; CRA Manager Ammy Hanson; City Engineer Glenn Stephens; Engineer Michael Evans and seven other attendees. Mayor Pro Tem Alley called the meeting to order at 6:00 p.m.

PUBLIC HEARING – FY24 Final Public Budget Hearing

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

Mr. Stephens greeted Mayor Pro Tem Alley and the Council. I want to thank you again for letting us be involved with this work on Niceville's water and sewer rates. I intend to keep it brief. I won't go into all of the preliminary information we talked about last time, said Mr. Stephens. So, I'll go right into the rate analysis.

The first sheet in the handout shows that we have another \$224,000 of revenue as part of the analysis for the reclaimed water system. One thing I did not include in your package is the sheet that shows what happens if you don't increase rates. Mr. Stephens pointed to the video presentation screen and said, this table right here shows you would be at 1.29 for debt coverage next year without increasing rates, but you can see all of the subsequent year's numbers are in red. You would have to increase water and sewer rates on future dates in order to meet the debt coverage requirements for all of those dates.

Mayor Pro Tem Alley asked can you read those debt coverage amounts at the bottom so we can write them down on table 10? Mr. Stephens said I certainly can. Starting with FY24, the debt coverage is 1.29; FY25 is 0.84; FY26 is 0.59; FY27 is 0.47; and FY28 is 0.37. All of the last four are less than the required 1.15 debt coverage rate, said Mr. Stephens. Thank you, replied Mayor Pro Tem Alley.

Mr. Stephens said, in consultation with your City Manager, we discussed the bottom of sheet two, where it shows you if you don't increase rates at all this year, we would be projecting rate increases in the next years of 6 percent and 5.8 percent. What the City Manager and I would like to recommend to you is to go ahead and start rate increases this year, and have a 3-year steady rate increase that would be 3.9 percent per year. It looks like

we would need about 2 percent and 1.5 percent for FY27 and FY28 respectively if you do that, said Mr. Stephens.

Another change on sheet two, from what you had before, is the reclaimed water service revenue that I highlighted in yellow. That's where the revenue from the reclaimed water system is. Also, I've highlighted the future debt of \$133,000 for next year. That was \$199,000, but that was based on borrowing \$1.5 million for your Beacon remote meter-reading system. The City Manager says that's going to be more like \$1 million. So, we reduced that number down to \$133,000 financing expense for that, said Mr. Stephens.

Those are really the only changes from what you saw before. The only other thing is, if you were to go with a 3.9 percent rate increase, there is a comparison of your rates with the surrounding utilities. For the 6,000-gallon per month customer, the surrounding utilities averaged \$86.35 per month. You would be at \$73.63 per month. You would be \$12.72 per month lower than the average, or about 14.7 percent lower. Remember, we talked about several of these surrounding utilities not having passed their rate increases yet, so their numbers probably will go up, said Mr. Stephens.

Mr. Stephens said, over on page five is how the 4,000-gallon per month customer rate would compare with surrounding utilities. It's about \$7.47 per month or about 12 percent less than the average of the surrounding utilities. I'll stop right there and I'm happy to answer any questions that you may have, said Mr. Stephens. The Council had no questions. Mr. Deitch said, I would like to add, the numbers you are seeing 3.9, 3.9, 3.9, 2.0, 1.5; this is assuming we do not get the grant of roughly \$2.9 million and change, for the Deer Moss Creek re-use water line.

Mayor Pro Tem Alley said, if we have no further questions, Mr. Doucet, please read Resolution 23-09-01.

Resolution 23-09-01 – A resolution amending Section 1, of the City of Niceville, Florida, Municipal Water System Rate Resolution No. 22-09-01 dated September 8, 2022, to provide for a rate adjustment and providing for an effective date.

Mr. Doucet read Resolution 23-09-01 by title. Councilman Nodjomian motioned approval. Councilman Donahoo seconded. No discussion. Mayor Pro Tem Alley called for the vote.

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

Resolution 23-09-02 – A resolution amending Section 1, Table 1 of the City of Niceville, Florida Municipal Sewer System Rate Resolution No. 22-09-02, dated September 8, 2022, to provide for a rate adjustment and providing for an effective date.

Mr. Doucet read Resolution 23-09-02 by title. Councilman Nodjomian motioned approval. Councilman Williams seconded. Mayor Pro Tem Alley asked the Council and the attendees if there was any discussion. No discussion followed.

Council Vote: Schaetzle-Yes; Nodjomian-Yes; Williams-Yes; Donahoo-Yes; Alley-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. (Final Reading)

Mr. Doucet read Ordinance 23-09-03 by title and said, I need to read the ordinance in its entirety, so I'll continue on.

Whereas Florida Law requires the City Council of the City of Niceville, Florida, (the City), to pass an ordinance levying 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. Councilman Donahoo seconded. Mayor Pro Tem Alley asked the Council for discussion. No discussion followed. Mayor Pro Tem Alley asked the audience if anyone would like to come forward to address the Council about this ordinance. Nobody responded.

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

Mr. Doucet read Ordinance 23-09-04 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
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Total Budget is \$61,887,140

Councilman Nodjomian motioned approval of Ordinance No. 23-09-04. Councilman Williams seconded. No discussion by the Council followed. Would anybody in the audience like to come forward in regard to this ordinance, asked Mayor Pro Tem Alley? Nobody came forward.

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

Mr. Doucet said the next item is for information only.

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 years ago to approve this provision for our lower income seniors years ago.

Mr. Doucet said it is just for information so no voting is required.

Mayor Pro Tem Alley said I'm going to come back to the Council. Councilman Nodjomian, do you have anything?

Councilman Nodjomian said yes. I'd like to say this is the first time for me, and I've been up here 11 years, that we've actually increased the millage rate. I voted for this without any enjoyment or excitement, but Mr. Deitch, you made a pretty compelling case of why we need to close some gaps that have opened over the past few years. You've only been in the seat for two and a half months or so, less than that when we started the budget process. You had been in the seat for weeks. I really hope with a year in the seat, you are going to be able to come back next year and bring us a budget that you're going to have a chance to control, not just in the last throws of its preparation, but from the very beginning, that can try to get us back to where we have been for a number of years, said Councilman Nodjomian. You certainly have the faith and confidence of the Council, as we have just

unanimously voted to approve it. That doesn't mean that's where we want to stay, speaking for myself. That's not where I want to stay. I would like to get back to our historical numbers, said Councilman Nodjomian. I agree a hundred percent, said Mr. Deitch. Thank you, replied Councilman Nodjomian.

Councilman Schaetzle said I agree with Councilman Nodjomian and I appreciate his comments on that. I also would like to bring to your attention, that as charter officers, the City Manager and the City Clerk's salaries are controlled and granted through the City Council's vote. Last year the City Council did not vote on a salary increase for the City Manager and City Clerk, and they received no increase through ARPA funding either. In a sense, they have not had a salary increase since 2022. So, we're talking about FY24 right now, and I would like the Council to consider increasing the salary, not for the City Manager, because of his contract and he has only been in the position for two and a half months now, but for our City Clerk. I think the City Clerk has done an outstanding job. We have all done an appraisal on him, and I think that he is deserving of a raise for FY24, said Councilman Schaetzle.

Do we have a motion, asked Mayor Pro Tem Alley?

Councilman Schaetzle said as we look at raising the millage rate to 4.0000, for our City Manager to give competitive salary increases to the rest of our City employees, and he was talking in the line of about seven percent, I would propose a motion that our City Clerk get a salary increase of seven percent, especially because he did not have a salary increase in FY23. Councilman Nodjomian seconded. Discussion followed. Councilman Nodjomian requested this subject be brought back when the Mayor is present, and then said I withdraw my second. More discussion followed. Councilman Schaetzle withdrew his motion. Mayor Pro Tem Alley said, okay we will move that to an agenda item for next month.

Mr. Mike Behr, 423 Bally Way – Mr. Behr introduced himself and said I have been unable to track the budget negotiations this year like I usually can. A discussion followed about the timely posting of meeting minutes for the Special City Council budget workshop meetings of the City Council. Mr. Rausch said the August Special City Council budget workshop meeting minutes have been done for a while and have been approved by the Council. I believe I have not sent them to be posted on the City website yet. I will do that tomorrow, said Mr. Rausch. We want to be good stewards of the Citizens' money said Mayor Pro Tem Alley. This is your money, not our money. We want to do better. We want to listen. The City Manager is here tonight and we want to do better at communicating so our Citizens know what is going on, said Mayor Pro Tem Alley.

Does anyone else want to come forward tonight? You are always welcome to come forward. Our door is always open, said Mayor Pro Tem Alley.

Seeing none, our next meeting is when, asked Mayor Pro Tem Alley? October 10th, at 6 p.m. replied Mr. Deitch. Right here in this building replied Mayor Pro Tem Alley.

The meeting adjourned at 6:24 p.m.

MAYOR

ATTEST

CITY CLERK

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