

**CITY OF TAVARES
MINUTES OF REGULAR COUNCIL MEETING
MAY 4, 2011
CITY COUNCIL CHAMBERS**

COUNCILMEMBERS PRESENT

Robert Wolfe, Mayor
Bob Grenier, Vice Mayor
Sandy Gamble, Councilmember

ABSENT

Lori Pfister, Councilmember
Kirby Smith, Councilmember

STAFF PRESENT

John Drury, City Administrator
Lori Houghton, Finance Director
Bob Williams, City Attorney
Nancy Barnett, City Clerk
Chief Lubins, Police Department
Jacques Skutt, Director of Community Development
Chief Richard Keith, Fire Department
Tammey Rogers, Community Services Director
Chris Thompson, Public Works Director
Brad Hayes, Director of Utilities
Joyce Ross, Communications Director

I. CALL TO ORDER

Mayor Wolfe called the meeting to order.

II. INVOCATION AND PLEDGE OF ALLEGIANCE

Chaplain Carlos Colon gave the invocation and those present recited the Pledge of Allegiance.

III. APPROVAL OF AGENDA

Mr. Drury said staff had no changes to the agenda.

MOTION

Bob Grenier moved to approve the agenda, seconded by Sandy Gamble.

The motion carried unanimously 3-0.

IV. APPROVAL OF MINUTES – April 20, 2011 - Deferred

1 **V. PROCLAMATIONS/PRESENTATIONS**

2
3 **VI) SWEARING IN BY CITY ATTORNEY AND DISCLOSURE OF EXPARTE CONTACTS**

4
5 Attorney Williams stated there were no quasi-judicial matters on the agenda.

6
7 **VII) READING OF ALL ORDINANCES/RESOLUTIONS INTO THE RECORD**

8
9 Ms. Barnett read the following resolution by title only:

10
11 **RESOLUTION #2011-09**

12
13 **RESOLUTION OF THE CITY OF TAVARES, FLORIDA, AUTHORIZING THE**
14 **CITY ADMINISTRATOR TO MAKE APPLICATION FOR GRANTS ON BEHALF**
15 **OF THE CITY; ESTABLISHING PARAMETERS AND CONDITIONS;**
16 **PROVIDING FOR CONFLICTS, SEVERABILITY, AND EFFECTIVE DATE.**

17
18 **RESOLUTION NO. 2011-10**

19
20 **A RESOLUTION OF THE CITY OF TAVARES, LAKE COUNTY, FLORIDA,**
21 **AUTHORIZING PARTICIPATION IN A GOLDEN TRIANGLE CITIES**
22 **COMMITTEE ON FIRE SERVICE REGIONALIZATION, DESIGNATING THE**
23 **CITY ADMINISTRATOR AND FIRE CHIEF AS OUR REPRESENTATIVES ON**
24 **THE COMMITTEE, PROVIDING FOR SEVERABILITY AND CONFLICTS, AND**
25 **PROVIDING FOR AN EFFECTIVE DATE.**

26
27
28 **VIII) CONSENT AGENDA**

29
30 **IX. ORDINANCES/RESOLUTIONS – PUBLIC HEARING**

31
32 **Tab 1) Resolution #2011-0 – Authorization for City Administrator to Apply for Grants**

33
34 Mr. Drury advised that this resolution will assist in expediting the grant application process. In
35 order to accept or approve a grant and all the conditions associated with it, the issue will always
36 be presented to Council. This is obtain authorization to apply for grants without having to come to
37 Council first under certain conditions: 1) when it is 100% funded with no match required; 2) if a
38 match is budgeted in the current fiscal year and has been approved by the Council for that
39 specific project; or 3) if the match is unbudgeted but the requirement is no more than \$5,000 for
40 the grant match.

41
42 **MOTION**

43
44 **Bob Grenier moved to approve Resolution #2011-09, seconded by Sandy Gamble. The**
45 **motion was approved unanimously 3-0.**

46

1 **Tab 2) Resolution #2011-10 – Authorization to Create a Golden Triangle Committee on Fire**
2 **Service Regionalization**

3
4 Chief Keith reviewed the actions taken at the March 23, 2011 Tri City Summit Meeting when the
5 three cities indicated support for the formation of a committee to discuss fire service
6 regionalization issues. Mr. Drury noted this is an exploratory committee to evaluate the pros and
7 cons and report back to the respective Councils or at the next Tri City meeting.

8
9 Mayor Wolfe asked if anyone in the audience had comments.

10
11 **MOTION**

12
13 **Bob Grenier moved to approve Resolution #2011-10, seconded by Sandy Gamble. The**
14 **motion carried unanimously 3-0.**

15
16 **X. GENERAL GOVERNMENT**

17
18 **Tab 3) Affordability Evaluation Report for Utilities Capital Projects**

19
20 Mr. Hayes stated that in 2007 the City solicited RFQ's for a qualified consultant firm that was
21 experienced with design and build and solicitation of grants and loans with various regulatory
22 agencies that could fulfill the city requirements for its visioning plan as developed by the Tavares
23 residents. Malcolm Pirnie was selected. He said Scott Shannon from Malcolm Pirnie is the project
24 manager and will be making a presentation on water affordability. In addition Andrew Rheem is
25 also present from Malcolm Pirnie in addition to the city's financial consultants Mike Rocca and
26 Mike Galvin.

27
28 Mr. Shannon reviewed the city's program for embarking on major capital improvements that
29 include replacing antiquated water and sewer systems in the downtown area and creating a
30 reclaim water business. To accomplish this program the city has lined up various funding sources
31 including grants and loans. These have initially been secured as place holders. Now that the
32 amounts are fairly well known and project cost estimates are better defined for the various
33 phases of these projects, Malcolm Pirnie's role was asked to evaluate the extent to which the city
34 is able to afford to carry out this program.

35
36 Mr. Shannon noted the reclaimed project includes three phases. The first involves the
37 construction of a 5 million gallon storage tank for irrigation quality water and six miles of pipeline
38 to distribute the water along Dead River Road and SR 19 from Woodlea Road south to Hickory
39 Point. This project has been designed and the bids have been received. The construction costs
40 will be 2.5 million. The city was actually approved for 4.9 million by FDEP. The funding source for
41 this project includes a two million dollar State Revolving Fund loan from FDEP as well as a
42 \$500,000 grant from the St. Johns River Water Management District.

43
44 Phases 2 and 3 were initially designed to be separate phases and constructed at separate times.
45 The funding for phases 2 and 3 were actually approved together earlier this year, so the plan is
46 now to construct these phases at the same time. These two phases will create an enhanced
47 treatment process at the Woodlea plant to provide additional removal of the nutrient phosphorus

1 from reclaimed water before it is sent out into the distribution system. While the plant currently
2 meets all of its regulatory requirements, since reclaimed water is being used for irrigation, by
3 removing the phosphorus it will prevent water quality from being further degraded. This phase
4 also includes an operations support building to be located at the treatment plant site. The cost
5 estimate for these two phases totals 3.5 million (\$3 million in SRF loan and \$500,000 from the
6 Water Management District).

7
8 The second project is the downtown water and sewer which involves replacing up to 14 miles of
9 water distribution pipes and as much as 10 miles of sewer collection pipes within the CRA. These
10 systems contain old galvanized pipes, many of them too small to provide adequate water quality
11 and fire flow needs under the growth scenario of the city's development plans. The sewer pipes
12 are clay and in many cases more than 60 years old which is beyond their useful life. In addition to
13 replacing what is below the ground, the project will also include replacing some sidewalks and
14 streetscape back to the current standard as defined in the master plan. The funding for this
15 project has been secured through a Rural Development Grant from the USDA for an amount of
16 up to \$17 million (includes 1.2 M in grant money).

17
18 He discussed the proposed time line. Phase 1 is anticipated to begin at the end of this year and
19 completed in late 2012. Phases 2 and 3 will take about six months to design when Phase 1 is
20 finished. The loan agreement from FDEP for Phases 2 and 3 should be presented next month
21 and construction would begin at the earliest late this year or early next year with a construction
22 timeline of about 1 ½ years.

23
24 The downtown water and sewer project design has not been completed. It will take about two
25 years before construction could start. Current plans show the construction occurring from about
26 2013 to 2017.

27
28 The total costs for these projects could be as much as \$23 million. The city will need to make a
29 decision whether to secure the funding.

30
31 Mr. Shannon presented an overview of the findings of the affordability evaluation. He said the
32 definition of "affordability" is that in addition to paying back the loan portions that will finance these
33 projects, the Water and Sewer enterprise fund also has to be able to meet all its usual
34 obligations: regular operations and maintenance expense; continue its level of transfers to the
35 General Fund; set aside approximately \$300,000 per year for renewal and replacement projects;
36 fund additional capital projects that have been identified as well as those that have not yet been
37 identified; and do all of this while staying within the existing water and sewer rate structure. He
38 said two conditions were also added: maintaining a minimum debt service cover ratio of 1.2 (for
39 every dollar of debt that the utility has to repay, the Water and Sewer fund has to have revenues
40 of \$1.20 to be able to apply to that debt after covering its regular O&M expenses). The second
41 part of the test is that a minimum of 90 days of all the fund's fiscal requirements has to be
42 maintained in reserves at all times.

43
44 He said the loan for the reclaim project will be repaid over 20 years and for the downtown project,
45 those loan proceeds are scheduled to be repaid over a period of 40 years. He noted that certain
46 assumptions had to be made in order to develop a forecast that went that far into the future.
47 These include assumptions about inflation, growth, and the number of reclaim users.

1
2 He said staff had requested that the scenarios be developed with two sets of assumptions: one
3 which is most likely to occur in the future and another more conservative worst case scenario.
4

5 Analyzing Affordability under the Likely Scenario
6

7 He noted that the measure of inflation that is used is the CPI. This represents how many goods
8 and services that U.S. consumers buy and the indexes are a measure of how much this changes
9 during the year. He noted that the average change in the CPI over the last 30 years was 3.3% a
10 year. Therefore a 3% CPI increase was assumed between now and 2040.
11

12 Population growth was accounted for as the number of new water and sewer accounts added
13 each year. Over the past five years, the account growth averaged 2.7% per year in the number of
14 residential and commercial accounts. The assumption was based on a .75% increase through
15 2015 and increasing to 1% a year after that (or 50 new connections every year) for the next 30
16 years.
17

18 Initial reclaim system users: the service area covered by Phase 1 of the reclaim system was
19 analyzed. The number of users available between commercial and residential users of irrigation is
20 equivalent to 600 connections. The residential portion which is about 200 connections includes
21 only those homes in neighborhoods with separate reclaim systems. He said these assumptions
22 do not include Royal Harbor.
23

24 The commercial portion includes parks, golf courses, and orange groves in that part of the city
25 and the equivalent water use sums up to 600 equivalent connections. He said the assumption is
26 that only 500 of these connections will be added in the three years following this system
27 ultimately being made available.
28

29 The affordability test: the city is able to exceed the minimum debt service requirements each
30 year of the forecast under these assumptions. Looking at the reserve monies, the fund reserves
31 exceed the minimum balance each year of the forecast.
32

33 Analyzing Affordability Under the Second Set of Assumptions (worst case)
34

35 In the last five years the CPI only averaged a 2.2 increase. The assumption was made therefore
36 of only a 2% increase for the next five years before returning to the more normal 3% in 2016 and
37 beyond. For population growth, the city averaged 2.7% a year for the last five years but during the
38 low growth point between 2007 and 2009; the city only averaged .5% a year in new account
39 growth. The assumption was accordingly made that growth would only be .25% and only .5% a
40 year for the next five years and then ultimately going back to 1% a year 10 years out and through
41 the end of the forecast. For initial reclaim users, only residential accounts were reviewed for
42 existing houses with existing reclaimed systems. The conservative assumption was to expect the
43 200 initial connections in the first three years after the system is available.
44

45 Affordability Test
46

1 Debt Service coverage: The city is still able to meet the minimum debt service requirements in
2 each year of the forecast.

3
4 Reserve monies in the water and sewer fund: In most years the fund reserves still exceed the
5 minimum balance however in 2018, 2019, and 2020, the target fund balance is not met which
6 represents a potential issue with cash flow. The target balance represents 90 days of the utility's
7 financial obligations however the fund balance in 2019 is only 85 days.

8
9 He said recognizing what this means is that the city needs to provide itself with options in order to
10 proceed with caution. Two things can be done if the worst case scenario is encountered. 1) The
11 reserve requirement can be lowered for those three years; 2).Reduce the size of the program
12 which would mean fewer new water and sewer lines in the downtown area and fewer new
13 sidewalks and streetscape. He said the project costs would need to be reduced from 17 million to
14 9.2 million. All three phases of the reclaim could be done and most of the downtown water and
15 sewer project. Under those conditions with a reduced project size, the city would be able to meet
16 its service coverage and target balance in its operating fund.

17
18 Summary

19
20 Mr. Shannon said the city does not need to decide now whether to proceed with a larger or
21 smaller project. He said the bid will be designed to include bid alternates both for the full cost as
22 well as for the reduced project size scenarios.

23
24 Mr. Shannon said since construction is not scheduled to begin for two years it will allow time to
25 see how financial conditions develop relative to the assumptions and to see how construction
26 prices come in relative to cost estimates.

27
28 Observations of Moving Forward

29
30 Mr. Shannon said moving forward allows the city to maintain control for the funding that has been
31 secured which will otherwise be reallocated to other communities.

- 32
- 33 • Keeping the funding allows the city to maintain the flexibility over how much of the
 - 34 program is implemented based on actual financial conditions and construction costs at the
 - 35 time the commitment is made.
 - 36 • Cost effectiveness-- construction bids have been coming in well below the estimated
 - 37 costs; waiting to move forward will likely see increasing costs over time as well as having
 - 38 to use cash or some more costlier means of financing these projects should the city
 - 39 decide to move forward much later and not have access to the funding (which could
 - 40 impact water and sewer rates).
 - 41 • Economic Development; these projects will enable further economic development in the
 - 42 city especially in the downtown. All of this will enable the city to continue to progress
 - 43 towards the vision that was developed by City Council, staff, and the residents in the
 - 44 community.

45
46 City Administrator

47

1 Mr. Drury noted that Council has been delivered the financial package and has now received an
2 overview by Malcolm Pirnie. He noted he has emailed Council with phone numbers of the
3 independent financial advisor and rate analyst. He said he is available as a resource along with
4 Ms. Houghton, Mr. Hayes, and Attorney Williams, who are all familiar with this project.
5

6 He recommended hat Council continue to evaluate the financial forecast and assumptions and
7 then contact any of these resources mentioned on any aspect for which additional information is
8 needed. He said at the next meeting more discussion will be held and if council is ready, staff will
9 recommend that the city go forward with the project.
10

11 Mr. Drury said he will be having individual meetings with Malcolm Pirnie and each of the other two
12 councilmembers who were not able to attend this meeting. He said Council will ultimately need to
13 make the decision on whether to go forward or partially forward based on the information being
14 presented.
15

16 Mayor Wolfe commented that Council did not want to make hasty decisions.
17

18 Vice Mayor Grenier asked about the assumption numbers. Mr. Shannon noted staff had looked
19 over a long period of time and had designed the two different scenarios in order to be
20 conservative and to provide options.
21

22 Councilmember Gamble asked about the reclaim project and was it intended for mainly the west
23 side of SR 19. Mr. Hayes said at this time phase 1, 2, and 3 is designed for the west side. Phase
24 4 which is projected much further out, would bring the service to this side of Dead River. Mr.
25 Shannon added it would be on the east side as well if the developments that are planned, go
26 forward in another 10 years. This was not included in the study.
27

28 Mayor Wolfe asked if there were comments from the audience.
29

30 Gary Santoro, Lake Huron Lane
31

32 Mr. Santoro said he is in favor of reclaimed water but his concern is the assumptions but that will
33 be a decision to be made by Council. He said he thought it was an excellent presentation and he
34 supported the city's vision.
35

36 **Tab 4) Approval of Schedule for the Budget Workshops**
37

38 Ms. Houghton noted this schedule is set up annually to address City Council's budget initiative
39 workshops and to meet the requirements of TRIM (Truth in Millage) under the State's guidelines.
40 The dates for the workshops are open and at Council's discretion. The dates for the public
41 hearings are at Council's discretion but they must meet the TRIM requirements. The first public
42 hearing must be 65 days after July 1 and the second public hearing in September must be within
43 two weeks after the first public hearing. She noted the proposed schedule had been provided in
44 the packet.
45

1 Mr. Drury noted the first budget discussion was two months ago when Council directed the City
2 Administrator on its individual and collective views. He said he has been holding budget meetings
3 with the department heads. The dates are:

4
5 July 13

6 July 27 to set the maximum millage rate

7 August 3

8 August 17

9 September 7 – First public hearing

10 September 20 – Second public hearing to finalize budget and adopt millage rate

11
12 Mayor Wolfe asked Council if the dates were agreeable.

13
14 **MOTION**

15
16 **Bob Grenier moved to approve the budget workshop schedule, seconded by Sandy**
17 **Gamble.**

18
19 Councilmember Gamble asked how much notice had to be given if a change was made in the
20 dates.

21
22 Mr. Drury noted 24 hours was the technical time requirement. Ms. Houghton noted that when the
23 TRIM notice is published those dates for the September public hearings cannot be changed. She
24 said August 1st is the date to set the public hearings.

25
26 Attorney Williams stated in an emergency situation the dates can be changed but it requires a
27 first class notice to every affected property owner.

28
29 Councilmember Gamble said he is not as concerned about the public hearings as he is
30 concerned about the need for additional workshops. Mr. Drury said that can be requested and
31 scheduled at any time. He noted one additional workshop has been added. Councilmember
32 Gamble said two of the dates are scheduled to be part of Council Meetings and he wanted the
33 flexibility if additional meetings are needed.

34
35 **The motion carried unanimously 3-0.**

36
37 **XI. OLD BUSINESS**

38
39 **XII. NEW BUSINESS**

40
41 **XIII. AUDIENCE TO BE HEARD**

42
43 **XV. REPORTS**

44
45 **Tab 12) City Administrator**

46
47 Mr. Drury noted he had provided dates of other meetings in the agenda packet.

1
2 **Attorney Williams**

3
4 **Finance Director**

5
6 **Fire Chief**

7
8 **Chief Lubins**

9
10 **Communications Director**

11
12 **City Clerk**

13
14 **Utility Director**

15
16 Mr. Hayes stated that the repairs to Hidden Cove are taking longer than anticipated due to power
17 line issues.

18
19 **Community Services Director**

20
21 Ms. Rogers invited everyone to attend the Art Stroll this coming Friday night.

22
23 **Tab 14) City Council**

24
25 **Councilmember Pfister**

26
27 **Councilmember Gamble**

28
29 **Vice Mayor Grenier**

30
31 **Councilmember Smith**

32
33 **Mayor Wolfe**

34
35 **Adjournment**

36
37 There was no further business and the meeting was adjourned at 4:58 p.m.

38
39 Respectfully submitted,

40
41
42
43 _____
Nancy A. Barnett, C.M.C., City Clerk