AGENDA MINUTES
CITY COMMISSION MEETING
CITY HALL, 501 W MEADOW STREET
TUESDAY, JULY 9, 2024 5:30 PM

1. CALL TO ORDER

The City of Leesburg Commission held a budget workshop on Tuesday, July 9, 2024, at Leesburg City Hall. Mayor Burry called the meeting to order at 5:35 p.m. with the following members present:

Commissioner Allyson Berry
Commissioner Jay Connell
Commissioner Mike Pederson
Commissioner Alan Reisman
Mayor Jimmy Burry

Also present, were City Manager (CM) Al Minner, Deputy City Manager (DCM) Hicks, Budget Director (BD) Brandy McDaniel, Finance Director (FD) Jim Williams, City Clerk (CC) J. Andi Purvis, the news media, and others.

INVOCATION

Mayor Burry gave the invocation followed by the Pledge of Allegiance to the Flag of the United States of America.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. FY 2024-25 Budget Workshop Schedule

A. <u>Special Revenue Funds:</u>

Greater Leesburg CRA
Carver Heights / Montclair Area CRA
U.S. Highway 441 / 27 CRA
Discretionary Sales Tax
Gas Tax
Building Permits Fund
Housing Assistance

Debt Service

Capital Projects Fund

Enterprise Funds:

Electric
Gas

CM Minner started off by saying they would review the special revenue fund. These are the core of the budget as far as where elected officials want to see improvements with capital improvements. The core of that comes from the community redevelopment agencies and discretionary sales tax money. The building fund and housing assistance are also considered as special revenue. The debt service fund is simple because that is where we shift everything to pay for credit cards. We will also tackle the first two enterprise funds, electric and gas. He pointed out that there may be some other funding sources for projects, and they are contemplating the development of a new facility for the gas department, but that would be a joint facility.

Commissioner Goals:
Each commissioner provided a list of different things they would like and, outside of code enforcement and police department issues, most of the items listed were special projects. Referring to a slide, the yellow-highlighted items on the list are items they need to talk about tonight. The green-highlighted items are items currently budgeted for. These items are almost ready to be whipped out, or they are struggling with them for financial reasons. He took a different approach with the lists, by summing up the DST money and wrapping it together with the American Rescue Plan Act (ARPA) funds. Those are the big funding sources we have to accomplish along with some big capital improvement projects. The next couple of slides will boil down where he believes the commission wants to go. If they believe he plugged in the wrong capital improvement projects, now would be the time to yell, so they can reshuffle the deck. Some assumptions were made based on things they talked about, their wish lists, and things that were already in the hopper. The next few slides will boil down the funds, which are the major CIPs that we will work on. The projects with the little dots are ones proposed to be programmed into FY 25. The diamond means there is a competing demand in the Carver Heights CRA, so they should talk about it. The lightning bolt on the Susan Street project is there because that has a big impact as far as finances, and flat out it needs more funding. The John L. Johnson Park restroom also has a lightning bolt, but that project does not have as big an impact as Susan Street, yet it needs more funding. Some good news is the Pine Street project has been completed. With regard to the Tropic purchase, we had to jump on that quickly this year, and that will be a big downtown project. We will take ownership of that on August 1st, and we will lease it back to Dance Dynamix. That proposal will come before the commission at their next meeting. We will start to move in and do some different stuff. We will occupy that building by the first of the year. The city hall security system should be completed within the next forty-five to sixty days. It should be up and running in the next couple of weeks. We will then move over to the municipal service center to get the foyer area completed. That project should be completed in the next forty-five to sixty days. With the home grant program, he assumed they would probably refund that, and the diamond shown represented at what level. In the Corrine Williams playground we put some discretionary sales tax (DST) money and public works is now in the process of procuring the playground equipment. That should be done by the end of the year.

The yellow projects to consider are the marina and that would be funded using American Recovery money to the tune of 2 million dollars. The marina project is twofold; they would build the boat slips for 1 million dollars and then build a new marina building with the other 1 million dollars. The marina building is about 90% designed. That should be out to bid in the next couple of weeks, and we should have some market numbers back in the next sixty days. Another concept is whether we want to move forward with the marina because, in addition to some forty odd slips, we estimate the cost to build the new marina to be about 1 million dollars. It would have a return on investment (ROI) to the general fund of about $100,000 per year. That was off the top of his head, but he wanted to show some other things that they might want to spend that 1 million dollars on.

The gray area on the chart are projects they should revisit from the past with the downtown. However, most of them are reasonably new. The privacy wall Commissioner Berry spoke to him about. She would like to create a privacy wall that goes down the border of Susan Street to the trail from Griffin Road to Red Raider Road. It would run along the trail which is south of the Publix Plaza. There are concerns about the crime elements and some homeless elements that cut through the park, and end up in Berry Park. With downtown parking, they have talked about it, and it does tie back to the Tropic purchase. With Market Street, they started talking about that several years ago, prior to covid, and that has not been brought back nor has there been an allocation for it in the budget. We talked about the market-style lighting for the downtown, but we do not have an allocation for that either. That was a significant one, believe it or not, because everybody liked the concept of string lights. Some of this was from The Partnership days, but those types of lights are not up to code. Those lights are hung off buildings and they are really makeshift. He suggested if they were to put market-style lighting downtown, they should do it by code. It would be an expensive project, so we would probably want to start with the parking concepts ranked by their feedback. The market concept included some streetscape along Market Street where they would put some pocket parks and redo the dumpster enclosures. They should revisit that plan as well. However, he recommended putting those on the back burner, since we do not have the money. We did not re-up the facade, sign and landscape grant program in FY 24 because there were no allocations for that. Another concept they may want to consider is US 27 and having a larger facade, sign and landscape grant program because Commissioner Reisman listed this along with beautification on his list. He talked to him individually about the facade, sign and landscape program, and a deviation from that concept would be to put more money there. They could put a bigger number there, because the biggest area that we have for signs that are non-conforming, unattractive and not to code which were grandfathered in is on US 27. There is a plethora of non-conforming single pole signs up and down the US 27 corridor and code calls that those signs be phased out a long time ago, yet we have never really done it. This may give an opportunity to do that, and the plan would be that we put monument-style signs in. That is probably one of the single biggest things we could do for the US 27 corridor, and it would help esthetics. We talked about the South Leesburg marking plan as a general fund project, but they could slip that over into the US 441/27 CRA. That would help the general fund and still get one of Commissioner Connell's goals done. These are the projects we should focus on in the report. To digress slightly, that gray area is too dark, and the biggest project on the books right now is Susan Street. When we started this project, we had between 5 and 5.5 million dollars, and we spent a little money on engineering. We have 4.7 million dollars left, which is made up of three sources. $700,000 was for engineering, and we had already paid that for the Susan Street project. They approved the contract last night using 2 million dollars of TDC money, and we are in the process of securing the state legislative priority grant, which Senator Baxley and Representative Truenow helped us with. It was awarded by the governor in the first part of the month. He has been working with their staff and all the paperwork will be on their desks to formalize that grant. So, right now, we have 4.7 million dollars for that project and there was anticipation that we would spend our money on it. The high-level report is that we are about 40% complete with design using a construction manager at risk form of government through the procurement process; the construction manager at risk being all-state. We are receiving initial reports back on this project and the initial quotes were way out of the ballpark at 18 million dollars for fields, restrooms, and the entryways off US 27. That is extremely expensive. They went back and reshuffled the deck. It went from 18 million dollars to 7 million dollars. For 7 million dollars, we would be down to five rugby-sized fields. At the end of the day, that number was bad for two reasons, and he was losing faith in the construction manager at risk method. He would like to talk about changing that method from the construction manager at risk method to the design-bid-build process. They ran into some similar situations at the marina. If they recall, we started the construction manager at risk on the marina, and those numbers came back crazy, so we decided to go back to the design-bid-build process. The engineer estimated the building alone at about 1 million dollars. We are seeing a difference in the design-bid-build process, and we also see differences in the marketplace. He would encourage them at an upcoming commission meeting, to abandon the construction manager at risk method and go back to the design-bid-build process because, in order to have nice quality fields, and facilities that include restroom modifications along with some other stuff, we need about 10.5 million dollars. He never imagined this project being that expensive, but that is where it is in the marketplace. Cutting to the chase, he was going to say that they either do downtown or the Susan Street project. However, he believes they can get a little of both done. He was looking at different issues and trying to iron out some stuff while putting the presentation together. In doing so, it occurred to him that the Susan Street project is located in the U.S. Highway 441/27 CRA and the U.S. Highway 441/27 CRA is sitting on a considerable amount of money. However, he would like to save that discussion for the CRA portion of the presentation, but he believed this project would be eligible for shifting to CRA money. That would allow them to take DST money and some other special revenue and put it in the downtown. They could have a little bit of cake and eat it too. It would accomplish some improvements downtown, and they could move forward with Susan Street at a level where it needs to be funded. The roundout budget would include 1.82 million dollars of unspent DST money, which goes back to covid money that was never allocated. Half a million dollars in recreation impact fee money and 3.4 million dollars of U.S. Highway 441/27 CRA funds. That is 5.7 million dollars of additional funding for FY 25 and that gets us to the 10.5 million dollar mark. Before we say, wow, that is a crazy number, he thinks that is where they need to be, and remember 4.7 million dollars of that is grant money. That is about half of the incremental value. 1.8 million dollars is DST money, .5 million dollars is recreation impact money, and half of the 3.4 million dollars is incremental money. We have other county money tied up in that, but if they put all the numbers together, they would have a 10.5 million dollar project. We would probably spend a little over four and a quarter out of our own pocket. Over 50% of that is grant money, but this is a significant project, and that is how we would get Susan Street done.

The other project is the John L. Johnson Park restroom. We put $300,000 away to build the restrooms at John L. Johnson Park. That park needs a restroom, but we cannot touch it for about $450,000. It is sort of the same conversation that we had with Ski Beach where, at that time, Commissioner Hurley went nuts over how we spent close to $300,000 on putting the restrooms at Ski Beach. That was the number six years ago, so the numbers today, more or less, match the times. He would say they need to grab some money from the Downtown CRA to give the public works director about .5 million dollars to get that bathroom done. We always talk about the war chest and how much is left in there and where it should be and the proposal this evening will leave about $200,000 of unallocated FY 25 DST money and about $850,000 of ARP money. That is if they do not spend it on the marina. They could have it in their pocket, but he will come back and give a recommendation about where to spend that money. They still have some interest earnings. Remember once we do a project, we shuffle cash over to capital improvement projects where it earns interest until we spend it so we still have some interest earnings. As we get these projects done, we will see interest earnings decline, so that will not be a revenue source in the future. We still have significant reserves in the general fund. We are sitting at about 5.5 million dollars. Back in the day, he would have said it was safe to use some of that money for capital projects, but by shifting around and doing some other things, he is getting slower to recommend spending this cash. First is the police department issue, and the second issue they will talk about on Thursday is the workers' compensation and health insurance claims. We need to shore those up. We talked about that a little bit last Tuesday night. There are some issues that we need to take care of with workers' compensation without increasing the cost for employees. He thinks they need to go to cash to firm those up, but they will discuss that on Thursday.

Commissioner Berry asked about the John L. Johnson Park. Why would they use the Downtown CRA money versus U.S. Highway 441/27 CRA? **CM Minner** answered because the park is not located in the

U.S. Highway 441/27 CRA. The line stops on the south side of the boulevard and that was the catalyst for looking at Susan Street. Forever he thought Susan Street was a blip in a hole, that it was not in any CRA, but when looking at the map for the John L. Johnson Park, he thought about the U.S. Highway 441/27 CRA. When we pulled the maps out and started looking at it, his eyes drifted up the boulevard to Susan Street, and he was like, holy cow Susan Street is in U.S. Highway 441/27 CRA, but John L. Johnson Park was not. If they decided not to do the restrooms at the John L. Johnson Park, they could throw $300,000 back into DST money, or they would need another $200,000 to be safe. Then the choice would be DST, the general fund or the Greater Leesburg CRA, which he would not recommend.

Commissioner Pederson wanted to know how many square feet the restroom would be in John L. Johnson Park. **CM Minner** responded it would include both a lady's and men's restroom. **Commissioner Pederson** said, thinking out loud, it would only be one thousand square feet, so that would be over $400 a square foot. That just blows him away, it does not make any sense. He believes they could find a contractor tomorrow that would do it for $200 a square foot. **CM Minner** said the most expensive parts of a house are the kitchen and bathrooms. Basically, we would be building the most expensive parts of the house. Also, those are prefab numbers from Leesburg concrete. **Commissioner Connell** inquired if this would include a lift station or anything. **CM Minner** replied no. It would be an extension to the main. **Commissioner Connell** said a 1,200 square foot restroom for half a million dollars is outrageous. He wanted to know if they received three bids on this? **CM Minner** replied that staff went to Wharton Smith and to Leesburg Concrete prefab. We can bid it out, but we do not see that number coming down. **Commissioner Connell** said, with no lift station, he thinks it would come down quite a bit because the bathrooms are Plain Jane. **CM Minner** remarked that they would bid it out. **Commissioner Pederson** said what startled him was Susan Street and not that he was against it, he could not believe how it went from 5 to 10 million dollars. **CM Minner** responded that we got to that number by using the construction manager at risk method. When they do that, they go out and get bids. We asked them to work with a local company and that was the number they got back. If we were to bid it out, it could come back lower, but it would not be under $300,000. **Commissioner Connell** said he would like to see this go out to bid. **Commissioner Pederson** agreed he would like to bid out the John L. Johnson Park restrooms. **CM Minner** added they were talking about $200,000, and he knows $200,000 is a lot of money, but he did not want them to lose the big picture on the restroom concept because there are some big pieces. **Commissioner Pederson** said, going back to Susan Street, are we going to bid that out as well? **CM Minner** replied that would be his recommendation. If they want to cut $200,000 out and go out to bid, they will do that. **Commissioner Berry** asked if there were any grants they could apply for that could help with city parks. **CM Minner** answered yes. They have over 5 million dollars of grant money for park improvements. If they applied for some CDBG money they may have to kick the can down the road as far as construction. If there was a reluctance to add on the funding, they may want to kill the project until they can bid it out and see where it comes back. **Commissioner Pederson** said that is where he was at with this project. He just got bug-eyed about the $500,000. **Commissioner Connell** agreed. **CM Minner** said that was an overview of the priorities. They will now break down into how we got there in each individual special revenue fund.

SPECIAL REVENUE FUNDS

<u>Greater Leesburg CRA</u>:
Continuing, the Greater Leesburg CRA is sitting on about $300,000 of unspent cash. It breaks down into revenue streams; ad valorem money, Lake County money, which is our TIFF and the county's TIFF. We throw that in a pot, and it generates about 1 million dollars per year. $443,319 will go towards special events, and the share that is required to go to the Leesburg CDC is $499,357 and the debt payment which retires in two years is $101,042. As we begin FY 26-27, they will have an additional $100,000 because that ten-year banknote for the Main Street project will have been repaid. They also have an unallocated

portion of $43,000. If they put all this money together, there is $343,795 of money left unallocated for this year. They may want to keep $200,000 for the facade, sign and landscape program. A couple of years ago, we put together 1 million dollars for the downtown historic building renovation grant program, and we have issued three grants. We took that money from the general, electric, and gas funds. We have issued three grants, each for $250,000. The maximum match they have given out was $250,000, so they could probably squeeze together another historic renovation building grant and restrict that to this fund. Now, just food for thought, they do have an allocation of a little over 1 million dollars for parking. **Commissioner Berry** questioned the increase in contract services on page 176, account number 3410. **Budget Director (BD) McDaniel** replied it had to do with special events. They have a note for a new event with entertainment along with bands for the pancake palooza. Contract services are associated with things they need within the special events division. **CM Minner** said he wanted to jump back to the downtown parking and the purchase of the Tropic. There was a conversation about moving the events division to the Tropic building along with doing a lease with the Melon Patch, as well as the Center for the Arts. We are in the process of formulating those things, but there are a few moving parts. The lease with the Melon Patch has some contingencies. The Melon Patch is offering the city $150,000 in exchange for a fifty-year lease at the Tropic. This is contingent upon the sale of their current property to the First Baptist Church. The First Baptist Church will then seek to close 12th Street. All this will come before them for approval. They would like to make this work with the two leases, along with the closure of 12th Street. That will set us up to start moving and shuffling the deck. **Mayor Burry** asked about the two leases. **CM Minner** answered there would be one lease with the Center for the Arts and another with the Melon Patch. They will then bring an ordinance forward to close 12th Street. **Mayor Burry** wanted to know if Dance Dynamix was going to do a lease. **CM Minner** replied that Dance Dynamix was making a lease for interim use of the Tropic from August to December 31st. **Commissioner Berry** asked if he could explain the Melon Patch lease again. **CM Minner** replied that on the parameters of the Melon Patch lease, they would give the city $150,000 for a fifty-year lease at the Tropic on the east side of the building. That is the big theater. The Melon Patch also has a contract with the First Baptist Church to sell their facility, but there are two contingencies; the city closes 12th Street and the city works out a lease with Melon Patch. **Mayor Burry** inquired about where they wanted to close 12th Street. **CM Minner** responded that 12th Street would be closed off from Center Street south to Main Street. The church owns all the property on both sides of the road from Center to Main. **Commissioner Connell** asked if Melon Patch was a nonprofit organization. **CM Minner** replied yes. **Commissioner Pederson** said he remembered the church going to the Melon Patch with that proposal. This makes sense to him, and he understands they own all the property on 12th Street. He wanted to know if this would impact the people who live on Line Street if they made this a dead-end road. **CM Minner** said that was the biggest thing because they would have to jog back to the west and then up. **Mayor Burry** said that would be where the north end of their property is right now, but don't they also own some property that goes closer to Bill Polk’s property? **CM Minner** added they own Center Street all the way down. If they were on 12th Street heading south they could still make that right. If they were coming from Line Street, they would take a right on 12th Street and then a left on Center Street. That is the jag they would have to do if they closed off that street. **Commissioner Pederson** asked the city manager how he felt about this. **CM Minne**r replied that he thought it was a reasonable deal. The biggest problem is the Line Street conflict, which is minimal for those residents. There would be other people affected who would have to do the cut through. Case in point, if he were to run to Publix, he would not be able to go out on Line Street. He would have to take a left, right, left. He would have to go around. That would probably be a good traffic pattern. They would have to zigzag through in order to get out to one of the major roads. It would be an inconvenience for the residents who live on Line Street from 12th Street to Perkins. **Mayor Burry** said they would have to go from the church, to Perkins, down to Sunshine and out to US 441. **Commissioner Berry** said they may like it because it would limit traffic on their road. **CM Minner** pointed out this has been a concept contemplated by the Baptist Church for some time, essentially, since he had been in Leesburg, and part of the closure is that the city does not pay for one single improvement. Whatever the

Baptist Church does, it will have more of a campus feel, and that is important for traffic control and safety for the kids crossing back and forth at their facility. They have some pretty grandiose ideas about what they want to do there and, from an aesthetic standpoint, a traffic standpoint, and a financial standpoint, it makes sense for the city. The hardest part will be the closure and the people that live there. They will be affected on Line Street. **Commissioner Berry** asked if there was a church on the corner of Center Street and 13th Street. **CM Minner** said there would be a synagogue and the Baptist Church is looking to buy it, has bought it, or they are under contract. With all that going down, that is the shift around and once we have the special events division, The Center for the Arts and Melon Patch in the Tropic, they can slash the old partnership property. They could then reconfigure that property for potential parking. **Commissioner Pederson** said that was his priority for the downtown. He supported the Tropic purchase as a function for getting parking fixed. He could put Market Street on hold, in order to address parking because that is more important. He would rather see a single level of brick pavers in the short term. It does not have to be this year, it could be next year, but he would like the sidewalks repaired and dumpster stations just so they could get this rolled out. **CM Minner** said if we choose to do the Susan Street project at the level proposed, they do have a financial choice about how to do that. The easiest choice would be to use U.S. Highway 441/27 CRA funds, and they will talk about the consequences in a minute. If they say no, keep the conservative route. They would have to choose between Susan Street and the downtown for the next couple of years. If they choose that path, that financial block is 1.3 million dollars. They could put together and do Market Street, or they could put together and do parking. That is what they can do if they have another project in the downtown that was not mentioned tonight. They can string together about 1.3 million dollars for FY 25 to do something. **Commissioner Pederson** wanted clarification because earlier it was said that we used $750,000 out of the million dollars for the downtown grant program, and we have $250,000 left. He would be willing to reallocate that money towards parking. **CM Minner** said the answer if they wanted to increase this he would regurgitate this and give it back to them. If they wanted to increase this to 1.3 million dollars by closing out the historic downtown business grant, there would be $250,000 still sitting there. However, before they throw out the downtown historical grants, remember there were three funds involved; the general, electric, and gas funds. It would have to be split three ways because a third would have to go to the general, electric and gas funds before they could spend it somewhere else. You might want to take the residual $300,000 plus the John L. Johnson money, and then they could step that up to 1.5 million pretty easily. Then they may want to split the 1.5 million dollars two ways, but before we get crazy, the next step would be to approve this budget. He would then come back to say they need to use GAI to do some design to give us some estimates and firm up these budget numbers. **Commissioner Connell** asked if he wanted to put 1.3 million dollars towards parking downtown. **CM Minner** replied yes. **Commissioner Connell** wanted to know how many parking spots that money would get. **A gentleman from the audience** said there would be 369 parking spots from 1st Street to 9th Street. **CM Minner** said he could provide the report that was done back in December, but part of the parking concept was to go back and make Main Street and the numbered side streets correct. They were to lose about twenty non-conforming parking spaces, which is significant. They would then reestablish those spaces somewhere else. **Commissioner Connell** asked if we would know the actual amount before spending any of that money. **CM Minner** said they would still need to spend a little of it. **Commissioner Connell** wanted to know how much a little bit was. **CM Minner** replied it would be somewhere between fifty and one hundred thousand dollars. **Mayor Burry** added it was GAI who brought that plan to us. **CM Minner** said the perimeters for the downtown parking were about five hundred linear feet and the partnership parking lot was identified for a central spot for additional parking. At the end of the day, if they do not think parking is important, that is not a city manager's project. This was him hearing the collective direction of the commission. He could put together 1.5 million dollars if they told him where to spend it. **Commissioner Pederson** said we did that with the master downtown redevelopment plan. Parking was the number one issue based on the residents and citizens who came out and ranked the priorities. We set aside ARP money, but that has been slowly siphoned off. He would like to see the parking because parking is important. He has been working in the downtown for twenty plus years and people continue to complain about parking. He could put Market Street aside with the hope they could drive down the cost of Susan Street. **CM Minner** asked that they remember the budget numbers, but hopefully, we are under and never over. To jump back to the parking question, that would be the Greater Leesburg CRA or Downtown Leesburg CRA.

Carver Heights/Montclair Area CRA:
Shifting gears to the Carver Heights CRA, this has about 1 million dollars in the TIFF increment, but there are multiple parts for where we spend it. First, is personnel for the housing and redevelopment manager. There are operating expenses that include the debt service for the resource center. The amount left is what he have to spend on capital projects, and we have a considerable amount of $673,000 from this fiscal year. If they married that with the $418,000 that we have not spent, there is almost 1.1 million dollars of capital project money in the Carver Heights CRA that can be spent. So, where do they spend it? The immediate item is the home grant program. He would skip all the details on that, but the home grant program has been a success and towards the end of the year, that money will be spent. There are homes under construction now for renovation. We funded twelve homes at varying levels up to $25,000, so we spent about $292,000 of the $300,000 budget. If they double that number, they could renovate twenty-four homes with an allocation of $600,000. Immediately in the hopper we have another twelve or so houses. We would be able to fund what we were not able to do this year and then some. Another concept would be the privacy wall or whatever else they may want to do in the CRA. **Mayor Burry** asked about the privacy wall and if it would run along the trail? Is that where the wall should be or are we talking about the trail that runs along Berry Park? **Commissioner Berry** said it would be behind Big Lots. **Mayor Burry** mentioned there was a trail going this way and another trail going that way. **CM Minner** said the concept of the wall was to try to keep unwanted activities from entering into Carver Heights through Berry Park from US 27. In the Susan Street concept, they included a fence that goes around the Susan Street Park, but that is a coded chain link fence. At this time, we know chain link fences do not keep people in or out. So, Commissioner Berry came in a couple of months ago with the concept of putting up a privacy wall along the north/south trail that runs from Red Raider Road and stops down Griffin Road. It takes a left at the gym between the gym and Carver Middle School, which is Red Raider Road. It then stops about five hundred feet south of Griffin Road where the trail picks up. The trail picks up from the end of Red Raider Road and goes adjacent to Birchwood, Susan Street Park and the Bennett Walling property. It then hits the trail. The concept would be to build a ten-foot privacy wall where Red Raider Road ends at the east/west trail. There are two options they are looking into; one is a block wall option. It would be cinder block and stucco. It would be what we see along the freeway and Turnpike. **Commissioner Reisman** asked if that could be done for half a million dollars. **CM Minner** replied no. It would be more along the line of one million dollars. **Commissioner Reisman** asked about the new laws being passed regarding homelessness. Will our police have more authority about those issues? **Deputy City Manager (DCM) Hicks** explained that the new laws just hold local government accountable for the situation, but it did not change. It was not a law enforcement bill. It was so cities and counties could not ignore the problem, they would have to do something about it. The police have to use existing trespassing and stuff like that. **Commissioner Berry** said the concept of the privacy wall was to address issues they are having with security and policing in the Carver Heights area where people escape the police by running. They come straight from the Big Lot Shopping Plaza directly over to Berry Park and then out to Thomas Street. Also, with the Susan Street project coming on board and noise control from the games and sporting events, a sound barrier wall would be needed for the hours of operations to help the residents who live in that area. She asked for a two-in-one, because this had been a request for some time in the Carver Heights area. As far as policing, this would help eliminate the cut-through/run-through because they are having issues with security. The homeless issue has been a growing issue everywhere, not just in the Berry Park location or the Carver Heights area. They are finding shopping carts in the area of Big Lots and Palm Plaza. People who walk through that area leave them along with trash between

McCormack Street and the cut through. People do not use the trail at all. They just walk through the reservoir and cut across to Carver Heights. Her request and concern was for safety and security, to help eliminate some of the issues they are experiencing with trash in the Berry Park area. **Commissioner Pederson** said he was not sure what a wall could do for them. All they would do is jog fifty yards to the right to go around it. **Commissioner Berry** remarked they should be on the trail and that was her goal. They are not utilizing the trail, they are cutting through neighborhoods and the reservoir. They are walking through the residential areas to get to the park. **Mayor Burry** asked about the retention pond/little lake or whatever it is that borders Carver Heights, is that the main area where they are crossing? He thought when they were talking about homelessness problems in Berry Park, it was the trail along Berry Park heading east/west. **DCM Hicks** answered there are homeless challenges along the entire trail network and through discussions with Commissioner Berry, they are trying to alleviate and prevent them from walking straight into the residential neighborhood. If they had a wall along that trail, they would have to go around it to Montclair Road or head up Griffin Road. That way they would have to be on a main roadway. **CM Minner** said that was a new concept, and they did not need to make a decision about that this evening. However, there is about one million dollars available for various projects in Carver Heights. **Commissioner Berry** wanted to talk about the home improvement grants because they include twenty-four homes in the block of the Carver Height CRA. She would also like to go back to the Greater Leesburg CRA to see if there was anything they could fund on the east side, as far as home improvements in that area. **CM Minner** explained if they wanted to expand the home Improvement grant program to the Greater Leesburg CRA, on the east side, they could because that is where most of the homes are. However, they would have to look at the numbers again. There are two options; they could target the Greater Leesburg CRA for the home grants or the general fund, but he could flat out say there was no money for it in the general fund. **Commissioner Pederson** stated if they were going to spend CRA money, it needs to be spent throughout the entire CRA versus one half of the CRA. Plus, with the money that goes to the Leesburg CDC, he thought that did exactly what we are talking about. **Mayor Burry** wanted to go back to the question of a wall. Since we are already improving the Susan Street complex. Are we saying that Susan Street will not have a fence around it? **CM Minner** said Susan Street was on the plan with Halff now. There is a fence that encloses it all the way around with a gate that will open and shut. That fence was specked out to be a chain link fence with a vinyl covering in the area where the privacy wall would be. So, instead of it being a chain link fence, there would be a wall. **Mayor Burry** asked if it would connect to the block. **CM Minner** answered that the wall would be a dividing line between the Carver Heights CRA and U.S. Highway 441/27 CRA. **Commissioner Berry** wanted to know why the fence could not be made of blocks using U.S. Highway 441/27 CRA funds. **CM Minner** said they could split it, but there are a couple of commissioners that may argue that. However, if they split, it could be doable. **Commissioner Pederson** asked, looking at the map, was the wall on the east or west side of the Susan Street Complex? **CM Minner** replied the west side. **Mayor Burry** wanted to know if it would be right along the trail. **Commissioner Connell** stated when this comes back up, it would be nice to have an aerial map that shows what we are talking about. **CM Minner** said he would bring that back when they do the budget recap next Thursday. **Mayor Burry** asked if the Susan Street project would extend south behind Sam's Seafood, to the trail? If so, would everything behind Palm Plaza require additional fencing to the trail? **Commissioner Berry** suggested that they not take the wall all the way down. They could just concentrate on the areas where most of the traffic comes through. That may also help with the pricing. **CM Minner** explained that the wall would be about three quarters of a mile long. If it were made out of block it would be under one million dollars, but remember the budget numbers. If they like the concept, they could tighten up the numbers. For example, if they went with block and doubled up on the home grants, they would probably have enough money to build the wall. If they build a wall like the Turnpike, they will not do it all this year, and they may not have any more home grant money. The choices are at the commission level and if they do not like any of the options, they could go back to the drawing board collectively. **Commissioner Pederson** asked if they had received feedback from any Carver Heights residents and what would be more important, the wall or home grants? **CM Minner** said this was a pretty big endeavor, so they may need to have a CRA meeting. It seems the CRA boards are a little more active these days, so this could be something they want to schedule a meeting for in the latter part of July or the first part of August. **Commissioner Berry** commented that this issue was nothing new as far as the CRA was concerned, because the residents have been concerned about it for over a year. She asked, and the response was that the concern had gotten worse. She could only speak about the complaints she had received from residents. She resides in that area, so she could also speak about it because she had seen it. When you think about a wall, we all know where we go with that thought process. She was not trying to make a division, she just wanted to make security issues a concern. **Mayor Burry** said this was mainly a westward walking trail that runs behind Big Lots. It would basically go right through the Susan Street Complex. **CM Minner** agreed. **Commissioner Pederson** said he was not convinced about the wall because they would just go around it. Plus, we do not need to lose sight of what the concept is for a CRA. Building a wall does not create value in the CRA, whereas home improvement grants and building homes do create value. **Commissioner Berry** agreed. She said the goal was not to stop people from walking or going wherever they would just be forced to use the walking path. It would stop them from going through the neighborhood and residential properties. That was the goal she was asking for. She asked the deputy city manager to assist in explaining the number of people who had run back there when they were trying to get away because they knew it was a cut through. **DCM Hicks** stated there would be a lot of antidotal information because they did not have statistics on that. There have been discussions and if the police chief was here, he would speak about that. It is a situation of whether the wall concept would be effective or not, and he did not have an opinion on that. However, he could back up what Commissioner Berry said as far as traffic coming off US 27. If there was an armed robbery in the area of Big Lots, a point of egress for that suspect would be due westward to Berry Park. They would have to walk around the wall, and it forces them to use the trail. People just abandon their stuff throughout the neighborhoods, which leads to further blight. If someone wanted to steal, they would be forced to go three-quarters of a mile to get around the wall. It would force them to think about it, since it would be more of a challenge. **Commissioner Pederson** thanked him for his comments. **CM Minner** said at the next meeting staff will bring some pictures of what the block wall would look like versus a highway wall. **Mayor Burry** commented that he was sensitive to it appearing like they were walling off a community from a business district on US 27. **Commissioner Berry** asked them to understand, because it was not just homeless people using that area as a shortcut. They cut through residential property, and leave garbage along the way. She did not want to sound like she was trying to build a wall to close off a portion of the community, but the problem was increasing. It happens day and night. **CM Minner** stated they would revisit this on Thursday.

<u>Highway 441/27CRA</u>:
Moving to U.S. Highway 441/27 CRA, **CM Minner** said he would recommend a significant shift in the policy. The U.S. Highway 441/27 CRA is sitting on 4.5 million dollars, and it brings in about 3 million dollars a year. The U.S. Highway 441/27 CRA is our fastest growing CRA, and it is the most financially secure CRA that we have. It is that way, because we re-calibrated the increment back in 2014/2015. It was probably one of the most significant things that we have done in the past ten years. For ten years he had been telling them not to spend a single penny of this money, but last year he started changing his tune. Our strategy has been to bank every bit of the CRA money. In 2016, we refinanced the 2010 bond, and he wanted to revisit that quickly. In 2010, we created the U.S. Highway 441/27 CRA with the intent of improving the two corridors. We signed off on a 15 million dollar bond, and we received a balloon note to pay for a bunch of different improvements. The day that we signed the bond note, the economy crashed, and the increment was negative and the CRA was generating zero. Our whole projection back then was wrong. The bond was backed up by the faith and credit of the general fund because if they did not have money to pay for that bond they would need to use general fund revenues to pay for it. We also had some gas money back then, so we backed up the first few payments using gas money. Mind you, it was a balloon note, so it was relatively small. We started squirreling away money and we re-calibrated

the CRA. The first few debt payments lowered the note so the CRA was able to cover itself. Now, over the last four years, we have started seeing significant growth. We have now banked 4.5 million dollars, and we bring in about 3 million dollars annually. The note that we refinanced was a 15 million dollar note. He believed they refinanced it for 11.5 million dollars and the balance is 9 million dollars. If they continue with the policy they have been using over the past 10 years, they will have enough money in the bank in 2027 to pay off that note. They are now generating about 3 million dollars a year and the only obligation in this fund is the debt. If there was another significant crash, he did not think the increment would go down by 66%. He thought it was safe to say that because of the fruition of the amortization schedule, they would have one million dollars in the CRA even if something catastrophic happened. With that thought in mind, they now have significant money in the CRA to spend on various projects. They are sitting on 4.5 million dollars and there are a couple of different things they could use it on. However, he does not think they need to use it at the level of $3,420,000 for Susan Street because it would start affecting downtown money. They do not necessarily have to use one million dollars for the U.S. Highway 27 sign program or one million dollars for any other program. They have time to think about where they want to spend it. However, the South Leesburg commercial study should be another priority project because this CRA goes down that far, and it would accomplish one of Commissioner Connell's goals. The simple statement is do they want to change priorities and start spending this money or continue to save it? Another thing they may want to consider is the U.S. Highway 441 widening project. He was not saying that should take priority over Susan Street, but it is something on the books. That project is estimated at 7 million dollars, but this was a fund that they could look at for funds. They could even leverage money by doing a small debt issue in the future. Remember even if they decide to go with this program and spend it on Susan Street or to beautify other areas, they will have 2 million dollars per year for the foreseeable future to spend on other projects. A third option would be to do this or to do that and then start saving again, because in 2026 they would have 2 million dollars to bank, so there is 3 million dollars there to spend per year with a 1 million dollar obligation. Over the past several years, the CRA has shown growth, and he was comfortable saying that last year he started stepping that way and this year he was saying they have the money to spend. **Mayor Burry** said that was reasonable on the bond. **CM Minner** agreed. He thought it was pretty low at 2.5%. He believed they were in a good position now and, with these special revenues, they could knock out a couple of big birds in this budget. They could do it pretty fiscally sound with grants, the American Recovery Act money, and with the incremental revenue. It would make a big improvement to Susan Street, and it would leave 1 million dollars in the Carver Heights CRA. They could make some big improvements by leveraging DST money to go to the downtown.

<u>Discretionary Sales Tax & Capital Projects</u>:
With the Discretionary Sales Tax, **CM Minner** said in discretionary sales tax, they have 3.6 million dollars and there are credit card type items where we transfer money to the general fund to pay for cop cars, fire department leases and other items. Those are up a little bit to reflect the new officers coming in, and then we pay some other money to the fleet lease. The first three items are credit card payments, which they have to pay. That leaves 1.5 million dollars and that is what he was looking to split for the downtown. Basically, the CIP focuses on the downtown and DST money focuses on Susan Street using U.S. Highway 441/27 CRA funds. There have been some discussions, but he believes this would marry all their goals because they have financial blocks of money to shift. **Commissioner Connell** asked if funding for the downtown parking would come back to the commission for approval before spending any money? **CM Minner** answered that everything has been added to the budget, as far as CIPs. There was an allocation to go to the design-bid-build process so it would come back to the commission for approval because everything we talked about was above his spending level. They will see bids for Susan Street and the wall. They will approve the grant contracts for the home projects just like they did this year. Almost 90% of the stuff they talked about, as far as capital projects, will come back for approval. **Commissioner Pederson** stated about the wall if the Carver Heights community wants it and if it is important to them,

he would support it, but it would have to be paid for through the Carver Heights CRA. The residents of Carver Heights need to decide where they want to spend this money. Is it going to be home improvement projects, or a wall? He would like to get that flushed out because he does not want to pay for the wall out of the U.S. Highway 441/27 CRA. **Commissioner Berry** asked why not, since it was adjacent to the Susan Street project. **CM Minner** stated they needed to carve some stuff out to make sure the map shows the back side of Susan Street as the border. **Mayor Burry** asked if he was referring to the trail being the backside? **CM Minner** responded it would be the property based on the property ID numbers and certain property lines. It will have to be a parcel on the right of way, which he calls the red trail. It would be a long, skinny parcel. Susan Street will have four different parcels, and the long skinny line meets the four different parcels. That is where the divisions of the CRA's are. Technically, if they were on the west side of the park, that property line is Carver Heights. It is not the U.S. Highway 441/27 CRA. So, flat out, he would not spend the U.S. Highway 441/27 CRA money on the wall. **Commissioner Berry** wanted to know why. **CM Minner** pointed out that they were the body for U.S. Highway 441/27 CRA so they needed to have that discussion. **Commissioner Berry** said it was part of the project, and it should be funded. The Susan Street project is a goal everyone wants, and she thinks it is important for the residents so they do not have to listen to sports sounds constantly. Just as they do for the highways, it would be the same setup. **Commissioner Connell** pointed out that there have been recreational activities down there already. **Commissioner Berry** replied it would be nothing to the capacity they are expecting with this new project. Currently, there are Little League games and tennis. **Commissioner Connell** agreed but sports activities have been going on there for decades. **Commissioner Pederson** mentioned in years past, Carver Heights residents begged for this complex, so he was now confused. **Commissioner Berry** said no one was saying not to have the complex, she was asking for security. **Commissioner Connell** pointed out that the project is already over 5 million dollars, and now she wants another million dollars to put a fence around it. It would be a stretch to tie that in with Susan Street. **Commissioner Berry** wanted to know how many times that fence has been replaced. **CM Minner** responded that it has been countless. Right now, it is not closed, so they go through the park and bust open the fence through the trail in the area where they want the wall. It could make a difference to have a totally encompassed complex because right now they are busting in at the gate behind Big Lots, and they walk through the complex and bust through the fence again. The fence is not much of a discouragement. The commission definitively needs to discuss the wall, but he does not think they should use U.S. Highway 441/27 money for the wall. **Commissioner Pederson** agreed. If it is important enough to the Carver Heights residents to have the wall, then they need to decide if it is important enough to be funded through the Carver Heights CRA. That would have to be a decision they make because it will take money away from the home grants. **CM Minner** added that they have a couple of new concepts here and not to push, but they need to digest this a little more, so they will start Thursday night by revisiting this and he would bring some pictures.

<u>Gas Tax</u>:
Continuing, with the local option gas tax, we bring in one million dollars of local option gas tax. That is our share based on the county's formula. Hopefully that goes up, but remember it is based on a formula that the county approves for street miles and population. They revisit this every few years, and we have about forty miles of new roads with The Villages coming in. While other cities are getting new roads, this does give us some more money. One million dollars is probably the number, and we might see that dink up a little bit more in the future. So where do we spend it? We will transfer $765,000 of it to cover general expenses; fixing potholes and street lighting, but remember the big expense in the public works department is paying for all the streetlights. They can use the local option gas tax to pay for that, but they have been doing that for the last several years. They have not used any of the gas tax money for a resurfacing program, but this year they are saying uncle, because they need to bleed about $322,500 off this to do road resurfacing, sidewalks, and some traffic signalization rehabilitation. In all honesty, they projected last week to be $250,000 in the hole, but it will be recalibrated July 1st. He recommended that they sit on that number as long as they can, at least until September. At the end of the day, if we need a

couple of extra bucks to make everything work, this is where he would look, because some of the street expenses in the general fund qualify for the local option gas tax. With street resurfacing, he would have to dust off some charts in areas where they identified roads that need to be built or resurfaced. He would present that report to them before they spend money on resurfacing. That contract would come back for approval. **Commissioner Reisman** wanted to know what $172,000 in road surfacing gets us. **CM Minner** replied probably five to eight. **Commissioner Berry** asked how they determined that. Is it based on an evaluation of the road or is it the most used? **CM Minner** answered a little of both.

Building Permits:
CM Minner stated building permits were coming along. Back in 2020, they cut the fees on all rates. We said 100%, and we still made money on the permits. So, we said let's cut it to 75%, and we are now at 50%. If they go back to rates from the 2018-2019 time frame, they would be at 100% full rate. Since 2020, we have cut rates, and the surplus in the building fund did not go away until we went to 50%. We are now seeing it go away. The surplus requirement from the state allows for one million dollars. We can keep this much money, but the formula equals about one million dollars. The states are leaner and less restrictive than the Government Finance Officers Association (GFOA), which is ninety days. However, he would say they need to meet in the middle, somewhere around half a million dollars, to be safe. When they did the graphs and charts, they started wanting to cut rates, but we think we can get through FY 26. Referring to a chart, he said the red line was above the requirement line, and they had about 1.7 million dollars in personnel expenses. At the end of the day, we see us using $700,000 of the remaining dollars, so all things will be equal. That means by the end of this fiscal year, our green bar will be with the red bar, which means we will need to increase fees. A fee increase will be imminent, and we will need to look at a fee increase due to how busy we are and that will give us some step back from the transition of The Village's growth to PUD growth. The report last month showed fifteen single family units issued, so we are getting back to slower times. Although the building official would argue because there is a bunch of other stuff including mechanical, AC, and roof replacements. He measures activity based on a single family home, but there is a lot more activity than that. He recommended staying on the course and this would be a fund that they revisit on a quarterly basis. They need to look at personnel for how to institute a fee increase. They need to maintain a reasonable reserve level without overcharging or creating a huge reserve in the building department. We do not want contractors yelling at us saying they want the lowest possible building fees. We have accomplished that over the last six fiscal years. **Mayor Burry** asked if staff had any data on what the permit fees were in other municipalities. **CM Minner** responded that he would bring that back at another time. He would say right now we are the lowest, but he will get some comparison data halfway through FY 25 and at that time we will look at an increase. **Mayor Burry** inquired if they were budgeting for increases now. **CM Minner** replied no. He wanted to stay the course because the other side of the equation is if some of these PUDs take off, we will have buildings, and we will have fees coming in. It all depends on the 40,000 PUDs on the books and, without counting The Villages, we are hanging around 30 units a month, which is 3% to 4% growth. If we hang out at that number, we will need a fee increase, but if the non-village stuff picks up, then we might be at a point where the existing staff can cover it and unexpected revenue will come in. **Commissioner Berry** wondered, by watching it quarterly, would they be able to see what the trend was. **CM Minner** said yes, this would be put into a tickler file. It will be on the budget director's desk. She would come in and yell at him because the building official already said they needed to increase the rates, and he told her no, not yet.

Housing Assistance:
Moving to the housing assistance program, **CM Minner** said this fund was pretty simple. It covers property that we own and manage. There are three houses that we own. There is one on Woodland Street, another on Talladega, and the one we just purchased next to the Resource Center. We also have the Mispah Simmons Apartments. The houses have contracts which include a sale at the end of the term. The

Mispah Simmons Apartments are rentals, and we brought in about $162,000. This is spent on personnel and operating expenses so they can keep everything in tip-top shape. The house on Woodland Street was in desperate need of repairs, and the expenses were within his spending authority. He believed the roof and AC needed repairs, along with a sewer line issue. He issued the go ahead to fix those. However, in exchange for fixing those, he was going to come back to the commission with a recommendation to end the contract early and transfer the ownership to the new owner. Right now, he believes there are three years left on that lease. It would be a quid pro quo for everybody, and they would see that come before them. **Commissioner Berry** wanted to know if that house had many issues that needed to be addressed before it was transferred to the new owners? They are already addressing blighted homes in that area, and she wanted to make sure that this one did not end up on the list for home improvements. **CM Minner** said it should not and that was not something they would want to happen. The lease is contractual, and it says we will fix it. The Woodland resident came to us and said we needed to fix it, so staff double-checked the lease and the resident was correct. We have not heard complaints about any other houses, but before we lease the one on the red road there are improvements that need to be done. **Commissioner Reisman** asked if they could sell the assets to an investor to get them off the books. **CM Minner** answered yes; they could, but his knee-jerk reaction to that was no, since the two leases have a buyback provision that gives them the first right of refusal at the end of the lease. If they refuse, and do not want to lease it again or buy it, then we could, but each house has an existing contract, that includes a rent to own option and a portion of the rent is banked into the down payment on the purchase. **Commissioner Pederson** asked if this was a subcategory of the CRA or was this out of the general fund? **BM McDaniel** said it had a separate fund.

<u>Debt Services</u>:
Moving into Debt Service, **CM Minner** said this one would be super quick. This is where we transfer the monies from all the special revenue funds into the general fund, which is the debt service account. We then use it to pay credit card bills. It is an accounting fund because that is how the statute says we have to do it.

<u>ENTERPRISE FUNDS</u>

<u>Electric</u>:
Starting with electric, **CM Minner** said he would flat out say the electric fund is stressed for a lot of different reasons. First, we have been extremely aggressive with CIPs. In FY 2018, we did 5.9 million dollars in CIPs. In FY 2019 it was 7 million dollars, FY 2020 was 7.9 million dollars, FY 2021 was 12 million dollars, FY 2022 was 10 million dollars, and 2023 was 7 million dollars. Then, in 2024, we have 3 million dollars in CIPs. Those different feeder projects were different growth projects, and four of them were transformer projects. We have been extremely proactive in improving and fixing the system. That expense pattern took a big hit on the budget. The two big things were aggressive CIPs and growth for CIPs. Growth for a CIP is when a subdivision comes and we have to extend. A prime example of bad growth for a CIP was the Venetian Isles. We spent one million dollars to spin one meter, and they approved the extension of that bond. Those are the types of projects they need to avoid in the future, which comes back to the contribution in aid agreements. Moving forward to manage this better, they will bring all major aid-in contribution agreements to the commission. To delineate, there is a difference because there is a subdivision, Arbor Park, in Fruitland Park that is on the electric director's desk. He is putting together an aid-in contribution. The Fruitland Park subdivision is south of Euclid and west of Thomas. The entrance from Leesburg will be on Martin Luther King Boulevard. That will be a major subdivision. In the first phase, there will be 166 homes in the upwards of a one million dollar ballpark for the deal. That one will be forthcoming in the form of a pioneering agreement. It will just be the gas agreements that we do. He is currently working with the city attorney on the backside to modify that chapter of the city code, so everything is consistent. Off the top of his head, one issue was with Chick-fil-

A, where it needed a 78 kV transformer which cost $70,000 and the return on investment (ROI) would be about two years because they sell a lot of chicken sandwiches. He would sign off on that because that one is within his spending authority. Another example is Sign Crafters, because they are building a new facility that would have the same type of issue. They have a ROI of four years, so we did a deal with them, but it was under $100,000, so it was not a major issue. We do not want to slow down all the little one-site commercials. **Commissioner Reisman** asked if he was doing ROI on transformers since they had to pay $80,000 up front to get their transformer on the books. **CM Minner** replied he did not know the details of Firehawk, so that would be a sidebar. He heard all sorts of rumors about how we did it one way and how we have done it another. The purpose here would be to be consistent. **Commissioner Berry** wanted to know where the Sign Crafters location was. **Commissioner Pederson** said it was off Greenleaf Lane. **CM Minner** pointed out that the purpose here was to be consistent. However, the stresses on the electric fund are aggressive CIPs, force growth, aid-in contributions, inflation on all levels, personnel, transformers, wire, and poles. Another little leak we have had is the formulaic approach to how we come up with what we think the wholesale purchase power costs are going to be. We have been loosey-goosey on that. We have taken a percentage, and it has worked out for the most part. However, we have gotten stressed in other spots, so that has put a hole in the bucket. We changed that approach this year to be tighter, and one statement he made to the electric advisory board was that with the amount of growth we have had on the system, it has not outgrown the cloud. Now, what does that mean? With as much growth as we have had in the system, if a big giant cloud comes on July 23rd that blocks the sun at 2 p.m. and everybody turns down their AC, that shadow and the offset of it not being so hot could put a blip in our purchasing power. It could knock down our demand, and save $200,000 on a five million dollar bill. So, we need to get tighter on that number. The transfer to the general fund is a humongous issue, and he cannot underscore that enough. This year we are reducing the electric fund transfer from 3.2 million dollars to 1.6 million dollars. It will be forced upon us by the state legislature and the electric fund cannot afford it. One way not to raise taxes, if we were to bring in a bunch of new officers, is to transfer 3.2 million dollars, but he would not recommend increasing the transfer by one Delta, because it is at 1.6 million and the electric fund does not have that this year. That 1.6 million represents the 6% franchise fee that was talked about on Tuesday; and the transfer needs to stay at 6% for unincorporated sales. The electric to general fund transfer needs to stay down. **Commissioner Pederson** asked for clarification on the 6%. Was that 3.2 million dollars? **CM Minner** replied that 6% is the franchise fee for unincorporated electric sales, and that equals 1.6 million dollars. It would be a 6% franchise fee if we were a non-electric city, and it actually equals about a 2.8% transfer. That transfer has got to get down. With The Villages growth and the police department's growth, that is the lion’s share of where we are spending The Villages money. That is significant, and we want that to be transparent. This budget recommends increasing public safety and reducing the electric fund transfer to the general fund. If somebody walked up on the street and asked where we spent all the Village's money, the easy answer would be public safety and reducing the transfer. It cannot get any more transparent than that. Operational savings is another place where we will find some money to help the stressors on the electric fund. Essentially, we have two big contracts that we spend a lot of money on, and they are in the million-dollar ballpark. One is tree trimming with Lewis Tree Trimming, so instead of having Lewis Tree Trimming trim the trees, we would have our linemen trim the trees. Another one is the undergrounding contract with Team Fishel. A few years ago, when we started The Village's expansion, it was economical and quick, because we needed to get that service done. So, we started relying on Team Fishel more and more. That is another area where we need to cut back. The electric budget reflects reducing those expenses.

Mayor Burry said there were potential issues with Duke, and he wondered if Duke was paying us. **CM Minner** said that was a general fund issue, and they were still working it out with Duke. On the general fund side of the house, where the city is a non-municipal electric utility, if they were to draw a line from the middle of Lake Denham going east and west from about CR 33 and US 27, everything south of that intersection is Duke. Recently, Commissioner Connell asked for a growth map, and we have about

40,000 houses in PUDs. Those are single-family or multi-units and thirty-three of the forty thousand homes are below that line. All of these houses, when developed, will be a city that looks like a non-municipal electric utility. We have franchise agreements with Duke and SECO, and the lion's share of our franchise fee is 6% on Duke sales in The Village's. However, Duke has not been paying the franchise fee for the new Villages' houses. Duke has been notified of that, and we are now in the process of saying, Duke, you owe us money. He was still skeptical about how responsive Duke would be about returning this. In the FY 25 budget, we anticipate receiving franchise fees from Duke, which is in the neighborhood of half a million dollars. It does not break the house to move forward, but half a million dollars in general fund money is a big number and that formula is made on Duke's per thousand sale of $165, times 6%, times 12, times 3,200. That 3,200 is the number of Villages units, so we have identified 5,000 units throughout Leesburg, most of which are in the south, some are off the Radio Road and Poe Road corridor. Those are spinning on Duke's meters, and we are questioning whether those are in there. We say they owe us money for 5,000 houses and Duke says we only have 762, so there is a Delta they are still working on. **Commissioner Berry** asked if they could go back to the savings on the contracts. **CM Minner** answered it was with tree trimming. We used a contract with Lewis Tree Trimming, but we will start using our linemen. Then with undergrounding, where we ran the conduit for wire underground, we used Team Fishel a lot for that due to The Villages, but we now need to weave out of that as much as possible. We are going to have some issues there because in certain areas we are going to need the expertise of Team Fishel and in other areas we will be able to go it alone where we can put that in ourselves, since it is wide open, and we are not burrowing. Those are the stressors. One stressor that he wanted to come back to was wholesale electric. Basically, we are getting tighter and incorporating the finance director's bulk power cost adjustment chart, which has a lot of FMPA influence and projection, it is pretty on par. The FMPA has a credit and the finance director used their charts, and it came out pretty darn close. We have been seeing that since we had to go up and down. He made the decision and said we needed to use the FMPA projection numbers more in our power cost supply. Long story short, we anticipate 525 million kilowatt sales, so that number is 0.8196 cents. In power supply talks, that is $80 a megawatt. We buy it for eighty-two cents a kilowatt or $80 a megawatt, we then turn around and on average we sell it for thirteen point five cents, but that will vary based on how much we buy. Referring to a chart, he said if we were going to buy 525 million kilowatts, we would buy it at $80. We will then sell it at thirteen cents, so we will generate 71.4 million dollars in revenue. Looking back at growth numbers, last year we had 511 million kilowatts and the year before we had 518 million kilowatts. There was one year when we had 529 million kilowatts, so some of the numbers were based on the percentages of cost of power to revenue. He was not comfortable using that percentage and wanted to drill down on it a little more, since it actually puts more stress on the electric fund. The more we buy it for, the less we have to spend, and this fashion does that. When it says 60%, that means we have 40% to spend on other stuff and our number this year was 62.5, so that means we have 37.5% to spend. In electric money, 2.5% is a lot of money. So, let’s talk about cash. They have seen this, so it should not be a crazy number, but we have done it two different ways. We have shown a cash grid with a bulk power cost adjustment cash and one without. The chart without the BPCA shows us sitting at 7.5 million dollars and the chart with the BPCA shows us at 10 million dollars because three of that is the power costs money. Remember the three million of power cost money is an earmarked revenue so he would say they met the GFOA. That is what we want to show when the bond rating people come in. We want to say we are meeting our GFOA requirements. Long story short, with electric transfer numbers they will see a big dink because we are taking a big bite out of the transfer and a rate increase in the electric fund is inevitable. The investor-owned utilities are going back to the Public Service Commission asking for more money and the Public Service Commission has not approved that. With all the stressors we feel, they feel it too, but on an even bigger level. A rate increase in the electric fund is inevitable. It might even be something we want to come back to this year to say we need the money. He does not want to do it at the beginning of the year, because if everything is right and all projections are right, we will grow by the depreciation number, which is 3.3 million dollars. If everything is a vacuum, and we guessed right, this number (going back to the electric fund cash and reserve requirement slide) goes from 10 to 13, so he would say that is good. However, he would like to see that number sit around 15 for two reasons. It gives some breathing room for unexpected issues or storms, and it is good for the bond rating. It does not need to go back to where we used to sit on a lot of money, but it needs to be a bit above the 90-day requirement. **Commissioner Pederson** said it sure came in handy when natural gas costs went up threefold. **CM Minner** replied it did. Referring to a chart, we can see where we dipped into the pocket and where we came out, so it was a little alarming that the other stressors were adding to that. Remember we were hit by two things in the covid time period. First we were hit by crazy inflation, and then gas went up. So, while we have recovered, we have not recovered as much due to inflationary issues. At the end of the day, our rate is pretty competitive in our region, but a rate increase is inevitable. It will probably be in the neighborhood of 5 to 10%, and we may need to do that incrementally.

Moving into the next fiscal year, we will be watching it, and we will be watching the building department cash closer. He would not say to increase the rate yet, but it is inevitable. Now the breakdown, 16 million dollars, was a decrease in the purchase power cost. It is a big decrease because we are back to buying gas at about $352. It was hedged from other years and from where we spent it. He believes one year we ended up at 75 million dollars for months, and we were buying gas at $10-$15 dollars, so we have it hedged. The FMPA has done a great job getting it back to $80 per megawatt for us. There was a $170,000 increase in administration due to the increase in insurance costs. There was a $898,988 decrease in the other division which was mainly due to an increase in budgeted depreciation expenses and the reduction in the transfer to the general fund. There was a decrease of $364,800 in capital projects, but that does not include replacing the transformer. Breaking it down for the department, there are bonds and, for the whole department, it is 72 million dollars. It includes St. Lucie, purchase power, administration (the electric director and his team), jobbing, distribution, the smartgrid, others and capital projects. While on the smartgrid, remember this was the big number that was associated with GE. The electric director, IT director and their teams are undergoing a significant review of the GE contract, which is set to expire December 31, 2026. We are looking at ways to replace this and there may be an opportunity to get that number down a little bit. Back in the day, we read a meter for seventy-five cents, and we now read a meter for about four dollars per month. If we stayed and made a new contract at that amount we would be good, but we will have to hammer that down. He would report more frequently in the fall on that. Capital projects are set at 3.2 million dollars, and we have a three-legged stool for things that could be fixed, things we have to fix, and growth-related fixes. The only thing we need to fix right now is the new transformer for 1.2 million dollars at the North Substation located off Radio Road. That Substation serves Fruitland Park and The Village's. That transformer will probably get closer to 2 million dollars before it is all said and done, but it will take us a couple of years to get it online. That is why we are reserving this money and next year he will come back asking for another $800,000. The other $2 million dollars is stocking up for things that we need to be fixed due to storm-related, growth related, and our inventory. The inventory expense is not in there, but they are sitting on a pretty good inventory now. He felt comfortable that it would be $3.2 million dollars. The electric director was squealing like a pig in his office saying they need to raise rates, but with what we had spent, it was unsustainable, and we made significant system improvements. The system is not going to fall down, and we will keep the lights on. The electric director will say he wants this fixed and that fixed, but that is all proactive for the most part. He did cave on the transformer because there was a balancing act going on and, in full disclosure, they will hear significant differences in management styles from himself and the electric director. In full disclosure, if they were to grab the electric director after the meeting and ask what the city manager was doing, he would say I was killing him, because things need to be fixed. He has heard him, but the priorities are to keep the lights on, work safe, and keep the rates down. That is the differentiation between a general manager and a department head. **Commissioner Berry** wanted to verify that we were prepared for storms. **CM Minner** replied yes. **Commissioner Pederson** asked for clarification because earlier he mentioned a slight increase, but are we not ready to do that yet? **CM Minner** answered yes, and it would be 5 to 10%. **Commissioner Pederson** questioned an earlier chart. Going from 117 to 143, that is more like 20%. **CM Minner** clarified those were comparison rates. For example, if we go up 10%, that means we will go up roughly eleven dollars. We are now at 128, which puts us closer to SECO. Duke is at 156 and SECO is at 130. So, at 10%, we would hit the typical user for eleven dollars per month. The exact average user in the City of Leesburg is about 1,392 kilowatts and the comparator is one thousand. He believed the number was 35% for our residential customers who spend one thousand or less. So, 30% of our customer bills look like an average bill at 1,300 kilowatts, but it may be closer to 150. On average, at 10%, we would hit the average user for $120, and we would have an extra $6 million dollars. We do have the room to do that. He recommended keeping the lights on, working safely, and keeping rates down. If the numbers start sliding, he will be back. If we do not hit the marks that we need to hit and the numbers start going down or if we are hit by a storm, remember we are sitting on 10 million dollars of inventory at the warehouse. At one point, we had a hard time getting stuff, so we stocked up. He suggested that we keep the lights on and if cash starts to dribble off and inventory starts going down, the electric director will yell. At that point he will come back saying we need a rate increase, and we will do that in time so they can notify people. They would have a 60-90 day leeway in the neighborhood of 5 or 10%. They may want to do it in incremental steps, but he would watch that. He did not think it would be this year, and he was very particular about keeping the same millage rate, which was a tax increase. He did not want to hit folks with a tax and electric increase in the same year. Other utilities are going up the standard CPI except for electric, which we have done consistently. We do not want to hit people with a number of different increases. **Mayor Burry** asked if Mount Dora did because it was a significant difference. **CM Minner** answered there are forty-eight municipal electric utilities and thirteen of those forty-eight municipal electric utilities are in the all-requirements project. There are a handful of cities that are free floating, they have short-term contracts, and Mount Dora is one of them. They buy lower energy on the spot versus us. He refers to us as being in the Hotel California, with the all-requirements project. The difference between a long-term contract and a conglomerate contract, like the all-requirements project, is that we share the ups and downs with thirteen other communities, we do not see higher increases, and we do not feel lower increases. The market is in a spot where capacity has been on sale to cities like Mount Dora, New Smyrna Beach, Bartow, Winter Park, and Ready Creek Disney. They have been able to get through capacities and get their numbers down so they look good now, but as capacities go away, they will need to seek long-term contracts, which we have been doing. Then their numbers will look more like ours, or go above ours. Here locally, those cities got lucky in the market. They were on a short-term contract and there was capacity. Part of the reason some of our rates have come down on the all-requirements project was because we sold some of our capacity to those cities. That actually brought us down from eighty-five dollars to eighty dollars. We have contracts with Bartow and New Smyrna for some of our ARP capacity and when that ends, they will not have cheap power anymore. It is just a matter of time. He would still advocate that the all-requirements project is the place we need to be. It is not going to be advantageous for us to get out of it. It would most likely cost us money. Even decreasing the electric transfer, there would not be any circumstances to sell the utility, because the benefit from the utility is that we control the rates, we fix the system, and we do it better than Duke or SECO.

<u>Gas</u>:
Moving on to gas, **CM Minner** said this was super simple and there were not a lot of changes until the end of the program. They are sitting on 7 million dollars in cash reserves. They have about 1.5 to 2 million dollars tied up in some expenses, and they are going to shift to gas transmission as The Villages continues to grow. In gas revenues, we have about 13 million dollars. We purchased 2.8 million dollars from FGU in gas purchases. Administration is $793,508, locators are $94,224, distribution is $2,482,528 and capital purchases are 1.5 million dollars. The capital expenses look pretty similar to the electric department with growth fixes and fixing stuff that breaks. Some capital highlights are tools and the extension of the substation. Most of the projects are things we need to do.

Closing Comments:

At the beginning of the meeting, they talked about using US Highway 441/27 CRA money for the Susan Street project and the need to relocate the gas department out of downtown. He was holding off on this and if they were in the gas director's corner, he would be yelling because he wanted to do this last fiscal year, and it was not done. He wanted to get the bathroom fixed, and that concept was killed and never done. The reason for that, was the anticipation of a sales contract for the purchase of the gas property, but that sales contract never came. That contract may, or may not come. He thought that would be the catalyst for this discussion. The start of a new fiscal year is the catalyst of the discussion about needing to relocate the gas department from its downtown facilities. We need to relocate the gas department for a couple of reasons. First, they have outgrown their current facility mainly due to the growth of The Village's and their current facility is very old and dilapidated. It has poor working conditions, so they need to relocate that facility. Also, the city clerk's office shares a space with them. It is a big space used for storing official city records. The roof there is leaking, and they have outgrown that area, so they also need a larger facility. There are security issues across the street where the gas department has had stuff stolen, hence the need for more officers. If we move the gas department, that would open that area for redevelopment in the downtown, or we could use it for additional downtown parking. However, there is a 24-inch water main that runs through there, and they do not want to mess with it or build anything over it. There are some redevelopment opportunities for that property; whether we have the option to sell it to somebody or keep it and use it for something different. This is a joint project on the horizon between the general fund for the clerk's office record storage, and the gas department because they need more space. We have a facility that we purchased a couple of years ago that is nestled right next to the electric department. It is the old Knights of Columbus building. **Commissioner Berry** asked if they were outgrowing their current facility, why the Knight of Columbus building because it looks smaller than their current facility. **CM Minner** answered this was a two-part concept for the Knights of Columbus building. They could subdivide and house people, and we also need a new storage facility. The Knights of Columbus building would become administrative offices, and they need a storage facility for their truck equipment. Then the clerk's office needs a storage facility. We would marry a storage facility for the clerk's office with the gas department and electric department. They are all married now in that compound, and where the fence does a jab right, there is a notch and that is the Knights of Columbus building. That fence would move to the front and at the back of the facility they would build some facilities. That number is low. It is around one million dollars. We need to start and get this designed. We have some nice pencil renditions of stuff, but we need to get that project off the drawing board onto a concept board, so we can put some money on it. They need to bring in professional assistance to get it planned. They wanted to start at one million dollars. For the money, he would take it from two places; the American Recovery money, and if they canceled the marina slips, we would have $850,000 to go somewhere else. He liked that concept for the reason of it being American Recovery money, which was grant money, and this was a joint project between three different funds; so instead of the electric fund paying for it, or the general or gas fund paying for it, a big chunk of grant money would pay for it. He did not know if he liked that because the slips could make an 8.7 million dollar return on investment where the general fund would only get an extra $100,000. There is an argument about whether we want to be in the boat slip business and if we want to compete in that market. The recreation director is convinced that if we build those forty-two slips, we will fill them all. **Commissioner Reisman** questioned if a study had been done? What did we do to know they would fill the boat slips? Was there a waiting list? **CM Minner** replied we have a waiting list. **Commissioner Reisman** wanted to know if there were enough people on that waiting list to fill the boat slips. **CM Minner** said there was a trade off. If they did not do slips, they could shift money over, or make gas pay for it by using their cash reserve, but we need to be proactive about this facility. **Mayor Burry** wanted to verify that the marina had two things; the slips, which were one million dollars, and the marina building, which was another one million dollars. The slips would make us money. Will that building make us anything? **CM Minner** pointed out that the building would not make us any money. **Mayor Burry** then asked why they would not consider putting that portion off? They could build the slips first, and after we get another one million dollars we could do the marina. If the slips make us money, they should be built. **CM Minner** said he did not have an issue with where the commission chooses to go. His preferred method was to use grant money to help subsidize the rates on the electric and gas sides, but the general fund could give up $100,000. It is a big number for the general fund, but the bottom line is we need to do something with that facility. They will either tap cash from gas, or use grant money. **Commissioner Berry** asked if there was enough space for it and how far back does that property go? **CM Minner** said it goes all the way back to Corrine Williams Park. He would bring in pictures on Thursday night. The building has enough space, but we have to spend some money to design it. The design covers the rehabilitation of the building and the other storage facilities that are needed. Everything would be centered around the Knights of Columbus building. There is enough space, we just need to shuffle the deck. It will be a lot cheaper than purchasing property and putting up a building. Moving gas from downtown to Griffin Road still gives them access to The Villages and all the service areas. The concept of using existing property inventory will reduce the building costs, and it is the right location. We just need to find money to get it done. **Mayor Burry** commented that it would be great to free up space downtown. There are better uses than having a utility located in the middle of the downtown. **Commissioner Berry** wanted to know if American Recovery Act money could be used for this type of thing. **CM Minner** replied yes. **Commissioner Pederson** mentioned that if the design of the marina building and wet slips were good for a couple of years, he would be okay with that because we are only talking about doing it a year from now. **CM Minner** stated this budget says to build the marina building and the boat slips designs could be shelved for a year. In the process of finding money for Susan Street, he would suggest holding on the marina and put that American Recovery money on Susan Street. However, we need to build a facility for the gas department, electric department and the city clerk's department and that could cost between $850,000 and 1 million dollars. We can put the slips on hold, or just use cash. We have seven in the reserve, and we are sitting on five and a half which we probably will not use. The budget director says they have one and a half million dollars or so in cash that they could whittle down. If one million is not enough, he would come back asking for more cash. He would prefer to keep cash in the gas and electric funds for a rainy day, and it would help us keep the rates down. For him, that outweighs the revenue that we would give up in the general fund.

Commissioner Berry asked if they could use some cash and some American Recovery Act money. That way, they could use the money elsewhere. **CM Minner** replied yes. On Thursday he would bring back pictures of the Carver Heights wall, and he still owes them a picture of the concept. He would at that time remind them of the pending decisions. They will then move off into the other funds, which are water, sewer, solid waste, airport, storm water, health, and the pension funds.

Commissioner Connell asked about the boil water notice for South Leesburg, since he never heard back about which areas were affected. **CM Minner** answered based on the water outage yesterday; it was an 8-inch water main in Highland Lakes. He assumed it only affected Highland Lakes. However, after the meeting, he asked the public works director how we disseminated the boil water notices because we had a media inquiry, and he sent him the boil water notice. The boil water notice that was sent out to the public said it affected Highland Lakes, Arlington Ridge, and Legacy. **Commissioner Connell** mentioned that it also affected Windsong. **CM Minner** agreed it affected South Leesburg. After he spoke with the public works director, he said there was a water leak in Highland Lakes. He took that as the water leak only affected Highland Lakes. However, we followed FDEP procedures, and notified everyone the old-fashioned way. **Commissioner Connell** wanted to know what that was. **CM Minner** said we got the boil water notices out and that was how he found out about the leak. It may have come from the HOA, but we got the boil water notices out to all the affected people. **Commissioner Connell** remarked that not everyone is on an HOA. **CM Minner** said he understood the concern. However, this was how it has been done for years. It does not mean it is the best way; it just means it meets the standards that FDEP puts on the city, so we are not in violation. Perhaps there are other ways they could do it better. We are looking into some other systems that automate notices. Over the last year or so, we have been doing that on the electric side of the house, and we will now incorporate the water and sewer side into the house. He tasked the IT director and the public works director to look into it and when we get that information back, he will provide it to the commission. It was a wrinkle, and perhaps he should have thought about it when they were doing electric, but he did not, so he stood corrected. **Commissioner Connell** said the main thing about last night was that they thought it did not affect all those areas. **CM Minner** remarked that he stood by everything he said, and he stands corrected on his initial response from last night. **Mayor Burry** asked if there were any other questions.

Commissioner Berry asked if there was any room to add anything else to the budget. **CM Minner** replied right now would be the time to share thoughts. **Commissioner Berry** said she wanted to go back to the Downtown CRA regarding notices/signs for businesses off Main Street with wayfinding signs and software that would detect gunshots and notify the police right away. **Deputy City Manager (DCM) Hicks** said she was referring to a shot spotter. **CM Minner** said he would have the deputy city manager and the police chief look into that. **DCM Hicks** said his official report was that it would cost a lot of money. There are some other alternatives that work with camera systems, but he would get the commission a full detailed report. **CM Minner** added that they would bring back a report before the budget is adopted. Give them a couple of weeks to look into this. As for wayfinding signs, this was a citizen's request and Sandy Moore from the Chamber visited him today, and they will talk about that. He strongly recommended wayfinding signs because they have two purposes; a public purpose and a private purpose. A municipal corporation's purpose is to inform the public about good wayfinding signs in public areas, such as parking areas in the downtown in general, the pool, city hall, the police department, and the fire department. They should remember that when GAI came in and did a brief presentation on their parking study, they said our parking / wayfinding system in the downtown was horrible. That is an issue that needs to be fixed and addressed downtown. Also, there are certain areas downtown where specific business wayfinding signs should be and that was a city and Partnership endeavor. The Partnership rounded up the money, and using Eddie the barber as an example, he has a sign that says City Barber. There are other barbers in that area, but Eddie paid $300 to the Partnership for that sign. He could not remember how those signs were made. We may have bought them and once we were paid we hung them up. Where we need to go on the private business wayfinding sign system is we need to go back to that setup. It can work through the Chamber and the Downtown Business Association. It would be whoever the city facilitates that to and if a private business wants wayfinding signs on poles they would work that angle. Based on the way the budget has been presented this evening, he will work on improving our wayfinding signs as far as having standardized signage for public facilities. He did not think we should put individual business signs in the city budget. Those could be handled on an individual basis, and we should partner however we can. **Commissioner Berry** wanted to confirm that what was incorporated prior was with the Partnership where businesses paid them for it, so anyone that comes on board will not have a sign on a pole until it is paid for. **CM Minner** said we need to find a new partner, whether it be the Chamber or the Downtown Business Association. We need to put our heads together to see who wants to take the lead, and whoever takes the lead, the city will work with them. We will facilitate and get public works out there to put the signs up. He believes we made the signs and that helped to keep the costs down. However, frankly, he did not remember, but the bottom line is that we will endeavor to get with one of the downtown business associations to get the private business wayfinding signs up. **Mayor Burry** mentioned that signs are like advertising, so they should have some skin in the game. **CM Minner** agreed, or they would have to go back to the CRA for more money, but he would not recommend that. **Mayor Burry** asked if there were any other questions or comments this evening. **CM Minner** stated there was one more workshop, and he would bring the information requested to that meeting.

3. ADJOURN:

PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." The City of Leesburg does not provide this verbatim record.

Commissioner Reisman made a motion to adjourn, and Commissioner Pederson seconded the motion. The workshop adjourned at 8:08 p.m.