

Minutes of the Regular Meeting of the City Commission of the City of Auburndale held June 4, 2018 at 7:00 p.m. in the Commission Room of City Hall, after having been properly advertised, with the following members present: Mayor Tim Pospichal, Commissioners: Dorothea Taylor Bogert, Keith Cowie, Richard Hamann, and Bill Sterling. Also present were: City Manager Robert R. Green, Finance Director/City Clerk Shirley Lowrance, City Attorney V. Patton Kee, and Police Chief Chris Nelson.

Mayor Tim Pospichal declared a quorum present and the Meeting was opened with prayer by Pastor Michael Spivey of Calvary Church of Winter Haven and Police Department Chaplin and a salute to the flag.

Motion by Commissioner Richard Hamann, seconded by Commissioner Bill Sterling, to approve the City Commission Minutes of the May 21, 2018 Meeting. Upon vote, all ayes.

City Manager Green said about a year ago, he introduced Jim Carleton, Information and Communication Manager and a member of the Florida National Guard and Reserves to the Commission. He said Jim has informed us that he is going into full enlistment and looking to be a paratrooper in Italy. He said he enjoyed his position with Auburndale and hated to leave us. He introduced Seth Teston, who is working as Extra Help and filling in the Communication and Information Office. We are in transition and hope to fill the position soon.

City Manager Green said we have a request on behalf of Polk Pride for a Proclamation for Polk Pride Week. Kerri McCoy, president of the PFLAG of Polk County will accept the Proclamation.

City Attorney Kee read the Proclamation for Polk Pride Week – June 13-16, 2018.

Kerri McCoy, President of PFLAG of Polk County, thanked the Commission for the Proclamation. She went over the list of events that will occur in Lakeland during the week. The events were: Pride for Youth, Pride in Faith, Pride Kickoff, Pride in the Park, and Pride after Dark. She provided invitations for the events and thanked the Commission for the Proclamation.

Mayor Tim Pospichal asked for public comment. There was no public comment.

1. PRESENTATION ON DUKE ENERGY PROPOSED TRANSMISSION LINES – JERRY MILLER

City Manager Green said Duke Energy has proposed construction of a new substation and two new transmission lines in Polk County connecting Duke's Osprey Energy Center in Auburndale to substations in Haines City and the Kathleen area. He introduced Jerry Miller, Duke Energy Government and Community Relations Manager for presentation.

Jerry Miller, Duke Energy Government and Community Relations Manager, thanked the Commission for allowing him to share about the project. He provided a packet of information and information card to the Commission, which was the packet they provided to the public during three open house presentations. He explained the public may give comments regarding the project on the website and look at their home on the website. They call this the Polk County Reliability Enhancement Project. The project is driven by the fact they bought the Osprey Plant from Calpine. He said he considers it an asset for this community. It accounts for a lot of property taxes and we are proud of that. He said a lot of our employees live in the area. He introduced Mike Rabs, Station Manager for the Plant. He has been the Manager since they bought the Plant on January 17, 2017. He introduced Gail Simpson, who is in charge of customer outreach and property owner outreach. He said this Project was hard, as it does not happen in Duke Energy territory – a lot of the property is in Tampa Electric territory and Lakeland Electric territory. The purchase of the power plant drives the project. He said he has been with Duke Energy for more than 30 years and does not recall ever buying a project outside our service territory and then we have to get it to our territory to get the supply out. The transmission project increases the reliability for energy for the customers in Central Florida and Duke by connecting the two substations -the Kathleen substation and the

Haines City East substation and meeting here in Auburndale. He said he has talked to the City of Lakeland's Transmission Planning Engineer and she confirmed that it helps the City of Lakeland and the power grid situation. When these transmission lines are built and that plant is connected, it will help TECO and the City of Lakeland with the reliability on the transmission grid. He said it will strengthen that grid and enhance reliability. For Duke and Duke's customers it supports their grid also. He talked about the New Core Project, which is a new project that Central Florida Development Council has attracted to Polk County and will be locating in Frostproof. He said it is the biggest single customer that Duke has ever been involved with in recruiting to Polk County. Their average wage is \$70,000. He said this type of project supports that kind of growth. Currently the Plant is producing an average of 575 megawatts, which would serve several 100,000 homes. He said on the scale of a Power Plant, it is a very large power plant. The benefits of the project are more capacity. He said the grid is currently connected to TECO's transmission lines. Project facts: Kathleen Substation about 30 miles; Haines City Substation about 24 miles; gathering public input through mailing approximately 10,000 letters and cards to inform people about the project; and several proposed routes have been provided for input. The public input stage lasts until June 15. He said they had a light turnout for the open houses. He said they are trying to figure out the best buildable options for the transmission routes. We have some challenges, as this is not an easy project. We are doing Meetings like this and open houses to get all the input on the best route. He displayed the options for the routes to both substations. He said there has been hundreds of man-hours to come up with these route opportunities. The transmission poles will be steel or concrete 90 -130 feet tall poles. He said the proposed routes were chosen through careful review and looked at trying to minimize impacts to homes, the environment, and discussion with Environmental Agencies and State Agencies. He said as we get down to the routes, we will negotiate and purchase easement rights from the property owners. For us to be successful in the project, we feel we have to ask the customers, get their input, get everyone's input and make a selection that works. He said they do value the input and said there was a light turn out. The website for the project was: [Polk Reliability enhancements@duke-energy.com](mailto:PolkReliabilityEnhancements@duke-energy.com). He said phone calls or inquiries will be replied to typically the next day.

Gail Simpson said they have received less than 50 calls and very few emails. They have received more since the post cards were sent and they encourage people to call and ask questions

Jerry Miller showed what the substation would look like. He said he worked with the City, Mr. Green and Amy Palmer, in trying to locate 10 acres near the Plant. We could not locate 10 good acres. We have decided to stay on the Plant site with a new type of substation - GIS substation, which will be in a building. He said he thought this will be first one in the State. He said they were excited about the substation location on the property. He said they were hoping to get more public input. We plan to announce the preferred route in the fall. Easement acquisitions will occur in 2018-2021 and Construction in mid 2021 to 2024.

Commissioner Dorothea Taylor Bogert asked how many attend the open houses.

Jerry Miller said they had three open houses: Winter Haven, Lakeland, and Haines City. They had a total of 130 from all three. He said Gail Simpson has done a lot of these open houses and typically 4% would be in attendance. We sent out 10,000 letters and were expecting more.

Commissioner Keith Cowie asked if once the proposed route was selected, was there anyone to approve the route.

Jerry Miller said it will go through a lot of permitting - to Cities and municipalities along the route. We will not do another round of open houses, but will announce to the impacted property owners the route. He said it is a 230,000-volt transmission line, which will require permitting. We will be working with all the agencies. It has been quiet, but we do not expect it to be like this throughout.

Commissioner Dorothea Taylor Bogert said probably many tossed the letter away, as Duke was not their electricity provider and they thought it was junk mail.

Jerry Miller said he was speaking to Rotary next week about who Duke Energy is. We serve 100,000 customers in Polk County, but we do not serve Winter Haven or Auburndale. Anytime you own a power plant, you just operate it and if no knows you are there - that is a good thing. We have five power plants in Polk County. The Hines Energy Complex, County Road 555 outside of Bartow, provides over 40% of all the energy our 1.8 million use in the State of Florida. This plant significantly adds to that. He said this was a hub for power production. For TECO, Polk County is big in their production also. He said percentage of calls we received are: you got the wrong person, you are not my electric provider; or we do not want Duke we are happy with our current service. He said there may be confusion right now. We do build transmission projects quite a bit, but this size is not the norm.

City Manager Green said the City of Auburndale was one of the property owners notified of the transmission line in April. We were notified of the informational open houses. He went over the routes and described the impact to Auburndale roads. He said we appreciate Jerry Miller coming out for the presentation and this was as a result of the Auburndale notice.

Jerry Miller said they would be available for property owners and would come anytime. We want everyone to understand.

City Manager Green said we will also post on City's Facebook the presentation and contact information for Duke.

2. STATE REVOLVING FUND GUARANTY AGREEMENT – POLK REGIONAL WATER COOPERATIVE

City Manager Green said as a participating member of the Polk Regional Water Cooperative or PRWC, the City of Auburndale has agreed to fund its portion of the \$22.9 million PRWC Phase I Project. This project consists of the engineering and necessary well testing for advancement of the three priority alternative water supply projects. The Southwest Florida Water Management District or SWFWMD has committed 50%, or \$11 million toward the Phase I Project. The cost share of each participating member of the Phase I Project is determined by that city's proportionate share of the PRWC's identified 2035 potable water deficit. Auburndale's share of the Phase I Project is 7%, or \$1,627,661. This would suggest that our share of the water deficit is also 7%. The SWFWMD contribution reduces this liability to \$813,830.50. The City's debt service is a budgeted expense in the current Fiscal Year 2018 and Fiscal Year 2019 budgets. The cities of Auburndale, Dundee, Fort Meade, Haines City, Lakeland, Lake Wales, Winter Haven and Polk County have all decided to participate in the State of Florida Department of Environmental Protection Revolving Loan Program for financing the participant's share of cost. The proposed Guaranty Agreement commits the City of Auburndale, as a participant in the State Revolving Fund Loan Program. The PRWC participants have until July 1, 2018 to submit a package to the State that includes each participant's Guaranty Agreement. Failure to comply with this deadline would most likely result in a higher interest rate. The current locked-in interest rate on the PRWC State Revolving Loan is 1.89%. The Agreement was reviewed by the City Manager, City Attorney, Public Works Director and City Clerk. Staff recommendation was approval of the Guaranty Agreement for the City's participation in the Polk Regional Water Cooperative Phase I Project. He said the Guaranty Agreement takes all those cities participating in Phase 1 and allows the State to come after an individual City, if it did not pay its proportional share, not the PRWC as a whole.

Mayor Tim Pospichal asked for citizen comment. There was no citizen comment.

Motion by Commissioner Dorothea Taylor Bogert, seconded by Commissioner Richard Hamann, to approve of the Guaranty Agreement for the City's participation in the Polk Regional Water Cooperative Phase I Project.

Commissioner Bill Sterling asked if we would take draws on this

City Manager Green said yes. We have it budgeted, as a five year project at the \$163,000. The draws will be taken based upon the construction phases.

Upon vote, all ayes.

3. APPOINT VOTING DELEGATE FOR FLORIDA LEAGUE OF CITIES CONFERENCE

City Manager Green said the Florida League of Cities 92nd Annual Conference will be held August 16-18, 2018 at the Diplomat Beach Resort Hollywood, Florida. The FLC By-Laws require that each Member City select one of their elected officials to cast their votes, at the annual business session. Commissioner Dorothea Taylor Bogert has agreed to serve if this is the pleasure of the City Commission.

Mayor Tim Pospichal asked for citizen comment. There was no citizen comment.

Motion by Commissioner Keith Cowie, seconded by Commissioner Richard Hamann, to approve Commissioner Dorothea Taylor Bogert as the Voting Delegate to the August FLC Conference. Upon vote, all ayes.

4. PRESENTATION OF EXPENSES – FY 2019 AND FY 2020 ANNUAL BUDGETS

City Manager Green said in May the City Commission gave tentative approval to the Capital Outlay section and Payroll section of the FY 2019 and FY 2020 Budget. Tonight we will talk about the Expense section of the Budget. We will talk about the Revenue section next month. He said the Commission has a copy of the proposed Budget with items highlighted that changed from the prior year. He said the March 2018 column displays the percentage expended through six months of our Budget and said in a perfect budget would be 50%. He went through the Department Budgets for both years comparing where they were as of the March 2018 percentage and explained line items that were proposed to change. Some of the line-items discussed were: Fire Dispatch, PCSO Contract Telecommunications, Facility Maintenance for Public Works Administration, Sidewalk Repairs for the Street Division, Contract Labor for the Auburndale Softball Complex, and Facility Maintenance at the Community Center. He said the City Hall Project was scheduled for completion at the end of June and some scaffolding will come down this week.

For the Public Utilities two-year Budgets he explained the proposed line items to change. He said in Water Distribution, the Meter Replacement Project was budgeted at \$3.5 million and as of March expended \$346,094. The meter installation contractor has installed about 2,000 meters in the area of the Hamptons and Schalamar. They are still looking for completion by October. Some of the line-items discussed were: Maintenance and Repair Wastewater Plant, Maintenance and Repair Lift Stations.

For the Non-Departmental Expenses – General Fund, some of the line-items discussed were: Health Insurance proposed decrease by 5%, Worker's Compensation, Defined Contribution Pension 401, Radio Contract, Chamber of Commerce, Bus Service, Reserves for General Fund, and Debt Service. He said the General Employee Pension Plan is a closed Plan and does not have new entries into the Plan. We anticipate the \$1.5 million expense to be a fixed number over the next few years. As the remaining employees in this Plan retire, at some point we will probably purchase an annuity for the Plan. All new General Employees are enrolled in the 401 Plan. He said the CRA Tax Increment may need to be adjusted based upon the Saddle Creek Corporation assessment, in August. We have an Interlocal to Sunset that CRA and eventually that line-item will go away and those tax dollars will stay in the City's General funds. He said the City has a requirement of 17% of the General Fund total in Reserve.

He said the CRA Budget was presented at the CRA Meeting and given tentative approval.

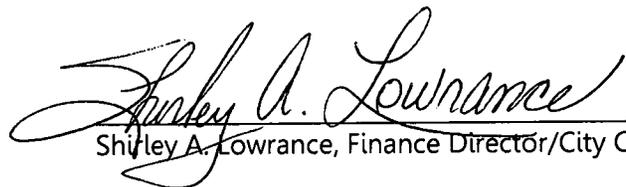
For the Non-Expenses –Public Utilities, some the line-items discussed were: Debt Service for Water and Sewer Projects, Reserves, and General Fund Interfund Transfer. As the auditor has suggested over the years, the City has a very good Utility Fund, which allows us to move historically \$3.1 million in FY 17/18 and \$2.7 in FY 16/17. The proposal is to move \$3.0 million in FY 18/19 and \$3.4 million in FY 19/20. The total proposed Budget was \$35,568,563 for FY 18/19 and \$35,997,048 for FY 19/20. He thanked the Department Directors for their efforts in budgeting and making sure the numbers are where they want to take their Departments. He said the Revenues will be presented next month and balance the whole Budget. We have tentative numbers from the property tax that look very favorable to the City based upon growth. He said a couple of years ago Calpine now Duke was devalued along with Coke and now they are back going full speed. He said he thought you would see that in our totals for Ad Valorem tax.

Mayor Tim Pospichal asked for citizen comment. There was no citizen comment.

Motion by Commissioner Keith Cowie, seconded by Commissioner Dorothea Taylor Bogert, to tentatively approve the Expenditures of the proposed FY 2019 and FY 2020 Budgets. Upon vote, all ayes.

Meeting adjourned at 8:12 p.m.

I HEREBY CERTIFY that the foregoing Minutes are true and correct.


Shirley A. Lowrance, Finance Director/City Clerk