

## City Commission Meeting August 2, 2021

Minutes of the Regular Meeting of the City of Auburndale held August 2, 2021, 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, Jack Myers. Also, present were: City Manager Jeff Tillman, City Clerk/Special Projects Director Jeffrey Brown, City Attorney Frederick J. Murphy Jr., and Police Chief Andy Ray.

Mayor Tim Pospichal declared a quorum present, and the Meeting was opened with prayer by Pastor David Price, First Missionary Baptist Church and a salute to the flag.

**Motion** by Commissioner Cowie, seconded by Commissioner Taylor Bogert, to approve the Minutes of the Regular Meeting of July 19, 2021. Upon vote, all ayes.

City Manager Tillman thank Deputy Fire Chief David Cash for being in attendance. City Manager Tillman asked Communication and Information Manager Seth Teston for an announcement. He presented a thank you card from Team Praise Force on East Lake Avenue who visited City Hall recently.

City Manager Tillman asked Parks and Recreation Director Cody McGhee to give an update on summer programs. Summer camp made a strong comeback this year after being cancelled last year due to Covid-19. Field trips were limited to local venues. Timeout Tuesday which is held on every Tuesday in July except the Tuesday during the 4<sup>th</sup> of July week. It is held in the downtown park. Each event had a minimum of 200 persons attending each event.

City Manager Tillman gave an update on Covid-19 response to the latest wave of infections. Several employees are ill currently. He stated mask and social distancing is encouraged in all city facilities.

City Attorney Murphy welcomed new Finance Director Chris Reeder. He was happy to hear the presentation regarding rates and impact fees.

Mayor Pospichal recognized the Greater Auburndale Chamber of Commerce President Alex Cam in the audience.

### 1. **ORDINANCE #1668 AMENDING ZONING MAP – EVEREST PROPERTY**

In 2005, the City Commission approved a **Planned Development-Commercial 1 (PD-C1)** zoning classification, on part of a development known at the time as Ebersbach. The overall development was envisioned to have a mixed residential and commercial development on a total of 917.35 acres. The approved overall development stretched from Old Dixie Hwy to K-Ville Avenue. In the fall of 2008, due to the national economic downturn, the project was abandoned, and individual properties of the large development were sold off. No activity has occurred on the subject property since its initial approval. The Land Development Regulations give Planned Developments an expiration of 12 months unless construction is occurring, or the applicant proposes a later timeline to allow for a longer development period.

Charles Booker, PE/Traditions Engineering, on behalf of MF Partners, LLC, has requested to re-establish the zoning district of **Planned Development-Commercial 1 (PD-C1)** on +/- 32.33 acres located off US Hwy 92 and west of the Polk Parkway. The applicant is seeking to develop a hospital on the site. The hospital site will be developed on approximately seven (7) acres of the 32-acre parcel of vacant land. Any future development on the undeveloped portion of property will require an amendment to the Planned Development necessitating Public Hearings before both the Planning Commission and City Commission.

The request is consistent with the existing underlying Future Land Use of Neighborhood Activity Center (NAC) and the Land Development Regulations. As required by the Land Development Regulations for Planned

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Developments, this request is accompanied by a binding site plan. The development will have to apply the applicable policies of Chapter 15, Special Overlay Districts with regards to façade articulation, architectural treatments, parking, signage, etc.

The proposed Ordinance was prepared by the Community Development Department and reviewed by the City Manager and City Attorney. The proposed Ordinance is being presented for second and final reading.

City Attorney Frederick J. Murphy, Jr. read Ordinance No. 1668, which was presented and passed on first reading on July 19, 2021, by title only.

**Motion** by Commissioner Taylor Bogert, seconded by Cowie, to approve Ordinance No. 1668, as read on first reading by title only.

Commissioner Jack Myers had to abstain due to a conflict of interest. Commissioner Myers completed Form 8B.

Upon vote, all ayes.

2. **ORDINANCE #1669 AMENDING UTILITY USER RATES / 2021 RATE STUDY**
3. **ORDINANCE #1670 AMENDING UTILITY IMPACT FEES / 2021 RATE STUDY**

In December 2020, the City Commission authorized Raftelis Financial Consultants, Inc. to conduct a comprehensive study of the City's utility user rates and utility impact fees. The last comprehensive review of the City's utility user rates was completed in 2016 and the last utility impact fee study was completed in 2005.

The 2021 Utility Rate and Impact Fee Study (2021 Study) completed by Raftelis provides a thorough review of projected water and wastewater revenues compared to the City's Two-Year Budget, Five-Year Capital Improvement Plan, Polk Regional Water Cooperative projects and expenses, operational expenses, transfers, estimated inflation, and debt service requirements. The proposed Ordinances adjust utility rates and impact fees based on the findings and recommendations of the 2021 Study.

Ordinance #1669 implementing the proposed water and wastewater rate structure has an effective date of October 1, 2021, and Ordinance #1670 implementing the proposed water and wastewater impact fee structure has an effective date of December 1, 2021. This will allow any development currently in the works to take advantage of the current rates.

Commissioner Myers asked at what phase does development have to be on December 1, 2021, to get the lower rates. Public Works Director John Dickson and City Attorney Murphy stated the impact fees are collected at the time of building permit issuance. Commissioner Myers asked how long has the city been collecting impact fees at the time of building permit issuance? He knew some jurisdictions did not collect the impact fee until Certificate of Occupancy was issued. City Attorney Murphy stated he did not know when the City began collecting the water and wastewater impact fees at building permit issuance. Commissioner Myers asked could the impact fees be collected at building permit issuance as opposed to certificate of occupancy? City Attorney Murphy stated its not if you must, but I think it is appropriate to charge at building permit issuance. Commissioner Myers stated the Commission would decide when it was appropriate. City Attorney Murphy stated he thought the intent was to get away from prepaid impact fees. City Commissioner Myers stated some developers will prepay to reserve capacity.

The proposed Ordinances were prepared by the Finance Director and reviewed by the City Manager, Public Utilities Director, and City Attorney. If approved on first reading, the proposed Ordinance will be presented for second and final reading on August 16, 2021.

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City Attorney Murphy read Ordinance #1669 **AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF AUBURNDALE, FLORIDA, AMENDING SECTION 23-47 OF THE CODE OF ORDINANCES OF THE CITY OF AUBURNDALE BY ESTABLISHING NEW AND UPDATED WATER AND SEWER RATES AND RELATED PROVISIONS; PROVIDING FOR SEVERABILITY; A REPEALING CLAUSE; AND THE ADMINISTRATIVE CORRECTION OF SCRIVENER'S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.**

City Attorney Murphy also stated a notice was sent to all utility customers prior to this evening advising of the date, time and place of when the City Commission would consider this ordinance.

Commissioner Taylor Bogert is pleased with the rates considering the expense of Polk Regional Water Cooperative activities that are proposed. Commissioner Myers asked if some of the Covid relief money could be utilized for the PRWC activities. City Manager Tillman stated those funds are earmarked for other utility improvements.

Commissioner Myers asked about the status of purchasing spray fields, working with FDEP, and sending more reuse water to Florida Polytech, Tenoroc Park, and Lake Myrtle Park. Publix Works Director John Dickson stated. Lake Myrtle Park will take more reuse once football fields are constructed. Tenoroc can take some water hydraulically but cannot take anymore due to dissolved solids and salts. The spray fields that were just built were conservatively permitted. We may be able to add half a million to a million gallons to our permit by showing the land can handle the additional reuse water.

Commissioner Hamann asked about deep well injection of effluent. Public Works Director Dickson stated one can see a permit being issued closer to the coast to displace saltwater intrusion. However, it is not being permitted on a regular basis in the center part of the state. Possibly in the future, however, he would rather see a trade off when using Rapid Infiltration Basins getting a credit on water permit. Since the effluent has an opportunity to soak into the ground and replenish the aquifer. We will continue to add reuse water customers in the future by requiring reuse to be used for irrigation.

Commissioner Myers asked if the city would have a different rate for consumption of reuse water for irrigation? City Manager Tillman stated staff is looking into the topic and developing a reuse water rate for commission consideration.

**Motion** by Commissioner Hamann, seconded by Commissioner Cowie, to approve Ordinance #1669.

Upon vote, all ayes.

The proposed Ordinance was prepared by the Finance Director and reviewed by the City Manager, Public Utilities Director, and City Attorney. If approved on first reading, the proposed Ordinance will be presented for second and final reading on August 16, 2021.

City Attorney read Ordinance #1670 **AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF AUBURNDALE, FLORIDA, AMENDING THE SCHEDULE OF RATES FOR WATER AND WASTEWATER IMPACT FEES COLLECTED BY THE CITY OF AUBURNDALE BY INCREASING THE SAID WATER AND WASTEWATER IMPACT FEES; PROVIDING FOR SEVERABILITY; A REPEALING CLAUSE; AND THE ADMINISTRATIVE CORRECTION OF SCRIVENER'S ERRORS; AND PROVIDING FOR AN EFFECTIVE DATE.**

City Attorney Murphy stated Florida Statutes have been amended regarding impact fees. It is my opinion there is a carve out for water and wastewater impact fees where the new laws likely don't apply. However, in an

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abundance of caution and the extraordinary circumstances you have heard described tonight, we are substantively complying with the law in case it is determined the law does apply.

Commissioner Taylor Bogert asked how the new impact fees impact a new restaurant? City Manager Tillman stated when commercial activity comes into the city, staff can look at flow history from an existing similar activity, the city would base the impact fee on existing data.

Commissioner Myers stated going back to the timeline of when the rates would be applied if due to special circumstances, I would hope staff would allow for exceptions in those situations.

**Motion** by Commissioner Cowie, seconded by Commissioner Hamann, to approve Ordinance #1670. Upon vote, all ayes.

#### **4. PRESENTATION OF FISCAL YEAR 2022 AND FISCAL YEAR 2023 ANNUAL BUDGETS**

City Manager Tillman stated in accordance with the City Charter, it is with great honor to present for your review and consideration the Fiscal Year (FY) 2021-2022 and FY 2022-2023 Proposed Biennial Budget. This document represents months of work by dedicated staff and reflects revenue estimates and proposed expenditures based upon an ongoing review of operations.

Section 23.5 of the Charter of the City Auburndale authorizes the City Manager to prepare and submit to the City Commission the annual budget and budget message. Approval of the annual budget is the most important responsibility of the City Commission. I hope you find the following information helpful and explanatory as we continue the process of meeting our City's goals, and the statutory obligation of adopting a balanced budget.

#### **BUDGET PROCESS**

Since 2005, the City of Auburndale has operated with a two-year budget process. The benefit of preparing a biennial budget provides the readers with additional information and understanding of the budget process and enables a blending of the City's planning and budgeting processes. As part of the process, two separate twelve-month budgets are prepared and approved by the City Commission. In September 2020, the City Commission adopted the current FY 2021 Annual Budget, as required by State Statutes. At the same time, the Commission also approved a budget for the second year, the planned FY 2022 Budget.

Now, the planned FY 2022 Budget has been reviewed and updated with necessary adjustments to revenues and expenditure in order to accommodate needs that have arisen, since the planned budget was prepared. At the same time and through numerous presentations before the City Commission, a new second-year budget has been prepared and is presented as the planned FY 2023 Budget.

Since 2010, City Staff started presenting the various sections of the proposed budgets at Regular Meetings before the City Commission in April or May. This initiative allows the elected officials and the general public greater opportunities to be informed and participate in the budget process, and in a timelier manner. This year the City Commission was presented the Payroll Sections on May 3, 2021; Capital Outlay on June 7, 2021; the Expense Section on June 21, 2021; and the Revenue Section on July 19, 2021.

Any changes to the proposed budget will be presented to the City Commission on August 16, 2021. Public Hearings on the proposed Budget and millage rate will be held on Thursday, September 9, 2021, and prior to final adoption on Tuesday, September 21, 2021.

#### **BUDGET SUMMARY**

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The Proposed Biennial Budget recommends a total spending level of \$54,731,350 in FY 2021-2022 and \$50,803,854 in FY 2022-2023. Due to outside funding sources for various capital projects, the total FY 2021-2022 City Budget represents a 21.64% increase compared to the current fiscal year Adopted Budget. Examples include several projects funded by the American Recovery Act including the Gapway Road water line extension, Simmers Young water line extension, and the Auburndale / Winter Haven / Polk County water interconnect to provide reliability in the water utility and the development of future alternative water supply. Construction of a new Soccer Stadium at the Lake Myrtle Sports Complex is also funded in the FY 2021-2022 City Budget with offsetting Polk County Tourism and Sports Marketing revenue in partnership with the Polk County Board of County Commissioners.

**BUDGET FUNDS**

The City of Auburndale functions with five (5) funds to support the day-to-day operations of the City. The five (5) categories of Funds include the General Fund, the Community Redevelopment Agency Fund, the Public Utilities Fund, the General Impact Fee Fund, and the Public Utility Impact Fee Fund. In addition to the Proposed Biennial Budget being balanced, each individual fund is also being presented as balanced.

**GENERAL FUND**

General Fund revenue sources include Taxes (including Franchise Fees), Licenses and Permits, Intergovernmental Revenue, Charges for Services, Fines and Miscellaneous Revenue. The General Fund proposed budget is \$24,968,557 for FY 2021-2022 and \$20,132,609 for FY 2022-2023, before the interfund transfer.

Recent numbers from the Polk County Property Appraisers Office suggest that the gross taxable value of all property within the City limits increased 17.92% over the July 2020 estimate. This information allowed City Staff to recommend, and the City Commission approve 4.2515 as the proposed operating millage rate for the fourth straight year.

Auburndale has historically levied a low tax millage or property tax to help fund general government expenditures including Public Safety, Public Works, Parks and Recreation, the Public Library, Community Development and other General Fund activities. The current and proposed tax rate of 4.2515 mills represents one of the lowest municipal tax levies in Polk County and generates \$6,470,000, an increase of \$980,000 over the current year total ad valorem proceeds. The significant increase in ad valorem proceeds is directly as a result of the inclusion of the Amazon Fulfillment Center taxable values and the continued growth experienced in residential construction. The additional revenues generated by the increased ad valorem base will allow the City of Auburndale to continue to maintain one of the lowest operating millage rates in Polk County, while at the same time providing a high level of customer service and quality of life of our citizens and businesses.

The Amazon Fulfillment Center is now the third highest valued property in the City of Auburndale including both the real estate and tangible property values. Prologis Logistics Services Incorporated owns the land and facility and Amazon owns the tangible property on the parcel.

In 2020, the Budget was difficult to forecast given the uncertainties surrounding the COVID-19 pandemic. The City of Auburndale took a conservative approach in estimating projected revenues and expenditures. Some General Fund revenues have continued to be impacted by COVID-19, primarily in the Parks and Recreation Department. Building rentals and special event revenue are all projected to decrease in the FY 2021-2022

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Budget, however the majority of other General Fund revenue sources are projected to return to pre-pandemic values. The General Fund proposed budget for FY 2021-2022 includes \$200,000 as revenue, or reserve funding coming into the budget from monies set aside to complete various projects. In addition, \$535,000 is allocated as an expense, or reserve funding being set aside to complete various projects in the future. A large portion of the reserve funding being set aside is to replenish funds advanced in the current budget to complete additional street resurfacing adjacent to Lake Ariana Blvd. and various neighborhoods.

The largest General Fund expenditures within the various departments in FY 2021-2022 include the construction of the new Soccer Stadium at the Lake Myrtle Sports Complex at \$4,000,000, the purchase of a replacement Fire Tanker at \$345,000, and continuation of City Hall improvements at \$300,000.

### **COMMUNITY REDEVELOPMENT AGENCY FUND**

The Auburndale Community Redevelopment Agency (CRA) was created in February 1992. The CRA was created to develop and implement a Community Redevelopment Plan to redevelop, rehabilitate, and conserve its Community Redevelopment Agency district. The time certain for completing the planned projects of the CRA Plan was twenty (20) years, or through 2012. Florida Statutes were amended in 2002 to allow extension of the term. The Auburndale Community Redevelopment Agency Board voted in May 2005 to amend the Plan to extend the time certain to complete all redevelopment financed by increment revenues to thirty (30) years from adoption of the amendment, or through 2035.

The Community Redevelopment Fund proposed budget is balanced at \$3,535,421. This amount represents significant reserve funding included in the proposed budget for the Park Street Commercial District. The proposed FY 2021-2022 Budget includes \$1,954,021 as carry over funds from the prior year.

The proposed budgets allocate \$978,300 in increment funding from Polk County and \$603,000 from the City of Auburndale. The CRA Fund also benefits from increased activities and increased property values within the CRA District. The Proposed Biennial Budget provides \$500,000 in FY 2021-2022 for the design of a new Civic Center and \$1 million of new monies in both budget years for development of the Park Street Commercial District.

The Community Redevelopment Agency Board gave approval to the proposed CRA Budget on May 17, 2021.

### **PUBLIC UTILITIES FUND (ENTERPRISE FUND)**

The Public Utilities Fund accounts for the activities associated with providing potable water and sewer collection, treatment and disposal services to area residents and businesses. The Public Utilities Fund derives its revenue from fees collected to address the operating and capital needs of our municipal utility services and to maintain the financial stability of the system.

The Public Utilities Fund proposed budget is \$16,404,241 not including the inter-fund transfer to the City's General Fund, needed for balancing. The inter-fund transfer proposed in the FY 2021-2022 Budget is \$2,876,215.

In December 2020, the City Commission approved Raftelis to provide a comprehensive review of water and wastewater revenues compared to the City's two-year budget, Five-Year Capital Improvement Plan, operational expenses, transfers, debt service requirements and estimated inflation. The study includes the impact of utilizing alternative water supply sources as a member of the Polk Regional Water Cooperative. In addition to the utility rate study, the City Commission also approved a review of the City's Utility Impact Fees

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to recognize savings given overlap in data collection and analysis. The utility rate study and impact fee analysis will be presented to the City Commission for adoption prior to the FY 2021-2022 Budget. Staff has calculated estimated revenue adjustments conservatively based upon experienced growth in the utility and previous rate adjustments. Any needed changes to revenue projections will be presented to the City Commission prior to final budget adoption.

The largest expenditures within the Public Utilities Department in FY 2021-2022 are \$1,200,000 to complete the Gapway Road water line extension, \$1,200,000 to complete a water line extension at Simmers Young Park, and \$350,000 to construct an interconnect with the City of Winter Haven and Polk County within Simmers Young Park. These three alternative water supply and reliability projects were advanced as a result of the City being notified that it will receive an estimated \$6.99 million in American Recovery Act funding. 50% of the expected funds are to be received in the current year budget with the balance anticipated being received during the 2021-2022 fiscal year. \$4.2 million is budgeted in FY 2022-2023 for expansion of the Berkley Road Water Plant utilizing American Recovery Act funds. Water and sewer infrastructure projects were allowable expenses of the funding. While funding through the American Recovery Act will help offset some future rate increases in the water utility, the cost of future alternative water must be planned for now as the additional funding will only offset a portion of that cost.

### **GENERAL FUND IMPACT FEES AND PUBLIC UTILITY IMPACT FEES**

The General Fund Impact Fee Fund is projected in FY 2021-2022 to generate \$200,000 in Fire Impact Fees, \$160,000 in Police Impact Fees, and \$200,000 in Recreation Impact Fees. These dollars are used to offset eligible expenses in each of these departments or placed in reserves for future expenses.

The Public Utility Impact Fee Fund is projected in FY 2021-2022 to generate \$1,000,000 in Water Impact Fees, \$2.5 million in Sewer Impact Fees, and \$10,000 in Fire Sprinkler Impact Fees. These dollars are all used to help offset and pay debt service.

### **FIVE-YEAR CAPITAL IMPROVEMENT PLAN**

One of the more important and underlying reasons for the two-year budget process is that City Staff and the City Commission can give more attention to future community needs and to look at how resources will be allocated to meet those needs. One of the tools used to meet this need is integrating the two-year budget process with the Five-Year Capital Improvement Plan (CIP). This allows for the blending of the City's more aggressive planning process with a more stable and consistent budget process.

In the same Ordinance that the City Commission will adopt the Biennial Budget, the Commission will also be adopting a revised Five-Year Capital Improvement Plan. The City of Auburndale maintains an aggressive capital improvement program targeted to improve aging or inadequate infrastructure, redevelopment needs, and for enhanced recreation facilities. Many of the projects in the City's Five-Year CIP are multi-year programs that begin in one year and continue construction, or completion into future fiscal years.

All projects in the first two years of the CIP are incorporated into the proposed Biennial Budget.

### **PERSONNEL IMPACTS**

The proposed FY 2021-2022 Budget recommends a net change of one (1) full-time employee and one (1) part-time employee. The full-time employee is an additional Superintendent position in Parks and Recreation as a part of a restructuring of the Parks and Cemetery Division. The permanent part-time employee is a Permit Technician position in Community Development to help assist with the increased number of permits as a result

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of growth. The proposed Budget also reflects the current Police Department Secretary being re-classified as a full-time employee, and reflects a grade change of the Accreditation Manager, which has no fiscal impact.

The conceptual FY 2023 Payroll Budget proposes an increase of two (2) full-time employees and two (2) part-time employees. The full-time employees are an additional Police Officer position to assist in on-going traffic enforcement efforts throughout the City and an additional Firefighter position to help maintain the level of service provided by the Fire Department. The part-time employees are an additional Code Compliance Officer and Utility Clerk, also as a result of growth. These positions bring the full staffing level of the City of Auburndale to 182 employees in FY 2021-2022 and 186 in FY 2022-2023.

In May 2021, following the presentation of the Payroll section of the proposed FY 2021-2022 Budget, the City Commission gave tentative approval to a 3% cost of living adjustment for all employees. The Commission was also presented the conclusions of the 2021 Pay Study prepared by Creative Insights and USF Professor John Daly. The study suggests that the City's approach for offering market competitive pay (as compared to cities based on size and similarity) to City employees reflected favorably and is effective.

Total payroll including FICA and miscellaneous certificate and education pay in FY 2021-2022 equals \$10.3 million dollars.

During the planning process of the two-year budget, City Staff projects a 10% increase in health insurance premium costs for each year. The City was recently notified that due to claim history over the past year, a 1.0% decrease will take effect in FY 2021-2022. Total health insurance costs in FY 2021-2022 are projected at \$1,559,657.

### **CONCLUSION**

The past 18-months have been challenging due to the ongoing COVID-19 pandemic and dealing with its repercussions. The City Commission and entire City staff are to be commended for their efforts. The financial and economic impacts as a result of the pandemic are more predictable as we begin the FY 2021-2022 Budget, while at the same time the City has seen unprecedented growth in both the residential and commercial sectors.

Planning for future growth will take precedence throughout all of the City Departments as we move forward over the next several years understanding that additional service demands will be required. Many large capital improvements are on the horizon to accommodate the additional demands and it is why continued partnerships with outside agencies are so vital as we continue to create improvements in providing services, amenities, and an exceptional quality of life for our residents and businesses.

It is my pleasure to present to you the City of Auburndale spending plan for the next two years. I would like to thank all the City employees for the outstanding job they do everyday. My special thanks to the Department Directors and Division Heads for maintaining and improving the level of service delivery year after year while holding total expenditures in check with projected revenues. I would also like to thank the City Commission for the honor of serving as the City Manager for the City of Auburndale

City Manager Tillman stated at this time I would like to present the FY 22 Proposed Budget and FY 23 Planned Budget to the City Commission.

If necessary, the City Commission can discuss the budget at their meeting on August 16<sup>th</sup>. The public hearings for the budget will be held on September 9<sup>th</sup> and September 21<sup>st</sup>, 2021. The budgets are located on the City's website as well.

The Meeting was adjourned at 8:00 p.m.

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

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Jeffrey Brown, City Clerk/Special Projects Director

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

  
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Jeffrey Brown, City Clerk/Special Projects Director