

**MINUTES
CITY COMMISSION MEETING
MONDAY APRIL 19, 2021
7:30 PM
CITY HALL**

Call to Order: Mayor Nancy Z. Daley called the City Commission meeting to order at 7:30 p.m. in the City Commission Chambers located at 120 E. Pomelo Street, Lake Alfred, Fl. 33850.

Invocation and Pledge of Allegiance: City Clerk Linda Bourgeois provided the invocation and Mayor Daley led the Pledge of Allegiance.

Roll Call: City Clerk Linda Bourgeois

City Commissioners in attendance: Mayor Nancy Daley, Vice Mayor Jack Dearmin, Commissioner Brent Eden, Commissioner Charles Lake, and Commissioner Albertus Maultsby.

Staff in attendance: City Manager Ryan Leavengood, Assistant City Attorney Seth Claytor, City Clerk Linda Bourgeois, Finance Director Amber Deaton, Public Works Director John Deaton, and Lieutenant Jennifer Gillette.

City Manager Leavengood spoke about the City of Lake Alfred Bass art displayed in the Commission Chambers and thanked the students. He continued and congratulated Nancy Z. Daley and Mac Fuller for winning the election. He went on to share about the 2021 summer camp saying it would start on June 14, 2021, and run through July 30, 2021, with a cost of \$400 per child. He announced the Blood Drive at CenterState Bank, the Battle of Kapyong event this coming Friday at Gardner Park, and concluded by sharing the next City Commission date of Monday, May 3, 2021.

Assistant City Attorney Claytor thanked Commissioner Lake for his service and said he remained grateful to represent the great City of Lake Alfred.

Recognition of Citizens:

Rocco Pilieri of Polk City came tonight to recognize Charles Lake for his outstanding service to the City of Lake Alfred. He shared he had moved here in 2015. He said he saw a sign at the Lake Alfred Diner to meet the Mayor, so he had to investigate, and said he had a couple of problems and he had taken care of them. He said he started attending the City Commission meetings and saw and admired his work ethic. He said he was relentless for his age, and he was amazed. He went on to say he had prepared many city projects, from going to new businesses to building a parade float, and the main thing was a fish for our city. He continued said every title had been earned by him. He thanked Commissioner Lake for all the things he has done for the citizens of Lake Alfred and wished him well, good luck, and good health. He concluded by saying God bless and thanks for all your hard work Charles.

Commissioner Lake joked that he thought when the fish were brought in, they would be filleted and breaded.

Mayor Daley read the Students Working Against Tobacco (SWAT) for Tobacco-Free Week proclamation into the record. This year's theme was *Uproot the Truth: Tobacco Use in the Black*

Community. The proclamation was accepted by Juli Davis, Tobacco Program Manager with the Dept. of Health in Polk County, and several SWAT students.

A student thanked the City Commission for recognizing the proclamation, provided an overview of the local schools participating in the SWAT program, and spoke about the tobacco industry.

Mayor Daley recognized Commissioner Charles Lake with a plaque. The plaque said in special recognition of Charles Lake for your service as City Commissioner June 18, 2012, through May 3, 2021, and as Mayor from May of 2015 through April of 2019. She concluded by thanking him for his service.

Ron Schelfo of 380 S. Lakeshore Way said Mr. Lake has been so helpful to everyone in this community. He shared he had helped people with projects in their yards, the elderly, said he has always gone out of his way to help people in the community. He said he has never said “no” to anyone. He concluded by thanking Commissioner Lake for his service.

Vice Mayor Dearmin thanked him and said he appreciated him.

Commissioner Lake replied and shared the story of meeting him and wanting to take his job as Mayor. He said Vice Mayor Dearmin was his inspiration and that was how he became interested in the City Commission.

Mayor Daley presented the consent agenda for approval.

Consent Agenda:

- 1.) City Commission Meeting Minutes for April 5, 2021
- 2.) City Commission Announcements

Vice Mayor Dearmin made a motion to approve the consent agenda. **Commissioner Maultsby** seconded the motion. The motion was unanimously approved.

Mayor Daley introduced Mike Brynjulfson, CPA, PA to present the City’s Financial Statements and Auditor’s Reports for the fiscal year ending September 30, 2021.

Mr. Mike Brynjulfson shared he had worked with the City of Lake Alfred for nineteen years. He said the City had received the Government Finance Officers Association Award for 10 years and said it was the highest level of achievement. He continued and reviewed the documents provided in the packet which were the Comprehensive Annual Financial Report, the trending analysis, the separate audit and financial statements for the Community Redevelopment Agency (CRA), and the summary. He then began the presentation.

Overview

- Unmodified (“Clean”) Audit Opinion with no material errors. This is a fair representation of the city’s financial transactions.
- Internal Control and compliance. There was one significant deficiency reported in the accounting of capital assets, with no material weakness and no instances of noncompliance reported. He said this was a level two and was required by Federal guidelines. He explained the levels of significance and said the City was working on a new Capital Asset policy.

- Compliance Report with Section 218.415, Florida Statutes. There were no instances of noncompliance – Local Government Investment Policies. He shared this was related to the investments of surplus funds with investments and provided examples such as savings, a money market, or direct investments.
- Management Letter – One finding was reported regarding the impact fee accounting. He said this was a level three finding as there was not an impact fee fund established.
- Governance Letter – There were no disagreements with management, no difficulties while performing the audit, and there were material audit adjustments and uncorrected misstatements. He explained they had fixed significant journal entries and shared about the valuation of the roads and the new processes that went into effect last year.

Governmental Fund – Balance Sheet

He went on to say this was a snapshot of the General Fund and the CRA. The total assets were \$2,731,653 with the liabilities being \$493,860. There was a total fund balance of \$2,287,793 with \$1,121,763 in assigned or unassigned funds. He explained the City had 2.30 months in expenditures in the unassigned fund balance.

He continued and spoke about the graph and financial condition of the City of Lake Alfred regarding the fund balance to total expenditures. The city is at 20.11% and the City's adopted fund balance policy is set at a minimum of 17%. He said they would like to see a goal of 20%-25% for unrestricted fund balance. He shared the City was in fine financial condition.

Mr. Brynjulfson continued the presentation and talked about the total revenues being \$5,511,057 and the expenditures were \$5,857,857. With the revenues minus the expenditures that shows a \$346,800 shortfall. He explained it was -6% meaning that for every \$1.00 the City would have to do an interfund transfer of six cents. He went on to explain the figure did not include the capital and said the City was performing better than the peer group.

The statement of net position for the Enterprise Fund was presented. He explained the total assets were \$15,460,202 with \$3,437,470 in liabilities for a total net position of \$12,022,732 and of that figure there is \$2,050,252 in unrestricted funds. The Enterprise fund has the sustainability of operating revenue for 8.93 months. He said that was a very strong number.

Mr. Brynjulfson showed a graph of the unrestricted net position as a percentage of revenue. He said the City was at 74.40% with a relatively small decline over the last year-end. Also, it was slightly higher than the peer groups which were around 60 - 70%. The Enterprise Fund is in good financial condition.

City Manager Leavengood spoke about the downtrend of the fund, the overall cost of the utility increasing, and the upcoming 557 Water Main Relocation project anticipated to cost 1M. He concluded by saying we cannot use impact fees because it is not due to growth.

Commissioner Eden said we were just moving it from one account to another, so he asked will we have enough cash in the long-term future?

Mr. Brynjulfson said yes that was correct and said he was going to talk about the cash flows on the next slide. He said we looked at the financial condition so now we will look at the operating position. He explained the gross profit position and said they take the operating expenses and compare it to the operating revenue and figure out how much we are making after we pay for employees, materials, supplies, and depreciation to run the utility. It is 19.65% so for every dollar

there are nineteen cents available to go to the interfund transfer, principal or interest, fund balance, or net positions of capital acquisitions. The city is well above the peer groups in the profit percentage.

He went on to present on the unrestricted cash and investments saying there was a decrease towards the end of 2020. He explained this was due to the city paying a pension contribution a day or two early.

He spoke about the net pension liability saying the General Employees' Pension Plan was \$241,598 at year-end. The plan is 96% funded compared to 94% funded in fiscal year-end of 2019. The Police and Fire Pension plan was \$358,214 asset at year-end. The plan is 108% funded compared to 101% funded in fiscal year-end of 2019. He said the average funding level of the 430+ public pension plans in the State of Florida was 91%.

He concluded his presentation by talking about the long-term obligations per capita of the cities in Polk County saying the city was in a great position because there was only one city that had less obligation per capita than the City of Lake Alfred.

He stood for questions.

Mayor Daley said it has always been a high priority in Lake Alfred to have low debt and to not overspend. She complimented the City Manager and City staff.

Commissioner Eden thanked him for the presentation and said he did a great job. He spoke about the ways governmental accounting was different. He asked what the difference was in the valuation of the road?

Mr. Brynjulfson said it was about \$500,000.

Mayor Daley opened the floor to public comments and there were no comments. She complimented the finance department and said they did a great job.

Mr. Brynjulfson said with Covid they had to do audits without being on-site and said there was a section in the standards titled "Fieldwork" that says you must go there to do the audit right. He said Lake Alfred was ready for this with document imaging, by having input from the City Clerk, the Department Heads, and the Finance Department feeding the information into the system. He concluded by saying they had remote access to the system and also the accounting system which made it easy.

Mayor Daley introduced the next two (2) business items.

City Manager Leavengood read the analysis into the record.

Issue: The City Commission will consider entering into implementation agreements for the Southeast Wellfield and West Polk Wellfield projects for future water supply needs.

Analysis: The Polk County Water Cooperative (PRWC) was formed by the cities and county in Polk in 2015 to address regional water supply issues in response to anticipated restrictions on future upper Floridan aquifer withdrawals by the Southwest Florida Water Management District. These restrictions will require "alternate water supply" projects going forward to meet increased demand from growth. Due to the larger capital and treatment costs of alternative water supply

projects (i.e. deep well, reservoir, desalination, etc.), the district was provided a 50% capital cost-share incentive on projects that have a regional benefit and that are owned and operated by a regional entity (i.e. PRWC).

In 2016 the PRWC vetted 205 alternate water supply projects in Polk; 9 of which were considered regional; 5 of which were nominated; and 3 ultimately selected to move forward to meet future water demand. The three candidate projects were the West Polk Deep Wellfield, the Southeast Wellfield, and the Peace Creek Integrated Water Supply Project.

In 2017, the City of Lake Alfred entered into a Phase 1 combined project implementation agreement for all three projects. Phase 1 included preliminary design and testing and represented 3% of the overall project cost or \$22 million; half of which was paid for by SWFWMD. The City of Lake Alfred's proportionate share cost was approximately \$180,000 or 1.7% of the projected future water demand.

The City currently has a water use permit for 1.3 million gallons per day which will expire in 2033 of which we currently use approximately 1 million gallons per day. Through the Central Florida Water Initiative (CFWI) process the district has set our 2025 demand number at 1.29 MGD. This will likely become the baseline for future upper Florida permits with amounts over this required to come from an alternate water supply. The CFWI process has also projected our 2045 water usage to be 1.72 MGD requiring 0.43MGD of alternate water supply.

The proposed action item enters into implementation agreements with a total commitment for 0.43mgd of alternate water supply consistent with our CFWI projected demand. This phase of the project will have a commitment of \$390,000 which will be included in the overall debt service on the project through WIFIA (Water Infrastructure Finance and Innovation Act Loan Program). Preliminary capital cost estimates of the full 0.43mgd are estimated at \$5.8 million or ~\$145,000 per year over forty years through WIFIA. The agreement allows for "true-ups" to rebalance capital costs between members based on variations in actual demand and the projects will be built in phases on an as-needed basis.

He explained the city would not need the .43mgd on day one and said the project would come on in phases so if we needed to hit the brakes we could until the development continues. He spoke about conservation with a requirement of the water-star standards in new construction.

He continued and said the City will receive its water allocation from the Southeast Wellfield Project. The City will also be an "associate member" of the West Polk Project which is a nonfinancial/nonvoting member but will allow for a seat at the table and an opportunity to "buy-in" to that project later if there is ever a future need. He said that was why there were two implementation agreements before them tonight. The other cities are doing the same thing.

He said the staff's recommendation was for approval of the Project Implementation Agreements.

Mayor Daley requested clarification on the costs and City Manager Leavengood said the \$390,000 was an estimated cost-share for the 430,000 gallons in the Southeast Wellfield project and no costs were associated with the West Polk Wellfield. She then asked why we would have to approve it.

City Manager Leavengood said they did not have to, but it provided the city to be like an "ex-officio" member. He explained the boards' functionality, the involvement needed to conduct business, and the options for the city to sign-up for the project later if necessary. He provided an

example in which it may be necessary and said this gives us maximum flexibility. The true financial commitment is \$390,000 and if you do not select the “off-ramp” the total commitment, over the forty-year timeline, is estimated to be 5.8M. This is based on current estimates. He spoke about the off-ramp option and the establishment of the water cooperative.

Assistant City Attorney Claytor spoke about the benefit of having 50% funding and if the City were to come on later there would be an additional penalty.

City Manager Leavengood said the first phase commitment was a minimum of \$390,000.

Mayor Daley asked if a rate study would be necessary, and City Manager Leavengood said it was already included in the presented Capital Improvement Plan. He explained once there was a construction date, that would be when we would look to conduct a rate study. She then asked if the City could use impact fees and City Manager Leavengood said you would not want to when you have the advantageous financial structure, and we would want to save the impact fees for smaller projects.

She continued and said she lacked confidence in the science behind the wells because there was not a straight answer on whether it would work. The water quality in the lower Florida aquifer is iffy and by the time we pay for this the whole state of Florida may be underwater. She continued and spoke about the need for more water conservation and said she had her doubts about it but wanted to make sure we had our eyes open going into this project.

Commissioner Eden asked if the funds were associated with the Enterprise Fund and he was told “yes” by the City Manager. He said he was with the Mayor on the uncertainty and reviewed the Enterprise Fund profit. He said there was not a 100% guarantee however, number-wise we would be able to handle this easily.

Mayor Daley commented she was not concerned about the money, it was more for the viability of the project.

Commissioner Eden asked if there were any alternatives, and City Manager Leavengood spoke about the Peace Creek Reservoir Project, the potential need for several projects, and the current County growth being concentrated in the northeast area.

City Manager Leavengood addressed Mayor Daley’s concerns saying staff has always been critical and talked about having six smaller projects rather than two larger ones. He shared at one time there was a Tri-City well project in the Capital Improvement Plan and explained why it did not go forward. He said there will always be conversations and it will be constantly evolving.

Commissioner Eden asked if there was a way out, and City Manager Leavengood said the City Attorney’s were very keen on building in the “off-ramp” but he doesn’t know where that would lead us if we decided on that option.

City Manager Leavengood spoke about the opportunity to “true-up” the costs, more conservation of water resources, the potential to decrease the water need, and the implementation of a potential water re-use project.

Mayor Daley said the City Manager’s involvement from the beginning had increased her confidence level.

Commissioner Lake said a lot of the questions asked here tonight have been asked and he spoke about the independence of certain cities. He said in the future there will be a need to have these projects in place and said a downturn in the economy may impact the future need for water.

Mayor Daley opened the floor to public comments on the two implementation agreements. There were no members of the audience that came forward to speak, and Mayor Daley closed the floor to public comments.

Commissioner Lake made a motion to approve the Southeast Wellfield Implementation Agreement. **Commissioner Eden** seconded the motion, and the motion was unanimously approved.

Commissioner Lake made a motion to approve the West Polk Wellfield Implementation Agreement. **Vice Mayor Dearmin** seconded the motion, and the motion was unanimously approved.

The next business item was introduced, and City Manager Leavengood read the analysis into the record.

Issue: The City Commission will consider accepting the 2020/2021 Federal Funding for the Edward Byrne Memorial Justice Assistance Grant (JAG) Program for all of Polk County Agencies.

Analysis: Florida Administrative Code requires that the units of government in each county reach a consensus concerning the expenditure of these funds, including the projects to be implemented. To verify this consensus, the Florida Department of Law Enforcement requires each applicant to obtain a letter of support from at least 51% of the local units of government, representing at least 51% of the county population. He shared the allocations have been anywhere from \$8,407 to \$19,000 with this year being \$15,000 for a portable sign trailer.

He said the staff's recommendation was to provide authorization for the Mayor to sign the fund distribution for Polk County letter for acceptance with the Florida Department of Law Enforcement (FDLE).

Lieutenant Gillette shared the proposed funding would be for a portable sign trailer to be used in emergencies, natural disasters, supply pick-up areas, and road closures.

Mayor Daley opened the floor to public comments. There were no members of the audience that came forward to speak, and Mayor Daley closed the floor to public comments.

Vice Mayor Dearmin made a motion to approve the authorization for the Mayor to sign the 51% JAG Grant letter to FDLE. **Commissioner Lake** seconded the motion, and the motion was unanimously approved.

Recognition of Citizens: There were none.

Commissioner Maultsby thanked the Police and Fire Departments for his drive-by birthday parade. He continued and asked about the land clearing going on east of the city, the status of the residential developments, and the Florida Group project on Lynchburg Road. He shared he has enjoyed working with Commissioner Lake and congratulated him on his retirement.

Mayor Daley said she loved the fish artwork that was created by the local schools. She said she was looking forward to seeing them around the City. She continued and thanked Judy Schelfo for the Car Show event and the voters who turned out in the election. She commented and said the election process went smoothly this year and encouraged the public to stop by and view the model home of the Mackay House at the Historical Society Museum. She concluded by saluting Commissioner Lake for his service.

Vice Mayor Dearmin thanked Commissioner Lake and Judy Schelfo. He continued and congratulated Commissioner-elect Mac Fuller. He said the auditor did a great job on the presentation this evening and concluded by thanking everyone for working towards the common good of the City of Lake Alfred.

Commissioner Lake said Judy Schelfo did a great job and said he had picked out the winning 1929 Ford. He commented and said the Mackay House model was great and he would like to see the Gardner Home be modeled next. He said he would be back to check on everyone from the audience's side and thanked everyone for the accolades, testimonials, and praise. He concluded by saying he did what he did because he felt he owed it to the city he moved into.

Commissioner Eden thanked Commissioner Lake for his service and welcomed Commissioner-elect Mac Fuller. He thanked the first responders and shared there was a neat event happening this Friday. He said his grandfather had served in the Korean War, so it had a special meaning to him. He concluded by wishing Commissioner Lake the best of luck.

Without further comments, at 9:11 p.m., the City Commission meeting was adjourned.

Respectfully submitted,



Linda Bourgeois, BAS, MMC,
City Clerk