

LONGWOOD CITY COMMISSION
Longwood City Commission Chambers
175 West Warren Avenue
Longwood, Florida

WORK SESSION
MINUTES
June 20, 2019
3:00 P.M.

Present: **Mayor Matt Morgan**
 Deputy Mayor Brian D. Sackett
 Commissioner Abby Shoemaker
 Commissioner Richard Drummond
 Commissioner Ben Paris
 J. D. Cox, City Manager
 Michelle Longo, City Clerk
 David P. Dowda, Police Chief
 Mike Peters, Fire Chief
 Chris Kintner, Community Development Director
 Chris Capizzi, Leisure Services Director
 Lisa Snead, Financial Services Director
 Craig Dunn, Information Technology Director
 Shad Smith, Public Works Director
 Magdala Ridore, Human Resources Generalist
 Trisha Fuston, Payroll/HR Coordinator
 Judith Rosado, Accounting Manager

- 1. CALL TO ORDER.** Mayor Morgan called the meeting to order at 3:08 p.m.
- 2. REVIEW AND DISCUSS PROPOSED BUDGET FOR FISCAL YEAR 2019-2020.**

Deputy Mayor Sackett moved to suspend the rules and carried by a unanimous voice vote.

Mr. Cox started the meeting by acknowledging all the hard work staff has put into this first draft of the budget. He said our objective is to submit a balanced budget with no ad valorem or millage increase, to fund a pay plan for a second year, and to achieve a 17% reserve level for this upcoming year. In the General Fund, we typically budget conservatively and estimate costs a little on the high side, but we typically come in

better than projected. This was true in fiscal year 2017/2018 where the budget for reserves was set at 16% and we came in at 18%. In 2018/2019 the budget reserves were set at 16% and we are projecting they might come in at around 21%. Our long-term goal is to sustain a 20% reserve level. We have spent a lot of time working on the other funds and will continue doing further analysis in the upcoming weeks as we head toward the submittal of the final budget. This is also a full tax year that our budget will be impacted by the Senior Homestead Exemption Tax. Also, there remain long-term concerns with the Utilities Operation Fund. The continued septic system infrastructure projects, as well as the water plant replacement, need to remain in place. This year we have a budget of \$39 million dollars, and 39% of that budget is seven digits and above. He said 86% are six digits and 99% of the budget comes from five digits and above. A few factors that have affected our budget for this year include health insurance. He said tomorrow we will be receiving the actual health insurance rates for the upcoming year. We have budgeted 16% for now. He said the timing of developments when they come online and hit our books, tend to be of impact since we typically do not have control over these things. It may not be a full year, but a partial year. We have no control over the timing of grants, loans, and FEMA reimbursements, but it does impact our budget. The budget for Debt Service for Capital Equipment and the distributions to the various funds are not currently included directly, but remains under review.

Mr. Cox said Tab 1 represents the Budget Message. This will be added later as we come out with the final document.

Mr. Cox said Tab 2 represents our Budget Calendar. Today is our first Work Shop. During the July 15th meeting, we will be setting the tentative millage, which we are recommending to remain at 5.5%, so there are no new taxes in the General Fund for property taxes. On July 22nd would be the second, optional Work Shop. The first reading and public hearing would be September 4th and second reading and public hearing/adoption would be September 16th.

Deputy Mayor Sackett requested for an earlier budget Work Shop in order to have time to review the contents. He stated he received the information Monday and does not want to approve a budget that they have only looked at one time. He suggested holding a Work Shop earlier.

Mr. Cox skipped Tab 3 and moved to Tab 4 which represents the truth in millage summary report. This is the chart we are required by Florida Statutes to submit annually and is published in the newspaper between the first and second public hearings for the budget. It is a high-level summary of the types of revenues and expenditures spread over the

various fund types. One millage equals approximately \$1.1 million, so our 5.5 millage translates into \$6.2 million.

Mr. Cox skipped to Tab 10 that represents our Organizational Chart.

Mr. Cox said Tab 11 on the first page shows the requests this year to add a total of five employees. He moved to page 60 which shows the Utility Department adding a part-time field services technician to assist with the increasing volume of customers. He described what this position was going to entail.

Commissioner Paris asked questions about this department and the staffing levels. He mentioned the various changes with meter reading being outsourced, the addition of new staff, and it being a growing department.

Discussion ensued and Ms. Snead noted it is not the fastest-growing department and she could provide a historical perspective of position growth and it would show this is not true.

Mr. Cox moved on to Law Enforcement on page 61 showing a request for a new School Resource Officer (SRO) position that will provide the Police Department with additional flexibility to be able to move an SRO from one school to another. The position is going to be fully funded by Seminole Public Schools. He stated Chief Dowda plans to hire from the outside and have a starting salary that will be lower. Seminole Public Schools will be compensating \$85,023 for the position and we will be able to promote from within and this creates an additional Sergeant position needed in the Police Department.

Mr. Cox said on the same page, you will see the City Engineer which was moved from Community Development to Public Works. He said page 62 shows the addition of staff at the Splash Pad. It is recommended a part-time attendant help cover the staffing of the Splash Pad because the hours are 10:00 a.m. to 6:00 p.m. daily and requires an employee to be present at all times. The Leisure Services Director will be able to focus more on his duties. The total cost of that position is \$21,449.

Mr. Cox said we are recommending the Utility Project Manager position be created. This manager will assist the Public Works Director with engineering related projects, management of contracts, preparation/procurement of reimbursement packages, compliance, grants, and State Revolving Fund (SRF) loan funding programs. Another important component in this position will be to provide the knowledge and training of historical and current data related to City infrastructure,

utility, and procedures. The total cost for this is approximately \$50,000 plus benefits. The Maintenance Specialist II position will be funded 50% by the General Fund and 50% by the 406 Fund. The City's increasing developments have resulted in increased maintenance throughout the City. There is a great need for an additional skilled Public Works Maintenance Specialist with an emphasis on Stormwater knowledge. This growing workload increases demands on both streets and stormwater so the position will provide necessary activities related to compliance with the City's National Pollutant Discharge Elimination System (NPDES) permit in order to avoid possible penalties from the state. This allows the City to shift the staff for a dedicated stormwater team and a dedicated streets team. The total cost of this is projected to be approximately \$30,000 with benefits. That completes our five positions.

Commissioner Paris asked if the five positions are going to get filled this year.

Mr. Cox said in the upcoming year.

Commissioner Paris then asked if all the positions we budgeted for last year were filled.

Mr. Cox replied they did.

Mr. Cox said the next Tab represents the Classification and Pay Plan. It was approved last year, and we are continuing to fund this.

Mr. Cox said Tab 13 is for a convenient look at all our City transfers. These are also shown in other tabs for Revenues and Expenditures. This year is down slightly from last year. Part of that is due to the relocation of Utility Billing from the General Fund to the 401 Fund, so the Inter-fund transfer was no longer needed for that operation.

Mr. Cox said Tab 14 represented the Contingency Reserves. These are also included in the Expenditure line items. You will notice we have an increase that is in the City Manager line item. This is for us to provide some flexibility this year for unplanned expenditures that do come up every year. We are trying to minimize the number of budget amendments that we have as well.

Commissioner Drummond asked what the \$27,000 would be used for.

Mr. Cox gave an example.

Commissioner Drummond asked if this money is to be used at Mr. Cox's discretion or if someone gets to the end of their budget and the money is not there.

Mr. Cox said both. It would be used if there was something unexpected to happen. The General Fund is the "Catch-all" fund for everything else that might occur, and we felt that having a little extra in contingencies would be good for us. Having it in the City Manager line item would allow the City Manager the flexibility to be able to indicate which department it would go to rather than having to specify contingencies for an individual department.

Discussion ensued about the money in City Manager line item and allocation of funds. Ms. Snead explained how they came up with \$27,000. She stated earlier this year we did a budget amendment and funds were allocated to the City Manager and this amount is currently in his budget and we carried over the same amount.

Mr. Cox said Tab 15 represents our Taxable Value History showing a positive trend. We have almost recovered now to the previous heights set in 2007.

Mr. Cox showed charts on Tab 16. The first chart is from the Property Appraiser and shows the taxable value and percent change over the past 18 years through 2018. It shows healthy growth. The following page is the preliminary, estimated taxable value, and it is at 8% over the current year. Last year we grew and this year we are growing on top of that.

Mr. Cox said Tab 17 represents our Sales Tax history. We have one and one-half cents of sales coming from two sources. The half-penny sales tax brings about \$1.2 million to our General Fund, and the one percent sales tax, which sunsets in 2025, brings approximately \$1 million to our infrastructure projects. The schools receive about 25%, the county receives 24%, and the cities divide up the rest in Seminole County.

Mr. Cox said Tab 18 represents a summary of our Economic Development Projects and what is anticipated in the taxes that would be derived from those developments.

Mr. Cox said Tab 19 shows our Business Tax Receipt chart showing a downward trend that is inconsistent with all the developing and business activities going on. We moved that resource to Community Development to focus on Business Tax Receipts and are working on revising them.

Mr. Cox said Tab 21 represents the budgets for Special Assessments. This year we are going to recommend we split apart and create new funds for the Certified Emergency Response Team (CERT), Parks & Recreation and the Citizens on Patrol (COPs) organization. Often there is frustration that they cannot carry cash over from year to year because it goes into the General Fund and projects come out of fundraising. However, if they are split out into their own funds, we can carry cash over, and they can submit budgets. They are currently working on this process.

Commissioner Paris asked if there was going to be some sort of staff oversight on the money and cash coming in. There have been situations where cash boxes were left out and he did not want to see cash disappearing or just being spent on whatever. He would like to ensure we are being responsible like the taxpayers expect.

Mr. Cox said they intend to make sure all the accounting is in place. He said the CERT group will be under Chief Peters, Parks & Recreation will be under Chris Capizzi, and COPs will be under Chief Dowda. They will be budgeted like anything else, except the volunteers will submit the recommended budget to their Director and wait for them to review it. It will then make its way into our budgetary process for next year.

Commissioner Shoemaker mentioned making check donations directly out to CERT, COPs, or Parks & Recreation Advisory Board, rather than to the City of Longwood, would benefit the programs.

Discussion ensued about this topic and it was noted banks may not accept checks made out to the group unless they were set up as a 501C. Further discussion took place regarding working under the name "City of Longwood" and/or becoming a separate entity.

Ms. Snead took over the discussion. She said Tab 6 represents the detailed revenue prediction. This gives you a year over year comparison of the revenues. We do expect further in the process that they come in higher. Timing of grant money, loans, and FEMA reimbursements can fluctuate, so we always try to err on the side of conservative. The good news is our ad valorem tax revenues are up 8%, our building tax revenues are up 9%, and Chris Kintner shared new information yesterday that we will be bringing back to the Commission. We also note that our transfer revenues are shown in Tab 13. General Fund revenue increases in every single category. The School Resource Officer has a specific line, and that number is going to go up a little bit from what we have projected at this point. On page 33 the Public Utilities Fund has numerous sources of revenue that are coming in from SRF loans and grants.

Commissioner Drummond asked about Cash Carried Forward in Public Utilities, which shows a negative \$22,500,000.

Ms. Snead said Fund Accounting for the Enterprise Fund is different than the other funds. It deals with all these loans we are getting for the SRF, but you do not get your money until after you build your project for reimbursement, so it is almost like a grant.

Commissioner Drummond asked about the Sewage Impact Fees going from \$335,000 to \$1,335,000.

Mr. Shad Smith said part of that is the anticipated development that is coming in. We have been charging impact fees, and we still charge impact fees. We have some ability to leverage some new developments with some extra credits we are going to get, but that is not totally in place until our new transmission main is in place. We have been charging the sewer and water impact fees. A lot of that gets passed on because we have to pay Seminole County before they are on. He said we get charged and pass it along to them.

Discussion ensued on sewer and water impact fees and how Richard Kornbluh is still working on a contractual basis.

Ms. Snead moved on to Tab 7 which represents the Capital Loan Improvement. The 320 Fund is our Capital Projects Fund, and the way we normally fund is to issue fund proceeds and then spread the debt services to different departments. At this point, we do not have that funded. We do not have the loan proceeds spread. That is something we are going to be working on in the next month or so to come up with a means to fund that and keep our reserve levels. If you look at Item 13 you can see we do not have Fire Station #15, which was plugged into last year's budget. That is not showing up on this year's budget because it just rolled off. We did not have a funding source for it. We will be funding the City Commission Chambers upgrades for sound and projection equipment. There are other capital needs the Directors have identified that we are also going to be working through.

Deputy Mayor Sackett asked about the City Hall relocation number at \$16 million and if this is something that will happen down the road.

Ms. Snead said that is far down the road.

Deputy Mayor Sackett said he would rather see Fire Station #15 taken care of.

Commissioner Paris said it flooded inside the Bay. That has been an issue for a long time, and he would like to see that rectified.

Ms. Snead said she would make a note of that.

Mr. Cox said there is a Department Director meeting scheduled for next week to review what we have received and what perhaps could be the best next steps, which could be a drainage study to ensure it is working correctly.

Commissioner Paris asked if the staff had gone around to identify locations for the fire station.

Mr. Shad Smith said we have identified a site location for Fire Station #15 on Powell Street and a site plan has been put together.

Ms. Snead said Tab 3 shows a chart representing the General Fund and the Utility Fund. She stated the Government Finance Officers Association recommends that we maintain reserve levels at a minimum of 15%. The reason you want to maintain reserve is that ad-valorem tax proceeds will not start flowing in until the end of November. This gives you a couple of months in your fiscal year that you do not have your tax revenues flowing in, so you need a cushion for cash flow purposes. In addition, in Florida, because of hurricanes you want to have money set aside so you can weather those types of storms. That is why 15% is the minimum they recommend and it generally funds two months of your operating budget. For us, 15% could not fund two months of our operating budget. Our figure is a little bit higher than that and that is where we come to the 17% reserve recommendation in the General Fund.

Commissioner Paris asked how much money FEMA owes us.

Ms. Snead said we received \$15,000 from FEMA today and are waiting for a few more reimbursements from Hurricane Irma.

Mr. Cox said he will come back to Tab 9 which mentions the amount for FEMA.

Ms. Snead said our Cash Reserves are exceeding 15% above our recommended level. Special Assessments Fund is where the City takes on capital items for the neighborhoods and development type things, and that draws on the available cash we have for the General Fund. That difference is getting narrower as special assessments fund are paid off.

Ms. Snead moved to the next chart that represents the Utility Fund Chart. We worked with the auditors on clarifying how we should do the calculations for this chart. The negative of this fund is essentially due to a large balance in the capital net of the related debt. The Utility Fund has relatively low debt. Most of the prior asset additions were funded by grants and a large portion of the net position is the capital asset amount. Over time, these assets are depreciated, and this would decrease our unrestricted reserve. The restricted part is what we cannot spend, as we depreciate our assets more of that money becomes available. Major factors that are influencing the Enterprise Fund in terms of cash balance are accounting-type things we have to do. Each year you take a portion of your assets and depreciate them. This becomes a negative expenditure, which is a good thing. Unfortunately, we cannot do negative expenditures when we are doing budget productions. This way you have a good readout of what the true cash position is separate from all of these assets. It is underscoring the sufficiency of the revenues long-term for this fund. The whole of the system is supporting the conversion projects which is a good thing for the City and the environment because we are shifting away from septic tanks.

Ms. Snead said Tab 8 represents the Expenditure Detail Listing. She mentioned something not in the book but as an additional note when you look at the top expenditures for the City from highest to low, the top expenditure the City spent money on was Police salaries and wages at \$2.9 million a year; Fire & Rescue Salary Wages at \$2.5 million a year; The Altamonte Force Main Project at \$2.1 million; The East Longwood Septic Tank Abatement Project at \$2 million; The Bike/Pedestrian Project is \$1.7 million; The Longdale Septic Tank Abatement is \$1.5 million; The Solid Waste Billing at \$1.1 million. She said this covered \$13.8 million of our \$38 million budget, which is 36% of our budget. Ninety-nine percent of our budget is in the ten thousand range, and 86% are in the hundred thousand range.

Ms. Snead moved to Tab 5 which gives a broader view and the health of each fund. She showed the Fund Balance Ending chart that is projecting what each fund will have remaining at the end of this fiscal year. The first number is approximately \$3.2 million from the 17% reserve we mentioned earlier. In the building fund, we are anticipating a \$709,000 ending fund balance. In the Police Education Fund, we estimate to have a zero fund balance. She said the Police Confiscation Fund, would have an ending balance of \$58,000. The Special Assessment Fund will, for the first time, have an ending fund balance in the positive of \$9,668. The Public Facility Improvement Fund is estimated to have a little more than half a million dollars. The Capital Projects Fund will have \$40,000. The Public Utility Improvement Fund is at a negative \$2.5 million balance. The

important thing to know is that this is composed of three funds, 401, 402, and 403. The bottom line is not negative. Stormwater Fund is projecting zero dollars. If the budget were to be adopted as presented today we would have a total of \$6.7 million left.

Ms. Snead moved to page 9 which shows we are slowly increasing our Reserve to our goal level of 20%. We were at 16% last year, and this year we are moving up to 17%.

Ms. Snead moved to page 7 which lists our total revenues for the General Fund represent \$22 million. If you take out Fund Balance Beginning that means our total revenues are \$18.4 million, so that is the new revenues we project will bring in monies we already anticipate to have in the bank. The sources of those revenues by broad category are Taxes, License & Permits, Grants, and Charges for Service, Fines, Miscellaneous, and Other Major Sources. One of the other major sources is Inter-Fund Transfer Revenues, which is transferring money from one fund to another fund, and it is generally done to cover the cost of Administrative Overhead.

Deputy Mayor Sackett asked about the number of the FEMA reimbursement.

Ms. Snead said the FEMA reimbursement number of \$945,215 is for Irma reimbursements and we will be receiving them next year.

Discussion ensued about FEMA.

Ms. Snead said pages 8 and 9 give a list of expenditures with the total on page 9 showing \$18.8 million. This comes from the Police Department being the top expenditure at \$5.2 million; Fire at \$5 million; and Leisure Services at \$2.1 million. On page 8, the expenditures for Leisure Services have gone up quite significantly since 2018 they had a \$1.1 million budget and now have a \$2.1 million budget. There are several reasons for that. One is we are funding \$327,000 of debt service for Reiter Park out of that budget now. We also have \$100,000 slotted in this budget for the Florida Department of Environmental Protection (FRDAP) Grants for Candyland. Even though that is an increased expenditure, there will be an increased offsetting revenue so it is kind of a wash, but it drives up your expenditures. Also, these two have landscape maintenance costs that Leisure Services did. We used to have it all budgeted under Public Works and those departments got together this past year and divided it out. Money that used to be budgeted in Public Works moved to Leisure and increased its budget. The Public Works budget is \$1.2 million. That number is significantly decreased from 2018 which is from reallocation of

expenditures, but also back in 2018 Hurricane Irma and debris removal drove up expenditures.

Ms. Snead moved to page 10 which is the Building Fund balance of \$709,000. This fund is also modeled conservatively. The position remains strong in this fund which is indicative of the booming construction that Longwood is currently experiencing.

Deputy Mayor Sackett asked about the increase from 2018 to 2019 in the line labeled deducted expenditures.

Ms. Snead said that is the Inter-Fund Transfer Allocation to the General Fund for Overhead Costs. We used to only transfer 5% of Overhead Costs, and we raised that up to 18% because with development comes a lot more administrative work.

Ms. Snead said page 19 shows the 310 Fund, the Public Facility Improvement Fund that is supported by the local option penny sales tax and also gas taxes. This is the true infrastructure fund for building various projects in the City. This has a \$3.6 million expenditure of which \$795,000 is Debt Service for a \$5.9 million loan we took for roadway improvements a few years ago. The \$2.8 million is the remaining capital. We are projecting the ending fund balance at \$595,000. We will be working with the project managers and staff over the summer to really look at these projects and to make sure that we have our projections as accurate as possible.

Ms. Snead said page 21 represents the Capital Projects Fund we talked about when we mentioned the Fire Station. This is where we fund capital equipment purchases and capital buildings that are not funded through the penny sales tax. The way we normally fund this fund is we issue debt and spread the cost of the loans across the departments. At this point, we are just showing you what the requests are, but we have not spread the cost of those loans to the other departments. We will be working on that this summer.

Deputy Mayor Sackett went back to page 20 and said he did not see any funding for Capital Improvement Projects (CIP) resurfacing of local streets. We have 34 Home Owners Association (HOA) groups/neighborhoods and the roads are 30 to 40 years old.

Mr. Shad Smith said a lot of the funding is all grants and paying that debt. There is not any extra money in the budget to pave any streets. The only thing I have in the budget is money to pave Warren Avenue right now which is in really bad shape from Milwee Street to St. Laurent Street.

Mr. Cox said we could talk about the funding for that part of the infrastructure and funding of streets. It goes back to the point of sales tax that we currently get and how important that is.

Discussion ensued on a lack of funding and infrastructure.

Ms. Snead said page 23 represents the Utility Fund the 401 Fund having a negative projected ending fund balance. We are thankful we did plan ahead and set up Fund 402 and 403 to set some money aside from last year. Part of the negative is due to the large balance in the capital net of the related debt. Most of the asset additions were funded by grants, and over time these were depreciated and will decrease the unrestricted funds. In 2017, since the City set up the Renewal and Replacement Fund, an additional \$800,000 was restricted. This was recorded as unrestricted the previous year. Overall, the Fund 401 does need attention and long-range planning because it has large infrastructure needs. The focus has gone from operating the utility now to planning and investing in the infrastructure future. We have to think about how we are going to maintain a healthy infrastructure. Thankfully, this Commission and your predecessors have committed to making investments in our infrastructure. Utility revenues previously went to operations in the 401, and now, there are going to be expenses taken care of in the 402 Renew Replacement Fund. One of the biggest items on the long-range horizon is our Water Plants needing to be replaced. We have plugged a very rough preliminary estimate of \$11.9 million. We will not be doing that in this budget but in the very near future. That was also modeled into the rate structure recommendations the other night. We have tried to leverage the market as much as we can. We do have incredibly low-interest rates right now through the SRF loans. So this is a great time to be building and fixing infrastructure in terms of leveraging our capital dollars. Staff strongly recommends that we implement the recommendations of the Revenue Sufficiency Study as soon as possible. This will give us confidence in our ability to fund additional projects, such as the Water Plants, and septic tank conversions and the needed infrastructure. We will bring this matter back to you for consideration. The proposed five-year utility rate plan has an adopted price index rate. It continues to utilize SRF loan funding for Longdale and East Longwood Septic Tank Projects. All this is financial modeling which can always be perfected. We will continue to look at it, monitor it, and plan accordingly.

Ms. Snead said page 26 represents the Renewal and Replacement Fund. This fund has an ending fund balance of \$2 million. This was established to accumulate funds for future capital needs of the Utility Department.

Commissioner Drummond asked about the 2020 proposed expenses on page 26 being moved now and not being included in prior years.

Ms. Snead said they had set up this fund a couple of years ago and this is the first time they were tapping into that fund.

Ms. Snead said page 27 represents the Utility Impact Fee Fund. We are projecting a \$2.6 million ending balance for this fund. We have not identified projects yet that we would fund with that.

Ms. Snead wanted to point out funds that begin with 320 have not yet been funded but will be.

Deputy Mayor Sackett asked about the Stormwater Service Fee on page 28. This was supposed to last for a few years and then sunset. Then it was renewed at double the rate.

Discussion ensued on the Stormwater Service fee, whether it was supposed to sunset, and what the residents and businesses pay.

Mr. Cox said the last section is 9, which is showing all of our debt. The first page shows our debt listing. Last year's outstanding debt was \$15.7 million. The current 2018/2019, we have added \$4.7 million for the Phase II South Longwood, Lake Ruth and Springfield projects, and County Road 427. We also added \$3.5 million for the Altamonte Springs Force Main Project. Under consideration at present is the \$2.3 million East Longwood Phase I and East Longdale. The new projected debt proposed is \$27.9 million, and our payments at this point have remained at \$2.1 million. He said we continue to watch that.

Mr. Cox moved to the next page representing the Waste Water Program. This spreadsheet shows all the septic tank projects, where they stand currently, funding sources, grants, and loans associated with each of those projects. This is a great reference tool and their projected completion dates are on there.

Mr. Cox moved to page 48 representing the FEMA Reimbursement Schedule. This identifies our FEMA filings we have done and it also shows the amounts sent. We are currently projecting almost \$1 million in total reimbursements to be received. We have worked closely with FEMA who have approved this. It has now gone to the State who is making a final determination.

Commissioner Paris asked if identifying numbers are tracked by the State.

Ms. Snead said we can get that information for you.

Mr. Cox said we will bring back the 401 Fund for further review at an upcoming meeting. The one percent sales tax is critical for our funding sources for infrastructure projects. The good news is we have had very positive economic growth over the last three years. It has shown in valuation increases. We have also seen sales tax growth which is good and helps that much more. We have all sorts of developments that are announced and have quite a few others that are still working with our economic development folks and appear to be moving along. We are excited about prospects and opportunities in the near future. Our Insurance Services Office (ISO) rating, which is the Insurance Rating System for property value, remains at 2 which is very good. Moving the Fire Station will result in response times to change, so that will be part of your consideration in the future. We have estimated very conservatively on our revenues. The final thing is as we look back on 2018/2019, we concentrated on the foundation of our organization, our team, staff, and family atmosphere. We implemented a Step Plan, contracts are in place, the Performance Review Program is in place, and right around the corner is the Employee Handbook. As we move forward into 2019/2020, physical infrastructure is our concern. Your points about the streets are duly noted and we will identify potential revenue sources to go into that infrastructure as well.

Commissioner Paris excused himself at 4:55 p.m. and left the meeting.

Commissioner Drummond asked Mr. Cox what is the percentage of employee raises for 2019/2020 and how we got that number. He also asked if the Performance Evaluations are incorporated into the raises.

Mr. Cox responded with the employee raises being 4% coming from the Step Plan and incorporated into the raises. If any of those evaluations are below acceptable, then they will not qualify for the raise that year. An employee would have to get satisfactory or above to qualify.

Discussion ensued about employee salary raises and the way the Step Plan operates.

The meeting concluded with Mayor Morgan thanking the staff for their hard work.

3. ADJOURN. Mayor Morgan adjourned the meeting at 5:00 p.m.

Minutes approved by City Commission: 10-07-2019

/S/
Matt Morgan, Mayor

ATTEST:

/S/
Michelle Longo, CMC, FCRM
City Clerk

The Official signed minutes are on file in the City Clerk's Office.

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