

MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
SEPTEMBER 10, 2009

The Niceville City Council met in special session at 6:00 PM, September 10, 2009 in the Council Chambers, 208 N Partin Drive. All council members, and the Mayor were present. Also present were City Manager Lannie Corbin; City Clerk Dan Doucet; Director of Public Works Bruce Price; a member of the press and visitors in the audience. Mayor Wise called the meeting to order at 6:00 PM.

PUBLIC HEARINGS

Consulting Engineer Briefing - Mr Glenn Stephens, polyengineering

Mr Glenn Stephens, Polyengineering, Inc. briefed the council concerning his report on Debt Service Coverage Analysis and proposed water and sewer rates for the City of Niceville as required by bond covenants. He explained that bond covenants require that our net revenues be 1.15% of the debt service amount. Mr Stephens explained that our coverage is adequate for FY 2010, however, he recommended a 5 percent rate increase in FY 2010 to prevent a higher increase in FY 2011 since his statistics project a shortfall beginning in FY 2011 thru 2014. Discussion followed.

Financial Advisor - Mr Bill Fray, Fray Municipal Securities

Mr Bill Fray, our finance advisor, presented an overview of his written report to the council regarding our Annual Debt Management, our Investment Program and our Stormwater Program. He advised that the purpose of his report was to review policies and initiatives to help insure efficient and effective management of the City's debt and investments. He advised the 2009 Annual Report of the City's Debt and Investment Management covers a year of substantial disruption in the economy in general and in the credit and investment markets specifically. He advised the City has taken action to reduce debt cost and to maximize investment returns with investment security a highest priority. He stated the City historically has ratcheted down interest cost for debt when interest rate cycles allowed. Refunding City outstanding debt to lower interest rates has saved the City many hundreds of thousands of dollars in Present Value terms and even more in gross dollars. He advised that City management initiated a thorough review of specific depositary security provisions protecting City funds. This was done to determine if additional action needed to be taken to protect and safeguard City funds during early stages of sub prime defaults.

He stated the City Debt Management and investment Program is serving its intended purpose. The City policies provides a proactive approach. This includes minimizing cost and

term planning to maintain high bond ratings, immediately refunding debt to reduce interest cost or addressing economic disruption to protect the City from negative impact, the City teams serves the City well. Discussion followed.

Resolution 09-09-02- A resolution amending Section 1, Table 1 of the City of Niceville Florida, municipal waterworks system rate Ordinance No. 08-09-02 dated September 18, 2008, to provide for a rate adjustment and providing for an effective date.

Mr Doucet read Resolution 09-09-02 by title. Councilman Smith moved approval. Councilman Swihart seconded. Mr Byron Allmon, 2006 Bayshore Dr, and Mr Burt Cole 528 Golf Course Drive asked several questions regarding the need to raise the rates. Discussion followed. Ms Rachel Reese, 1002 Alderwood Way interjected that a 5% increase is not out of line based on the expense involved regarding the costs to improve the system. Mr Glenn Stephens and Mr Bill Fray answered several questions regarding debt service and planned projects. Mr Doucet explained that water bills for a 7,000 gallon customer (average user) will increase \$ 1.20 a month over last year=s rate. Discussion followed. Council Vote: Boudreaux=yes; Thomas=yes; Henkel=yes; Swihart=yes; Smith=yes.

Resolution 09-09-03 - A resolution amending Section 1, of the City of Niceville Florida, Municipal Sewer System Rate Ordinance No. 08-09-03 dated September 18, 2008, to provide for a rate adjustment and providing for an effective date.

Mr Doucet read Resolution 09-09-03 by title. Councilman Smith moved approval. Councilman Swihart seconded. Ms Reece asked several questions regarding sewer projects and re-use water. Mr Corbin responded to those questions. Discussion followed. Mr Doucet explained that sewer bills for a 7,000 gallon customer (average user) will increase \$ 1.50 a month over last year=s rate. Council Vote: Boudreaux=yes; Thomas=yes; Henkel=yes; Swihart=yes; Smith=yes.

Resolution 09-09-04 - A resolution amending Ordinance No. 08-09-04, September 18, 2008 of the City of Niceville, Florida, increasing the Stormwater Utility Rates and providing for an effective date.

Mr Doucet read Resolution 09-09-04 by title. Councilman Smith moved approval. Councilman Swihart seconded. Mr Doucet explained that the rate increase is a 5% increase. Discussion followed. Council Vote: Boudreaux=yes; Thomas=yes; Henkel=yes; Swihart=yes; Smith=yes.

Resolution 09-09-05 - A resolution increasing the Sanitation Tipping Fee and providing for

an effective date.

Mr Doucet stated that effective October 1, 2009 the county is increasing their tipping fee for garbage by 1.35% which is a CPI increase. To accommodate this increase we must raise our residential tipping fees from \$12.76 to \$12.93 per month and also raise our Commercial Tipping by 1.35%. The above rate changes are included in our proposed budget for FY-10. Councilman Smith moved approval. Councilman Thomas seconded. Discussion followed. Council Vote: Boudreaux-yes; Thomas-yes; Henkel-yes; Swihart-yes; Smith-yes.

Ordinance 09-09-03- An ordinance of the City of Niceville, Florida levying the Ad Valorem Property Tax Millage Rate for municipal purposes on all taxable property within the City for the fiscal year beginning October 1, 2009 and ending September 30, 2010 stating the percentage by which the millage to be levied exceeds the rolled-back rate; and providing for an effective date. (First Reading)

Mr Doucet read ordinance 09-09-03 in its entirety and stated the proposed millage rate of 3.4500 is the recommended rate for FY-10. He stated the percentage by which this millage rate to be levied exceeds the rolled-back rate of 3.4360 (computed pursuant to Florida law) is **0.41%**. Mr Doucet advised that the revenues received will be used to defray budgeted General Fund Expense. Councilman Smith moved approval on first reading. Councilman Swihart seconded. No one spoke for or against. Mayor Wise asked for a roll call vote. Council Vote: Boudreaux-yes; Thomas-yes; Henkel-yes; Swihart-yes; Smith-yes.

Ordinance 09-09-04 - An ordinance adopting the final budget for the City of Niceville for the fiscal year commencing October 1, 2009; an ordinance adopting and approving the appropriations set forth in said budget for the fiscal year commencing October 1, 2009; and providing for an effective date. (First Reading)

Mr Doucet read ordinance 09-09-04 by title and provided an overview of estimated revenues and expenditures as follows:

General Fund

Total estimated revenues and expenditures:	\$9,210,980
Special Revenue (Franchise and Utility Tax)	
Total estimates revenues and expenditures:	\$2,682,000

Sanitation:

Total estimated revenues and expenditures: \$2,542,100

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Water and Sewer

Total estimated revenues and expenditures \$10,543,000

Storm Water Management

Total estimated revenues and expenditures \$2,206,000

Total Budget is **\$27,184,080**

Councilman Thomas moved approval on first reading. No one spoke for or against. Councilman Smith seconded. Council Vote: Boudreaux-yes; Thomas-yes; Henkel-yes; Swihart-yes; Smith-yes.

OTHER BUSINESS:

SENIOR CITIZEN ADDITIONAL EXEMPTION:

Mr Doucet advised he received information from the Property Appraiser=s Office advising that **106** Niceville residents applied for the additional \$25,000 exemption this year. To qualify for the exemption the property owner must be 65 years old and have an annual household income of **\$25,221** for the 2009 tax year. The total property value (amount exempted) for people in this category is **\$3,520,879**. Based on a proposed millage rate of 3.4500 our revenues will be approximately **\$ 12,147** less. The additional exemption saves them **\$ 80.00** in property tax. Thus, it was a good decision by the council to approve this provision for our lower income seniors.

Mr Doucet advised that the next budget hearing is scheduled for September 15, 2009 at 6:00 PM.

The meeting adjourned at 6:45 PM.

MAYOR

ATTEST:

CITY CLERK