

**MINUTES OF THE SPECIAL MEETING  
OF THE LADY LAKE TOWN COMMISSION  
LADY LAKE, FLORIDA  
March 3, 2009 3:00 P.M.**

The Special Meeting of the Lady Lake Town Commission was held in the Town Hall Commission Chambers, 409 Fennell Blvd., Lady Lake, Florida, with Mayor James Richards presiding. The meeting convened at 3:00 p.m.

**CALL TO ORDER:** Mayor/Commissioner James Richards

1. **ROLL CALL:** Tony Holden, Commissioner, Ward 2  
Ty Miller, Commissioner, Ward 3  
Paul Hannan, Commissioner, Ward 4  
Ruth Kussard, Commissioner, Ward 1  
James Richards, Mayor/Commissioner, Ward 5

**STAFF MEMBERS PRESENT:** Bill Vance, Town Manager; Chief Ed Nathanson, Police Department; C.T. Eagle, Public Works Director; Butch Goodman, Utilities Supervisor; Aubrey Cash, Town Manager's Assistant; Guy Shields, Human Resource Director; Kristen Kollgaard, Town Clerk; Phyllis Ehart, Deputy Town Clerk; and Jayne York, Staff Assistant to Town Clerk

2. **Discussion/Direction Regarding the Water, Sewer and Reuse Impact Fee Rate Study (C.T. Eagle/Burton & Associates)**

C. T. Eagle, Public Works Director, stated that Burton & Associates will be presenting the results of the Impact Fee Rate Study that was approved by the Commission last November. This Special Commission meeting was called because it has come to Staff's attention that there is a potential July 1, 2009 cutoff for any new impact fees; it's a bill that is in the State Senate right now and Staff wanted to be ahead of that potential deadline. He introduced Michael Burton and Kevin Krueger with Burton & Associates to present their findings and stated that Staff is looking for direction from the Commission as to how the Town wants to proceed with impact fees.

Mr. Burton stated that his company did the Impact Fee Rate Study for the Town's Parks & Recreation and Library recently and stated that they were delighted to be back and appreciate the confidence that Staff has in them.

Mr. Burton stated that the impact fees considered in this study were water, sewer and reclaimed water. They started by looking at reclaimed water and then quickly determined that these are all interrelated and that the Town needs to update all of them so that ended up being the scope of the study. One of the reasons is that the reclaimed water function benefits both the wastewater function and the water function because it provides a disposable alternative for sewer and also provides an extension of the water supply by offsetting the use of potable water.

Mr. Burton stated that impact fees are charges levied against new development and do not affect any development that is already here. It is to reimburse local government for the capital cost of the equipment and the public facilities that are required to provide the new service to the same development. Impact fees can be charged at full-cost recovery or at some portion thereof. The study basically determines the maximum that can be charged but you cannot discriminate against one class to the benefit of another class such as charging 50% cost recovery for residential and 100% cost recovery for commercial. There can be a partial-cost recovery for one service and not the other service because that is not a class distinction – for example, partial-cost recovery for wastewater and full-cost recovery for water.

Mr. Burton stated that the Rational Nexus Standard requires that impact fees:

- Must bear a reasonable relationship to the benefit received by those who pay it,
- Must not exceed the proportional share of the cost of new facilities or services needed to serve new development,
- Cannot include the cost of curing (or be used to cure) existing deficiencies relative to adopted levels of service,
- Must include credits for contributions the development will make toward deferring that cost, and
- Must be earmarked and expended in such a way as to ensure that those paying the fee receive benefit from that payment.

Mr. Burton turned the presentation over to Mr. Krueger who stated that the current impact fees for the Town are \$1,268 per ERC (equivalent residential connection) for water and \$2,095 per ERC for sewer; these fees were last updated in 1993 and the Town currently does not charge a reclaimed water impact fee.

Mr. Krueger stated that the methodology used to calculate the impact fees is:

- Develop an impact fee for each system component, look at each transmission system and look at the supply system
- Recognize the benefit of the reclaimed water system to the sewer system and to the water system
- Allocate costs of fixed assets in the ground, capital improvement projects and financing of the major capital assets that being 40% for water, 40% for sewer and 20% for reclaimed water

Mr. Krueger stated that from the results of the study, their recommendation for the new impact fees is: \$1,947 for water (100% full-cost recovery); \$2,884 for sewer (50% partial-cost recovery) with the resulting total for water and sewer impact fees being \$4,831 which is a weighted average of 63% cost recovery and a 44% increase of the current impact fees and 9% higher than the average in the survey. They are also recommending \$267 for the reclaimed water impact fee (100% full-cost recovery).

Mr. Burton stated that they have recommended the 100% cost recovery for water and the 50% cost recovery on sewer as a demonstration but the Commission has the flexibility to change the numbers within the full-cost recovery amounts and Burton & Associates would like direction as to how the Commission would like to proceed.

Bill Vance, Town Manager, stated that the Town incorporated reuse capacities and there was no reuse impact fee; therefore, Staff felt that the Town needed a reuse impact fee so additional customers, as far as reuse goes, can continue to reimburse the Town for those improvements that are going to benefit all involved and will allow the Town's infrastructure to continue to be expanded as responsible development demands. At the same time, the Commission wanted to take a second look at water and sewer impact fees – the impact fees have not been changed or investigated as to whether or not they need to be increased since 1993; that is quite a period of time ago but that does not mean that this Commission is obligated to increase any impact fees. This presentation will be followed up as an agenda item at the March 16, 2009 Town Commission meeting and the Commission, at that time, can provide some formal direction as how to proceed or not proceed.

Commissioner Hannan stated that if there is any way to slow down development, it is to increase the Town's impact fees to the point where developers just don't want to get involved. He stated that this is a lot of money with the additional amounts along with the Town's other impact fees that developers are paying. He is not in favor of what is being recommended – a lesser amount but higher than the 1993 amounts would be better.

Mr. Burton stated that if the Town was not facing this potential Senate bill, implementing impact fees in stages might be a better option. He added that this is a discretionary fee and it can be set at a lower level than the full-cost recovery amount in order to come up with something that would be good for the Commission.

Commissioner Hannan feels that it would be better to up it a little each year rather than a one-time slam bam.

Commissioner Miller thinks that the Town doesn't have a choice but to move forward. Lady Lake is one of the few towns that has reclaimed water and he feels that it is important to recover the costs of these facilities as quickly as possible.

Mayor Richards stated that he understands that if the Town did not have the impact fees and the money generated by them to pay for the installation of all of these utilities, then the rates would have to be raised.

Mr. Burton stated that there is a connection. If the Town was to implement impact fees and was to develop a fund balance within the impact fees and then had to do a planned expansion, the impact fees could be used to pay down some of those dollars and the Town would have to borrow less money, thereby having less debt service that goes into the rate. It is not exactly dollar for dollar because impact fees come after the fact; if the plant is needed now, the fees come later but impact fees definitely put more of the burden on growth to pay its way to the extent that it can in order to relieve the existing rate pay to the extent that can be done.

Mr. Burton also clarified that reclaimed water impact fees are kind of a market-based fee because you want people to hook up to the reclaimed water system and if there is too large of an entry barrier, in terms of an impact fee, it is a difficult thing to do. So this fee is set in the allocation at a level that makes sense at this time because of the benefit that

goes to the water and sewer system. If the Town was not updating its water and sewer system or if the Town adopted water and sewer systems that are substantially less cost recovery, some of those dollars are reclaimed water dollars that are getting allocated properly. But if they are looked at all together as they are here, all of the reclaimed water dollars are covered in one fee or the other.

Mayor Richards stated that the Town doesn't have enough reclaimed water right now because there is not enough sewage going into the system to use the reclaimed water; it's mostly on the larger institutions that are using the reclaimed and it is in the Town's ordinances that if a business has landscaping, then they have to use reclaimed water if it is available.

Mr. Eagle stated that is correct and that the Town has customers on the reclaimed water system now – it's larger business like Sam's, Benchmark, Rolling Acres Sport Complex, and Rolling Acres Apartments. Right now, the system is doing fine but once the watering season hits in the spring, adjustments will have to be made. It is supplying all of the Town's needs at the moment.

Mr. Vance stated that the Mayor was correct in that the Town does not have an unlimited supply; the Town is currently sending out approximately 100,000 gallons every opportunity that the Town has to do so – they fill the tank, deplete the tank and then fill the tank again. This Commission has worked with Sam's Club in the recent past on the well sites to help them supplement their landscaping needs when reuse is not available so they do not have to negatively affect the Town's available capacity. There are other options that the Town continues to pursue until the Town does get to the point where the flow at the plant is going to be providing reclaimed water in amounts sufficient to take care of all of the Town's needs.

Mr. Burton stated that the current customers will not see this impact fee since they are already connected; it will be for new development. The state of Florida is in a stage where water resources are a critical issue and everyone is having to take a look at this; reclaimed water which used to be a disposal option is really now a resource. He commented that Lady Lake is really proactive in doing what it is doing in moving forward with this program to have people pay for the reclaimed water; he added that this fee can be adjusted once it is in place, if it needs to be.

Mr. Vance stated that Mr. Eagle and the Public Works Department/Utility Department are working closely with utility managers and operators with the VCCDD to hopefully negotiate some interconnectivity between The Villages reclaim system and the Town's reclaim system so, in the future, if either side has more than it needs, there is the potential flexibility to assist the other and maximize the regional potable water capacities. He stated that Staff thinks that is a very good thing and thanked Mr. Eagle and Public Works for working on that.

Mayor Richards asked how the 40% - 40% - 20% figures came about.

Mr. Burton stated that they have done a number of analyses of these impact fee rates and percentage ratios usually turn out in that range because of the disposal that the costs are.

In talking with Mr. Eagle and Butch Goodman, Utilities Supervisor, Mr. Burton stated that everyone feels this is a reasonable allocation based upon the Town's system configuration. Mr. Burton commented that the allocation could be changed if desired but he doesn't think that the Town would want to put a higher percentage of the allocation over to the water or sewer system but more could be allocated back into reclaimed water. The reason for the way it was allocated is that Burton & Associates feels that the "under \$300 range" is a reasonable market fee for entrance into the reclaimed water system. As reclaimed water becomes more and more of a commodity in demand, the Town may want to shift that allocation the next time the Commission takes a look at the impact fees and raise the reclaimed water part of it.

Mr. Vance stated that this presentation should not be interpreted as advocating increasing the impact fees. Staff is simply providing the Commission information if it wants to increase the water and sewer impact fees accordingly to keep up with the expansion of the Town's utility system and inflation. This will come before the Commission for consideration on March 16<sup>th</sup> and Staff is trying to expedite this discussion because the legislature is talking about a July 1 deadline as far as freezing impact fees.

Mr. Burton stated that the survey average for water is \$1,287 and \$3,160 for sewer. The Town's full-cost recovery for water is higher than that as is the full-cost recovery for sewer. If the Commission would like for the fee to be as close to the average of the survey as possible, then a percentage cost recovery could be calculated on the water to get as close to \$1,287 and also on the sewer to get as close to \$3,160 but they would still recommend the full-cost recovery for the reclaimed water. Mr. Burton commented that one of the things that they take into consideration when determining the recommended impact fee rates is that a number of the other communities included in the survey may also be looking at adjusting their impact fees. The Town may seem to be slightly higher than the average but by the time the other communities make their adjustments, the Town will be more in line with the average.

Mr. Burton stated that many people believe this Senate bill won't pass but what the bill says is "that effective July 1, for 3 years after October 1, 2009, no local, city or county government can impose or collect impact fees." Burton & Associates interprets "to impose" to mean "to enact" and State statute requires 90 days notice once the impact fee is enacted before it becomes effective. If the impact fees have been enacted by July 1<sup>st</sup> and the bill passes, there would probably have to be a moratorium on collecting the impact fees through that 3-year period but when the moratorium is lifted, the impact fees would be in place.

Commissioner Kussard wanted to be sure she understood this correctly and confirmed that even if the Town has impact fees, they will be affected by the moratorium.

Mr. Burton stated that the language of the bill states that a local city or county cannot impose or collect and he interprets that to be that the impact fees cannot be collected for 3 years. He stated that is such strong language and that is why most people who are close to the lobbying efforts believe that it has little chance, if any, of passing.

Mr. Vance stated that somebody has to pay for new development. Historically, the Town of Lady Lake has been a proponent of development covering the cost associated with development because if there are no impact fees, the Town will have to rely on the pre-existing customer base which has already paid for the infrastructure and the facilities the first time. He commented that if it is not affordable to develop in Lady Lake and the market doesn't support it, then that will just be the case.

Mayor Richards stated that this will be an agenda item at the March 16, 2009 Town Commission meeting.

Commissioner Hannan stated that his position is somewhere between the current impact fee rates and the proposed impact fee rates.

Mr. Vance suggested that Staff put together an ordinance proposal for the First Reading on March 16, 2009 that identifies 100% of the recommendations; Staff can then get direction from the Commission at the March 16<sup>th</sup> meeting and revise the proposed ordinance accordingly before the Second/Final Reading at the Special Town Commission meeting on March 25, 2009.

*It was the consensus of the Commission to proceed with an ordinance that will reflect the results of the study for the Water, Sewer and Reuse Impact Fees.*

**The tape was changed to Side "B" at 3:35 p.m.**

**3. Discussion Regarding Police Department Audit (Mayor Richards)**

Mayor Richards stated that he asked for this discussion in regards to a Police Department audit to figure out how to go about it, how it will be funded and what the mechanics of this would be. He asked for input from Town Manager Bill Vance as to how he has seen this done in his previous experiences.

Mr. Vance stated that annually there is a budget process that is always very energizing and a lot of hard work and the Police Department seems to take up a majority of those annual general fund budget discussions because the Police Department makes up approximately 45% of the general fund. Every year, there is the discussion of whether Lady Lake has enough police officers and vehicles since these issues are at a significant expense to the Town. In January, Chief Ed Nathanson was asked to coordinate an 18-month business plan which would be considered as an action plan for the Police Department over the next 18 months – what the department is going to need, where the department is going operationally, substantiating the resources needed versus the challenges faced by the Police Department – in order to be more proactive as far as public safety is concerned.

Mr. Vance stated that the audit then goes hand-in-hand with the business plan providing independent resources (police experts) to analyze what the Town has with the ultimate goal being to make sure that the Town is maximizing the current resources the Town has made available to the department at \$4.3 million per year which is more than double the next biggest department. It would also allow for Staff to identify what they do well and

what they need to do better. In the end, it would be an independent substantiation as to whether or not the citizens are receiving the police services in a sufficient manner based upon having a sufficient number of officers made available to the Chief to operate his 24/7 department. That department has a lot of challenges associated with replacing officers who might be sick, on vacation or on paid holidays; also, there are training responsibilities that can take the officers away from the workplace and resources are needed to replace those people when they are pursuing those opportunities. This year, Staff is looking for some independent assistance and also will be taking a comprehensive look at what the Town does in regard to insuring that the Police Department can continually improve, which is the goal of every Town department.

Mayor Richards asked if Staff had any idea of the cost for a 50 – 55 unit police force.

Mr. Vance stated that Guy Shields, Human Resources Director has a high-end cost example but he also has a “let’s get started” example as well.

Mr. Shields stated that he has done audits, outside reviews and people-in-process studies for over 25 years but he is not a police officer. He suggested an outside assessment by someone with an understanding of Florida laws and FDLE training courses to provide an analysis of what the Police Department is doing, should be doing and where the department can get the most bang for the buck. Mr. Shields stated that he has contacted FDLE and obtained a list of 8 similarly-sized metropolitan areas that have police departments so these can be benchmarked in order to provide some information for the Chief. In addition, he and the Chief will visit several police departments in the area to see what they are doing. Also, he stated that he has had 2 offers to do audits but neither was viable – one for free by a former police officer who has been retired for 25 years and another offer wanted payment of \$60,000 - \$70,000. Mr. Shields stated that he then called some people at the IPTM (a police training institute in Jacksonville) and the University of Central Florida in trying to pursue a short-term few-day review for a low \$ amount. He stated that he would be coming back to the Commission for some funding in these regards. After the review, Staff will have something tangible that they can look at and the Commission can decide if more money needs to be put into this matter based on that review.

Mr. Vance stated that Staff will be coming back to the Commission on March 16<sup>th</sup> with a proposal as to where funds (approximately \$2,000) can be allocated from for this review so somebody can come in and identify specifically things that Staff needs to accomplish with this audit. He doesn’t think there is any flexibility as far as an audit goes and thinks that the Town absolutely, positively has to have an audit because of the direction that resources are going in Florida which means that government is going to have to continue to figure out how to do more with less. He stated that this can be done with an audit in order to have a substantiated idea on how to move forward with future public safety services in Lady Lake. On March 16<sup>th</sup>, Staff will need direction from the Commission on how to move forward with establishing the initial perimeters with specific information so Staff can come back with the goals that need to be accomplished. Mr. Vance stated that he envisions fast-tracking a competitive process where Staff can pursue interested consulting resources that can provide the Town with competitive prices to achieve what Staff specifically asks or tells them what they want to achieve. This would be a step-by-

step process. He also foresees future audits involving Public Works, Parks & Recreation, the Library, etc. because Staff has to continue to analyze how it goes about its business to make sure that the Town continually takes advantage of every opportunity to maximize the resources that the taxpayers provide.

Commissioner Hannan asked about the person who would be coming in and doing this review for \$2,000.

Mr. Shields stated that the gentleman is from Orlando and would come in and visit with the Chief, Town Manager, himself and key individuals within the Police Department as well as personnel from dispatch, records and some officers.

Commissioner Hannan stated that there are hundreds of retired police officers in The Villages and they have their own organization and asked if Staff might be able to get 2 or 3 of those individuals because he doesn't like to get just one person's opinion.

Mr. Vance stated that Staff initially wants to get somebody away from Lady Lake and this organization to provide independent feedback; after that point, Staff could always reach out to local retirees or local police officers who work elsewhere but have a vested interest in Lady Lake to analyze the results of the study. On March 16<sup>th</sup>, there will be a specific proposal from this individual who will be telling the Commission exactly what they propose to do and how much it will cost and Staff thinks that figure will be around \$2,000.

Mr. Shields also stated that this gentleman is more than just a retired police officer – his credentials include Director of Public Safety Consultants Inc., Executive Director of Center for Law Enforcement Technology, Training & Research at UCF; profit corporation research associate adjunct instructor Department of Criminology, Legal Affairs at UCF. Mr. Shields stated that he would like to recommend that the Town get a person very knowledgeable, experienced and current in Florida law.

Mr. Vance stated that he is trying to find a way to work up to or budget a process in a responsible manner so it is just not personal profession opinions since this would be something to base the significant budgetary decision-making on.

Chief Ed Nathanson stated that checks and balances are welcome. He stated that he is confident that the audit will come out showing that the Police Department has been doing more with less and commented that they will continue to do more with less; he also commented that an audit will also show the needs of the future of Lady Lake.

Commissioner Hannan stated that \$2,000 is not a lot of money to get all of that expertise.

Mr. Shields stated that the Town is going into negotiations with the FOP sometime in the near future and he doesn't want to use the attorney that was used in the past; he doesn't see any reason to use him with the contract that the Town has. Therefore, the costs for an attorney this year would be lower, by more than the \$2,000; the Town would more than save the money for this audit internally in the FOP negotiations, considering what the Town paid that attorney last year.

Mayor Richards stated that he is looking for more input but if there is \$5 million in the police budget, 1% of that budget is not an excessive amount for somebody to go into the department and look at policies and procedures, etc. He has been involved in a department audit and felt that it was money well-spent; they come up with things that can be done better which can really affect the bottom line. He doesn't want to go too cheaply on this.

Commissioner Kussard stated that she is behind Chief Nathanson 100%; he has been saying the same thing year-after-year and doing a lot with less. She is sure that this audit will show that is exactly true.

Commissioner Holden stated that he basically agrees with Commissioner Kussard. There may be some things that need to be tweaked but the Town should continue on this advisory and this audit.

Commissioner Miller stated that he agrees with Chief Nathanson that the audit will show what the Town needs; he also agrees with the Town Manager that Staff needs to continually look at and tweak things because everything can always be done better than the way it has been done and the Town owes that to the taxpayers.

Mayor Richards stated that he would like to see the Commission review the recommended vendors and use some people that the Commission knows to give input on the selection of who will be doing the audit and also help the Commission review the results to see that it meets the community's needs.

Mr. Vance stated that could be done; the first step, though, is a proposal from this consultant who, for \$2,000, is going to say what he can do to specifically help Staff put this out to competitive bid and will also help Staff to identify all the goals that are needed for this process. The Commission can provide feedback on March 16<sup>th</sup> and then after a competitive process, Staff will rank the top 5 or 10 bidders after they have given presentations.

Mayor Richards asked if this individual would just help Staff with the RFP.

Mr. Shields stated that he would do both – he will come in and analyze the department for 2 or 3 days, will provide a report that measures strengths and weaknesses and will give Staff the information to prepare a RFP, if needed. Staff may or may not have to go into a RFP but this is an inexpensive way to get a mini report plus get a RFP put together.

Mr. Vance predicts a comprehensive look at the Police Department's future in order to maximize resources is going to cost more than \$5,000. If it is going to cost more than \$5,000, it will have to go out to a competitive bid process and now is the perfect time to enter into such a process because there are lots of people seeking opportunities such as this. The goal, when Staff comes before the Commission to talk about next year's budget, is to decide at what level the Town is going to stay in the public safety business. If the Police Department is given less than they need to go out and do their job, then the Town is potentially putting the Police Department at risk as well as the citizens that they protect; so verification and funding is needed if the Town is going to be in the public

safety business in order for Chief Nathanson to have what he needs to do his job, protect his officers and protect the citizens.

Mayor Richards stated that this sounds like a plan and this will get Staff to where it can develop a RFP. The Mayor asked if there were any comments from the public.

- Phil Mathias, Ward 4, stated that the \$2,000 would be great but at the same time since we are going into the budget season, why not do it on the rest of the departments.

Mr. Vance stated that, at this point in time, the recommendation from the Town Manager is to start with the biggest department that takes up almost 50% of the general fund. If the Town is going to stay in the police business, then the Town is going to have to make a commitment in the future to make sure that the Police Department is fully funded and that is going to lead into additional examinations of different departments but those other departments are not creating the challenge it takes every year to balance the budget. Right now, that challenge is being created by the question as to what level does the Town fund public safety in Lady Lake.

- Mr. Mathias stated that he understands that but thinks, going into the budget season, the back-up data would be nice to have for the other large departments. He questioned whether all of the employees in Human Resources or the Growth Management departments were really needed since this budget season is going to be a serious crunch.

Mr. Vance stated that he is confident that audits of other departments would confirm that the Town has been doing more with less for a long time. For the last 4 years in Growth Management, there has been \$100 million worth of commercial development and these professionals are needed to make sure that the Town takes advantage of its opportunities and makes sure that the commercial developments are done right. Mr. Vance also stated that he doesn't know if the Town has the finances necessary to audit all of the departments right now – he's not even sure there is enough money to audit the Police Department based on the budget for this year. He stated that he was starting with the Police Department to investigate resources to pay for such an audit because he thinks at this time, that is the #1 budgetary goal.

- Mr. Mathias also commented that residents of this town would just have to bite the bullet if taxes have to be raised and not budge from what the Chief's needs are.

Commissioner Hannan stated that Mr. Mathias' point was well taken and suggested that maybe each year an audit could be done on a different department and maybe every 3 or 4 years on the Police Department.

Mr. Vance stated that those audits are welcome at the Staff level because Staff's position has always been that more is being done with less. There is no doubt in Mr. Vance's mind that the audits are going to provide facts to support that statement.

*It was the consensus of the Commission to move forward with the RFP and that the Commission be involved in the selection process.*

**M. ADJOURN:** There being no further discussion, the meeting was adjourned at 4:12 p.m.

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Kristen Kollgaard, Town Clerk

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James Richards, Mayor

Minutes transcribed by Jayne York, Staff Assistant to Town Clerk