

MINUTES OF THE COMMISSION WORKSHOP TOWN OF LADY LAKE, FLORIDA

December 11, 2024

The workshop of the Lady Lake Town Commission was held in the Commission Chambers at Lady Lake Town Hall, 409 Fennell Blvd., Lady Lake, Florida. The meeting convened at 4 p.m.

CALL TO ORDER

Mayor Ed Freeman

ROLL CALL

Commissioner (Ward)	Present
Regan (Four)	YES
Gourlie (Two)	YES
Roberts (One)	YES
Sage (Five)	YES
Freeman (Three)	YES

STAFF PRESENT

William Lawrence, Town Manager; Nancy Wilson, Town Clerk; C.T. Eagle, Public Works Director; Thad Carroll, Growth Management Director; Becky Higgins, Senior Planner; John Pearl, I.T. Director; Pam Winegardner, Finance Director; Elisha Pappacoda, Communications Director; and Carol Osborne, Deputy Town Clerk

Commissioner Gourlie arrived at 4:02 p.m.

A. Discussion of Proposed Assessment program to Fund Stormwater Services in Lady Lake

Public Works Director Eagle acknowledged that the commission has concerns regarding this new fund. He stated that if implemented, the operation of the department would be new to all town staff and would not make his job easier, yet it is the right thing to do and the best way to move forward. He stated the program would establish a new funding mechanism for stormwater services, a non-ad valorem service fee. He stressed that this is not a tax based on the value of a property.

Mr. Eagle stated the stormwater department is needed primarily to stay in compliance with the ever-increasing requirements of the town's National Pollution Discharge Elimination System (NPDES) permit that is mandated by the Florida Department of Environmental Protection (FDEP) and the Environmental Protection Agency (EPA). The fund will be used for capital improvement

projects, infrastructure maintenance, planning for future growth and additional resources. He stated that the recent flooding in the Oak Grove community is one example that brought to light the importance of having dedicated funding and resources. After Hurricane Milton hit, all public works maintenance staff were dedicated to cleanup efforts, collecting and hauling away approximately 20,000 cubic yards of town-wide storm debris necessitating the suspension of all other duties until cleanup was completed. Staff worked 12-hour shifts, six days a week so cleanup would happen in a timely manner. During that time, a portion of the Oak Grove community remained flooded due to Hurricane Milton; those residents came to the commission voicing their concerns.

Mr. Eagle advised that after contacting Lake County Emergency Management and others for assistance without success, he directed the public works staff to suspend collecting and removing storm debris operations for three days to respond to the flooding. Staff waded chest-deep in the swamp pulling hoses and working diligently to give that community some relief. He stressed that the pump, equipment rentals, and staff overtime hours were not budgeted. Hence the need for dedicated resources and funding moving forward.

Mr. Eagle stated that a main obstacle in implementing a new service fee does involve some politics. Importantly, how will the residents respond to it and how can the town justify it? He stated that he has tried three times during his 16-year career with the town to establish this utility. The previous commission agreed that having this important utility in place is needed, yet the mindset was, “not now” or “it isn’t the right time”.

He stated that the most common question he receives is that he has handled the stormwater issues in the past without a dedicated stormwater department, why now? His response is that there is a difference between being reactive when an emergency arises and being proactive, and planning for an emergency. Past practice is not always most effective. He stated that the public works staff strives to be the best at providing excellent services to our residents while being good stewards of public funds. The new fund would allow for proactivity and planning. We could continue to provide a high level of service while charging a fair fee and the largest contributors to our stormwater would pay the majority of the fees.

Commissioner Regan stated that for the Lady Lake residents who live in The Villages it seems as if they will be billed twice.

Mr. Eagle stated that he researched this issue extensively and discussed it with Commissioner Roberts as well. He acknowledged that The Villages billing is confusing, and he is not clear on what or how The Villages’ residents are being billed. He stressed that what The Villages is charging has nothing to do with the town roads, retention ponds, or town facilities. The Villages does not contribute to the Town to fund town services. Therefore, the affected residents will not be double billed.

Commissioner Regan verified with Mr. Eagle that one of the roads in his community was turned over to the town for maintenance which includes storm drains and the residents are paying for that service.

Commissioner Gourlie asked Mr. Eagle if there are improvement plans for the Oak Grove community.

Mr. Eagle stated that stormwater capital improvement projects will be funded through this account. He stated that the initial funds will not be received until 2025, and it will take a few years to establish the fund. As the revenue increases, studies will be conducted throughout the town, including inventory and assessment of all the storm drains and pipes in the roads in The Villages, retention ponds around town, etc.

Commissioner Roberts stated that when doing her research regarding this issue, The Villages District website indicates that there are enclave homes in Wards Four and Five that are in Lake County and not within the incorporated limits of Lady Lake. Commissioner Roberts read: "The Lady Lake/Lake County portion of The Villages consists of 5,693 homesites that are in the Town of Lady Lake and a portion of unincorporated Lake County. The Lake County portion of The Villages is not located in the geographical boundaries of the Community Development District but is in the service area of the Village Center Community Development District (VCCDD). Among the services provided to the VCCDD, to the residential portion of Lady Lake and Lake County are security, fire, emergency medical response services, recreational facilities and services, stormwater collection and distribution, and treated effluent distribution and executive golf."

Commissioner Roberts acknowledged that The Villages processes stormwater collection and supplies water. In looking at the tax bills for a home in the Lady Lake portion and Lake County enclave, the enclave home would not be affected by a Lady Lake Municipal Services Taxing Unit (MSTU). Those residences are paying for stormwater, roads and parks on their ad valorem taxes in the amount of 0.4957 mils. The more expensive the home, the more taxes are assessed regardless of the amount of water used. She stated that there is a distinct difference in the valuation of the homes throughout Lady Lake and she is sensitive to tax increases, specifically regarding something that is supposedly already being addressed. She stated that if she is in favor of this proposal, she may be in favor of a rollback of the millage increase that she approved that went into effect this year. She stated that she is in favor of a fair tax if the tax is not unfairly assessed for a similar service that some residents have already been paying for through their Lady Lake taxes.

Mr. Eagle stated that the revenue generated from the stormwater assessment will be in a separate fund used specifically for stormwater projects and will not compete with other items in the General Fund.

Commissioner Roberts asked if the equipment rental and overtime hours are reimbursed by FEMA. Mr. Eagle stated that a portion of these expenses qualify for reimbursement by FEMA.

Town Manager Lawrence stated that it takes years to be reimbursed by FEMA, if it is awarded at all. Finance Director Winegardner concurred. He stated that The Villages has had discussions with Mr. Eagle regarding the town taking over maintenance of the roads in the older portion. He stated that it was considered and he advised The Villages that the roads need to first be improved to our standards. He stated that the past commission did not want to take on the maintenance of the roads. The enclaves make it difficult for several issues such as trash collection services and police services.

Mr. Lawrence stated that the underground infrastructure in The Villages will need to be replaced. A dedicated fund such as this one promotes good stewardship, future planning and transparency. We could better respond to an incident such as the one in Oak Grove while not disrupting other services. He reiterated that when this happened, the monies were taken from the General Fund to pay for these unanticipated expenses. He stated public works staff were working at Oak Grove and many residents were calling asking when the storm debris would be collected. With a separate fund for stormwater issues, it would allow staff to continue their regular services uninterrupted.

Commissioner Sage confirmed with Mr. Eagle that stormwater issues are currently being handled through the Public Works department and asked what the advantage is of having a separate stormwater fund instead of starting another division within the department.

Mr. Eagle responded that it is sometimes difficult to track which items need to be paid for out of which department: stormwater, streets maintenance, etc. Until there is a funding mechanism it makes it hard to track. Having a dedicated fund is more transparent and straightforward.

Finance Director Winegardner advised that accounting rules stipulate that the Public Works department, also known as an Enterprise, is operated like a business. She stated that water, solid waste, sewer and wastewater would need to be under the Enterprise umbrella.

Regarding Commissioner Roberts concern about property taxes, Ms. Winegardner advised that property taxes go in the general fund. Utilities, water and sewer, go into an enterprise fund. She acknowledged that unrestricted general revenue can be used for the public works department. However, money from enterprise fund, water and sewer (not solid waste) is taken to reimburse the general fund. She stated many staff are paid from different departments because their job responsibilities are diversified. She reiterated that the public works funds are utilized to supplement the general fund to cover the expenses the general fund puts out to cover the water and sewer expenses. She stated that stormwater must go under the umbrella of an enterprise

fund because it must be operated as a business. She explained that the accounting rules are such that this is reported differently in the financial report than items in the general fund.

Commissioner Sage asked if the town is currently experiencing problems funding stormwater issues. He asked if this is a budgetary proposal or is Mr. Eagle wanting a new wing of his department dedicated to stormwater.

Ms. Winegardner clarified that this will be included in the FY 2025-2026 budget, and legally this must be advertised prior to its going on the property tax bill. Ms. Winegardner stated that she, too, is a Lady Lake resident and acknowledged Commissioner Roberts' concern.

Ms. Winegardner clarified further that Mr. Eagle would establish a new department. The accounting association stipulates the water fund, sewer fund, and solid waste must be operated as an enterprise. The U.S. government set the rules for the accounting association. The auditors ensure that these rules are followed.

Commissioner Sage asked if other municipalities have a separate fund for their stormwater departments. Mr. Eagle replied that Lady Lake is one of the few towns that does not utilize this method, and the town would be assessing the second lowest rate in the county.

Mayor Freeman asked Mr. Eagle how this department would be staffed.

Mr. Eagle stated that this is a phase-in plan as the funds will not begin to be collected until November 2025. Once funds are established a manager will be hired initially, personnel will be transferred from the streets and maintenance department to the stormwater department. As revenue increases the following few years, more staff will be hired. The office and lab for this department will be in the former animal control building.

Mayor Freeman asked if this proposal requires a millage increase.

Mr. Eagle explained that this has no impact on the millage rate because it is not a tax. He reiterated that stormwater expenses would no longer be taken from the General Fund.

Mr. Eagle stated that by establishing the stormwater fund, stormwater-related expenses will not be taken from the general fund thus leaving more money in the general fund for other expenses. Street sweeping, for example, would be paid through the stormwater fund instead of the general fund.

Mayor Freeman stated that he is anticipating future expenses for this department and that they cannot be paid for within the structure the town has currently. He stressed that something would need to be increased.

Mr. Eagle advised that the monthly ERU rate of \$4.00 is enough to cover the expenses and will not impact the General Fund.

Mayor Freeman asked Mr. Eagle to explain how this fund could be established without increasing funding.

Mr. Eagle explained that approximately \$441,441.00 has been paid from the General Fund, with approximately \$41,000.00 paid from the Utilities Fund, for roads, streets, code enforcement, personnel costs, water and stormwater expenses, operating expenses, street sweeping, capital items, stormwater technical evaluation, inspections, etc. If the \$4.00 per ERU monthly rate is implemented, it will collect approximately \$804,861.00. He explained further that this is a monthly public service fee totaling \$48 per house per year. Commercial properties are assessed using their impervious surface area because they are the biggest contributors to the stormwater issue.

Mayor Freeman verified with Mr. Eagle that the millage rate will not increase, that this is an additional fee, such as a solid waste fee.

Commissioner Sage asked Mr. Eagle if this new department could be a part of the Public Works budget where he could then request in the budget additional funds such as \$48.00 per household. He anticipated that within five years there will be requests for a new building and perhaps more personnel.

Mr. Eagle stated that he has not recommended a new building for this new department. The former animal control services facility in the public works complex is more than sufficient as there is a closed-in bay for equipment. He reiterated that this fund would not affect the millage rate/general fund money.

Mr. Eagle stated that this new department proposal has been planned wisely so other services are not impacted. The payroll costs would be built into the monthly assessed fee.

Commissioner Sage stated that stormwater is a very important subject especially after the two hurricanes. He stated that Orchid Street in The Villages was flooded for more than one month and that the residents of Water Oak still have water under their homes. This new department would need to provide a permanent solution. Mr. Lawrence added that Water Oak is privately owned property, and the town cannot aid with flooding relief.

Mr. Eagle stressed that the entire point for the assessment would be to have dedicated funds available for all stormwater issues.

Regarding the Water Oak community, Commissioner Roberts stated that it is her understanding that the owner of land with homes will be assessed the new fee and it is reasonable to assume the assessed cost will be passed through to the homeowner. Mayor Freeman agreed and acknowledged that the town is not responsible for the stormwater in Water Oak.

Commissioner Gourlie stated that creating a separate utility fund would establish accountability because there is dedicated staff available to address issues immediately instead of pulling staff from jobs to address an emergency. It also provides a separate budget to utilize instead of verifying money is available in the General Fund to cover additional expenses. This is a separate fund with dedicated personnel and its own budget.

Mr. Eagle stated this was the issue with the Oak Grove flooding. He ceased hurricane storm debris collection and directed the same staff to aid with the flooding relief in Oak Grove. He stated if there were dedicated stormwater staff, both emergency issues would have been addressed simultaneously instead of delaying one issue to complete another.

Commissioner Sage asked Mr. Eagle if there is money in his budget to dedicate money for stormwater issues? He asked again if stormwater could be included in his budget without making a different department and fund source.

Mr. Eagle replied affirmatively adding that it must be a specific project. He advised that this is how it has been done and reiterated that this way does not provide transparency.

Commissioner Sage disagreed because Ms. Winegardner publishes our budget.

Mr. Eagle concurred adding that the only way stormwater is listed separately is if it is a capital project. For instance, storm drain replacement is listed separately as a capital project. The reason to establish a separate Utility Fund is there are dedicated funds.

Mr. Lawrence stated that when Hurricane Milton was predicted to affect our area, he and Ms. Pappacoda went door-to-door in the Oak Grove community informing the residents their area will be flooded. The residents were given a list of available resources including the local storm shelter. When the flood occurred, the residents came to the commission meeting wanting the town to provide relief. He stated that Mr. Eagle was frustrated due to the enormity of the catastrophes around town.

Mr. Lawrence stated that Commissioner Gourlie arranged a meeting with the residents, Mr. Eagle, Ms. Pappacoda, and himself. Mr. Lawrence directed Mr. Eagle to proceed with the flooding relief, not knowing the costs involved. By having a dedicated fund for such emergencies, there is no question as to the amount of funds available. The costs of renting the pumps, the number of gallons that would be pumped, personnel overtime, were not budgeted.

Mayor Freeman asked Mr. Eagle if the town will take over the mowing along State Highway 27/441.

Mr. Eagle stated that it has been suggested and he will bring that to the commission for approval in the future.

Mayor Freeman asked if the town is responsible for the stormwater along Hwy 27/441. He stated that his constituents do not understand the distinction among state, county and town budgets and responsibilities; he will need to explain that the proposed stormwater fund will not affect them.

Mr. Eagle stated that the stormwater along that area is strictly maintained by Florida Department of Florida Department of Transportation (FDOT) and they have never asked the town to maintain it.

Commissioner Roberts stated there has been much discussion regarding unanticipated expenses. It is her understanding that the money the town has in reserve is available to cover unanticipated expenses.

Mr. Lawrence explained that the Town is required to keep three months in reserves (though we usually have six to seven months) and that reserve money can be used for any unexpected expense.

Commissioner Roberts stated when the town suffers from a catastrophic weather event, we must drop everything and deal with it. Regardless from which fund expenses are paid, the general fund or a dedicated fund, those funds are contributed to by the residents of Lady Lake, and to them an increase is an increase adding that she cares about how much the constituents are charged. She does, however, understand that with dedicated funds it is easier to identify expenses.

Mr. Eagle stated that this proposal is not simply to establish a new fund, it is about acquiring additional resources for the future. Referring again to the Oak Grove flooding, he stated that he has limited staff, and it would have been more efficient to respond to that disaster by having dedicated staff. Currently, stormwater is not a priority and when there is an issue, we are reactive rather than proactive. He stressed that he has attempted to have this fund established during his tenure with the Town. He understands that it is an additional fee yet if it is done correctly, there will be better response, money and resources dedicated to stormwater, allowing for better services all around. He stated that when there is no separation of responsibilities and dedicated resources, something always gets missed.

Mayor Freeman asked if a dyke alongside the pond in Oak Grove would be a budgeted item in the new fund. Mr. Eagle replied affirmatively.

Mr. Lawrence stated this item will be addressed again at the December 16th commission meeting.

Town Clerk Wilson advised that if approved, a resolution must be approved by December 31, 2024 and submitted to the county by January 2, 2025.

ADJOURN

There being no further business, the meeting was adjourned at 4:53 p.m.



Carol Osborne, Deputy Town Clerk



Ed Freeman, Mayor