

**VERNON MYERS**  
MAYOR - COMMISSIONER

**MARY LAWSON BROWN**  
VICE MAYOR - COMMISSIONER

**ALLEGRA KITCHENS**  
COMMISSIONER

**PHIL LEARY**  
COMMISSIONER

**JAMES NORWOOD, JR.**  
COMMISSIONER



**MICHAEL J. CZYMBOR**  
CITY MANAGER

**BETSY JORDAN DRIGGERS**  
CITY CLERK

**MATTHEW D. REYNOLDS**  
FINANCE DIRECTOR

**GARY S. GETCHELL**  
CHIEF OF POLICE

**MICHAEL LAMBERT**  
CHIEF FIRE DEPT.

**DONALD E. HOLMES**  
CITY ATTORNEY

*Regular meeting 2nd and 4th Thursdays each month at 6:00 p.m.*

**MINUTES**  
**CITY OF PALATKA WORKSHOP**  
April 24, 2014 at 5:00 p.m.

Proceedings of a Workshop meeting of the City Commission of the City of Palatka, Florida, held on the 24<sup>th</sup> day of April, 2014 commencing at 5:00 p.m.

**PRESENT:**

Vernon Myers	Mayor
Allegra Kitchens	Commissioner
Phil Leary	Commissioner
James Norwood, Jr.	Commissioner

**ABSENT:** Mary Lawson Brown Commissioner

Also Present: City Manager Michael J. Czymbor; City Clerk Betsy Jordan Driggers; Finance Director Matthew Reynolds; Police Chief Gary Getchell; ~~Fire Chief Mike Lambert~~; Planning Director Thad Crowe, Projects Manager Jonathan Griffith, and Main Street Manager Charles Rudd

**CALL TO ORDER:** Mayor Myers called the meeting to order at 5:00 p.m. and read the following workshop meeting Call, which was issued on January 16, 2014

**TO COMMISSIONERS:** **MARY LAWSON BROWN, ALLEGRA KITCHENS, PHIL LEARY AND JAMES NORWOOD, Jr.:**

You are hereby notified that a Workshop Meeting of the Palatka City Commission is called to be held on Thursday, April 24, 2014, at the regular meeting place of the Palatka City Commission, Palatka City Hall, 201 N. 2<sup>nd</sup> Street, Palatka, Florida, to commence at 5:00 p.m.

The purpose of the meeting is to discuss concluding the City of Palatka Economic Development Incentive Program, which places a moratorium on the collection of certain impact fees, which expires May 31, 2014, and to consider a draft ordinance adopting a revised schedule of impact fees.

*Isl Vernon Myers*  
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Vernon Myers, MAYOR

/s/ Mary Lawson Brown  
COMMISSIONER

/s/ Phil Leary  
COMMISSIONER

/s/ James Norwood, Jr.  
COMMISSIONER

/s/ Allegra Kitchens  
COMMISSIONER

Mr. Czymbor said the City adopted impact fees in 2007 based upon a study done by GSG, and in 2008 put a moratorium on the collection of all impact fees except for Water & Sewer. Mr. Crowe has been working over the past several months to analyze current rates and has been looking at state law pertaining to impact fees, specifically in that any impact fees adopted have to be reasonable, rational and legally defensible. The moratorium extends through May 2014. If the Commission takes no action on fees, the impact fees automatically go back into place beginning June 1.

Thad Crowe, Planning Director, said this is a complex subject. The City put impact fees in place in 2007 before the economic downturn. A moratorium was placed on them in 2008. If the Commission takes no action, they will go back into effect after May 31. Those fees are for Parks, Law Enforcement, Fire Rescue, Sewer, Water and Roads & Transportation. Sewer and Water fees continue to be in place. They propose looking at the Parks, Law Enforcement, Fire Rescue, and Water & Sewer fees. They will be recommending an extension of the moratorium on Roads/Transportation impact fees, as he is not comfortable with having done enough research to put those back into place.

Mr. Crowe said the thing they need to remember is the fees can only be applied to the cost incurred by new growth. The methodology is to try to estimate future trends in population growth and how that will impact future needs. They look at 'Useful Life' – every piece of infrastructure, like buildings, have a useful life. A building's useful life has been identified as 39 years by the IRS. The Commission can adopt a different "useful life" figure. The Police Dept. has done this for its vehicles. The Commission can decide up to what point they want to charge and can set the limit on the fee. The fee can be defined by the situation. The fee set is the "high bar" and the City can charge up to that fee. They can adjust fees downward or upward depending upon policy.

The 2007 study was done before the "crash." Expectations were very different. People felt like Palatka was going to experience a lot of growth. Things have changed. At this time the rationalization is that they do have some fiscal stress and the City Manager has been making an effort to diversify revenue. They have an undue burden on property owners and taxes. Reasonable impact fees do not impact growth. New growth should pay its way. Impact fees can directly fund vital improvements while increasing the supply of buildable land, improving predictability in the development process, and indirectly promoting local employment at the same time. The can be used to correct the market failures that have allowed inefficient development to alter the natural and constructed environments of communities, often at taxpayer expense. The 2007 study estimated they'd have 2,000 new dwellings units by 2014. There have only been 44 new units constructed since 2007. The fee structure requires updates to reflect revised projections. If you are going to have impact fees, you need to determine where it is you are going.

The City has adopted a comprehensive plan which makes certain projections. They made those projections through work with the Regional Transportation Planning Authority. Those projections include 2,000 units of infill & annexation, the Cypress Mills PUD of 96 units, the Ravallo Tract which would include 2,109 units of new commercial, industrial and institutional development. The City was in discussion with the owners of

the Ravallo tract (Three Amigos) before the Crash. The City is again in discussion with those owners. This is a large tract off of Lundy Road which would produce as many as 3,000 units by 2040. They arrived at the commercial, industrial and institutional development estimates based upon figures provided by the Property Appraiser's office which are tied to the Ravallo tract.

As to parks inventory, the Parks are not in very good shape. It will take a lot of investment to bring them up to par. They contain playgrounds and ballparks. They have identified short and long range needs of each park. Neighborhood parks are not eligible for impact fees. Community parks serve the entire community. They estimate the cost of parks attributed to new growth at around \$3 million, or a per-resident cost of \$390 or \$967 per household.

As to Better Place Plan revenues, Mr. Reynolds said of this year's budget, around \$400,000 goes to the Frank George Apartments loan; they use Better Place funds for the payment on the Fire Department ladder truck and transfer some of it to supplement the Golf Course. This Local Option Sales Tax is set to sunset in December of 2017 unless it is reapproved via referendum. The Frank George debt service goes to 2020. Commissioner Leary said they need to look at a projected population growth and how that will increase Better Place revenues, which are based upon population. Mr. Reynolds said if they aggressively annex they will increase their share through increased annexation. Commissioner Leary said he doesn't agree with hostile annexation, for the record. NE Florida, as compared to the rest of the state, is still in a recession. They are not experiencing the population growth that the rest of the State is experiencing. Their unemployment numbers are still very high. Mr. Crowe said Palatka is projected to be "dying" through 2040 according to population growth. Other sources of revenue dependent upon population have to be included in the equation. Commissioner Leary said there are few FRDAP grant dollars available. Emphasis is on water, water quality and springs protection. Commissioner Kitchens said civic clubs like Pilot and Rotary Clubs have donated funds and equipment for parks. Mr. Crowe said the county has diverted most of its parks funds to Triangle Park. If there is no longer active recreation in this community, they need to plan accordingly. Mr. Czymbor said the Commission will need to decide where they want to go with their 30+ acres of parks. There is no organized recreation program using the parks and no organized recreational program in the City, and there is no revenue associated with those parks.

A slide showing a list of parks and improvements needed was shown (filed). Mr. Crowe said Forrester Field, Revels, Shaw Buck and Fred Green Parks are classified as neighborhood parks. They need to set some clear criteria on what separates the neighborhood parks from the community parks.

As to law enforcement, a list of PD vehicles was shown. They have a useful life. The vehicle cost per response is \$8.66. This represents responses to each call. They also looked at Police Headquarters building, which is obsolete and past its useful life. They will also need a new fire station. They used the same methodology throughout their study. The Police station serves the whole city so 100% of new growth would be assessed. Total capital cost per response is \$11.42. They are trying to tie police cost to land use. There are higher calls for residential uses, lower for industrial uses. They convert this cost to incidents per unit or square foot. You can only apply impact fees to new growth and to capital costs. They can't use impact fees to pay for what property taxes are paying for. Commissioner Leary said a number of studies have shown that for every dollar in taxes paid by residential property owners, they use \$2.00 in services. This is the opposite for industrial growth. Mr. Crowe said Capital costs were converted into per unit square foot. A slide was shown which showed more detail by category.

Mr. Crowe said restaurants and bars have a higher incident of calls, so they are assessed a higher impact fee. This is around a \$3,000,000 cost for vehicles and new buildings. They want to identify true cost.

As to capital costs, they will need a new Southeast fire station to accommodate growth, together with apparatus cost. Cost is assigned according to land use and where the fire trucks go. The big ticket item is a new communications tower; they are very expensive. Everything has a useful life; the current tower can only last so long. If they decide the tower will last more than 39 years they can extend that, or they can find another source of funding for a new tower. This comes out to around \$100 per residential unit and \$1,000 per commercial unit. Once you go above 20% of capital needs, it gets a little risky, as impact fees shouldn't be paying for more than 20% of your needs.

As to sewer, the Plant is at 73% capacity and a new plant will be needed to handle growth. Every gallon of water usage has a dollar amount of cost, and new growth currently pays for that. Costs are adjusted by usage and type of home or building. For a single family home, it's now around \$1,300 and they are proposing increasing that to around \$1,500. The Commercial rate proposed is around \$146 per fixture compared to the current fee of \$127.00. Water fees are also still in effect. The new water plant is sufficient to handle growth. They convert needs to dollar amounts, which comes out to \$1,011 per single family home (up from \$570, primarily due to the unused capacity of the new plant).

As to Road/Transportation fees, they need to determine future needs. Improvements probably won't be made by widening roads, but by upgrading intersections and sidewalks. They need to strategically plan for transportation growth needs.

Residential fees have gone down by around \$1,000 from what is currently on the books, from \$4,634 to \$3,570. As to non-residential, they have gone up slightly, from \$1210 to \$1470. Commissioner Kitchens said on hotels and motels, previously and in the future, they have considerably less impact fees than multi-family residential and asked why that is. Mr. Crowe said in the table behind his memo, all the non-residential uses are calculated on 10 – 20 fixtures. You would have to multiply that by 20 so it would be much higher for hotel/motel usage.

Commissioner Leary said he advocates taking a holistic approach in their view of income and enterprise funds, and the budget as a whole. He would be in favor of extending the moratorium because they are in a very difficult recessionary period here. Projected growth rate is low and he doesn't see it increasing. The Wal-Mart distribution center in Crescent City probably would have generated additional growth, but it may never happen. Until they four-lane US 17 from San Mateo to Deland, and SR 20 all the way to Gainesville, they won't have a lot of growth. Mayor Myers concurred, saying anything they can do as a Commission to promote growth and economic development, they need to do. Impact fees do affect growth somewhat. Neighboring counties have a "too much growth" issue. This is not a great revenue generator. They haven't experienced anything close to current growth projections. Commissioner Kitchens concurred, saying development impacts services, but there hasn't been that much development. Commissioner Norwood concurred with extending the moratorium for another year, noting their time would be better served addressing double taxation issues and urban service boundaries. They need to look at providing services for East Palatka and areas south of the City.

Commissioner Leary said they need some representation in Tallahassee for local projects. Every year they need to focus on priorities and try to get some of the budget surplus.

J. Normand Jutras, 412 Mulholland Park, said the original impact fees were an economic recovery and incentive program. The numbers brought forward are the cost of maintaining a city. Wear and tear of equipment is part of normal costs. They have had no impact from housing due to removing almost 100 units. He recommends they either abolish impact fees and put them back in place when they need them, or put the moratorium in place for another five years.

**ADJOURN** – There being no further business to discuss, the meeting was adjourned upon a motion by Commissioner Kitchens at 5:55 p.m.