VERNON MYERS
MAYOR - COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

ALLEGRA KITCHENS
COMMISSIONER

PHIL LEARY
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER

CITY OF PALATKA
FLORIDA

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

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

AMENDED NOTICE **June 25, 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 Tuesday, July 1, 2014, at the regular meeting place of the Palatka City Commission, Palatka City Hall, 201 N. 2nd Street, Palatka, Florida, to commence at **5:30 p.m.**

The purpose of the meeting is to discuss the proposed FY 2014/2015 Budget.

/s/ Vernon Myers
Vernon Myers, MAYOR

We acknowledge receipt of a copy of the foregoing notice of a workshop meeting on the 25th day of June, 2014.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Phil Leary
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ Allegra Kitchens
COMMISSIONER

PERSONS WITH DISABILITIES REQUIRING ACCOMMODATIONS IN ORDER TO PARTICIPATE IN THIS MEETING SHOULD CONTACT THE CITY CLERK'S OFFICE AT 329-0100 AT LEAST 24 HOURS IN ADVANCE TO REQUEST ACCOMMODATIONS.

PHONE: (386) 329-0100
201 N. 2ND STREET • PALATKA, FLORIDA 32177
www.palatka-fl.gov
FAX: (386) 329-0106

CITY of Palatka FLORIDA

FY2014-15 BUDGET WORKSHOP

TUESDAY, JULY 1, 2014

Budget Process

- Palatka City Commission adopted Resolution 2014-10-47 which set 2014/2015 Goals and the Proposed FY 2014/2015 Budget will be one method or tool to attempt to accomplish the stated goals.
- **Process:** Budget preparation commenced at the end of April, first draft of budget requests submitted at the end of May. Requests were compiled and reconciled. City Manager and Finance Director met with each department head to review the merits of each of their requests. Department requests were then amended to remove unnecessary or unwarranted expenditures and to balance each of the funds.

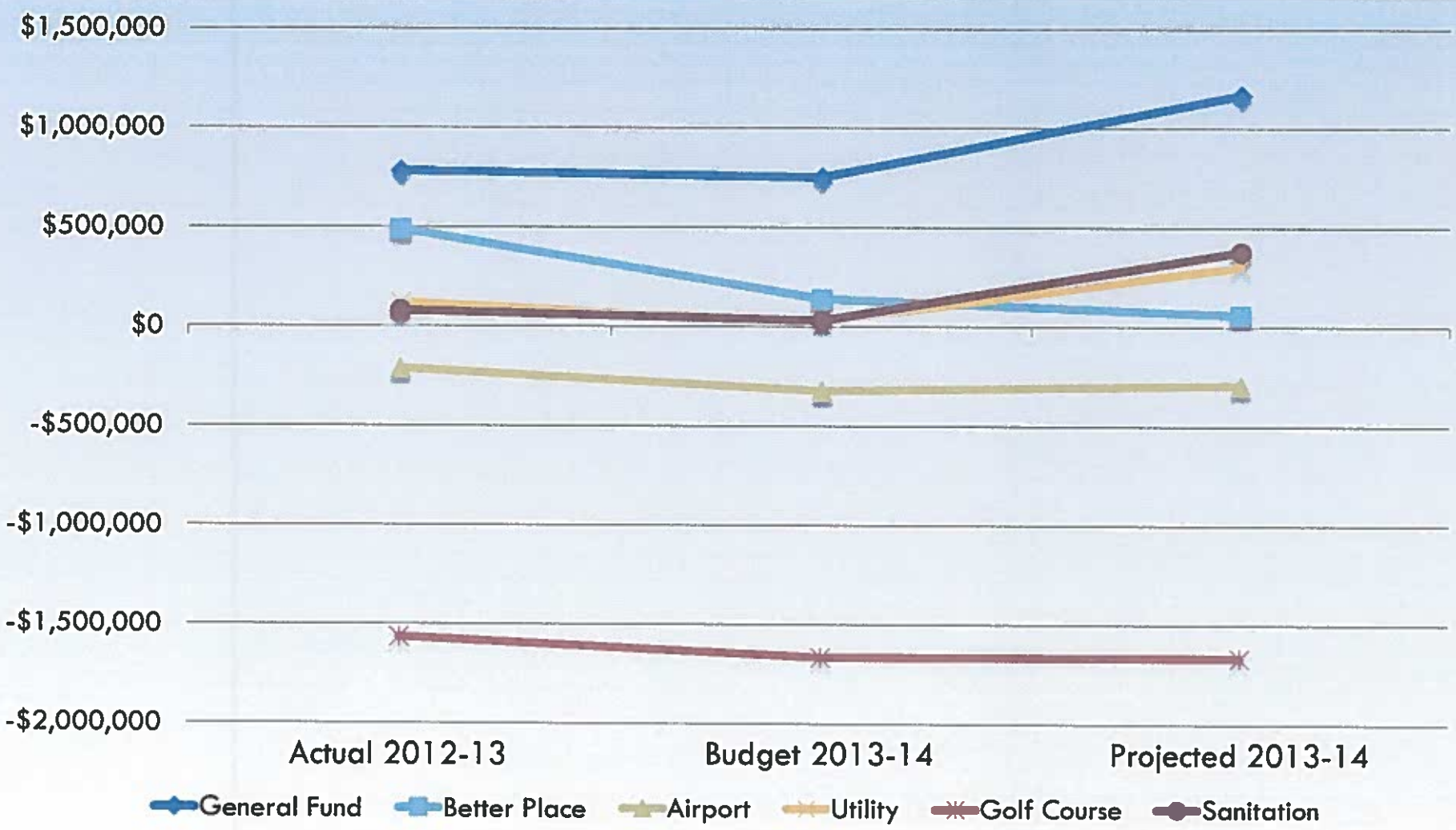
Goal: Continue to Improve the City's Overall Financial Position

- In order to obtain the Amended Budget Proposal the following factors are included:
  - Maintain Millage Rate
  - $300,000 Contribution from the Palatka Gas Authority
  - No COLA for Employees
  - Minimal Staffing Improvements
  - Minimal Appropriations for Funding Capital Improvements, New Equipment or Vehicle Replacements
    - Removed $510,000 in Capital Outlay for vehicles in the Fire Department
    - Removed $574,731 in Capital Outlay and Improvements for various equipment, vehicles and building improvements in the Police Department
    - Removed $201,800 in Capital Outlay for equipment and projects in the Information Technology Department
  - A ten percent (10%) Increase in Water and Sewer Rates
  - <u>Does not include an increase in health insurance premiums</u>

Budget FY2013-2014 Reserves

	Actual 2012-13	Budget 2013-14	Projected 2013-14	Net Impact FY13->FY14
GF-Assigned, Committed & Restricted	$214,315	$219,520	$206,724	**$(7,591)**
GF-Unassigned (inc. Red Light Camera)	$783,568	$752,277	$1,160,799	**$377,231**
Better Place-Restricted	$491,638	$139,604	$60,650	**$(431,078)**
Airport Fund-Restricted	$(209,374)	$(320,149)	$(289,813)	**$(80,439)**
Water Fund-Restricted	$120,350	$25,668	$304,191	**$183,841**
Water Fund-Impact Fees	$31,934	$153,327	$45,453	**$13,519**
Golf Fund-Restricted	$(1,564,588)	$(1,665,124)	$(1,675,607)	**$(111,019)**
Sanitation Fund-Restricted	$81,428	$31,815	$380,530	**$299,102**
Downtown TIF Fund-Restricted	$56,350	$26,872	$66,918	**$10,568**
South Historic TIF Fund-Restricted	$233,878	$189,349	$273,469	**$39,591**
North Historic TIF Fund-Restricted	$68,666	$56,755	$57,164	**$(11,502)**

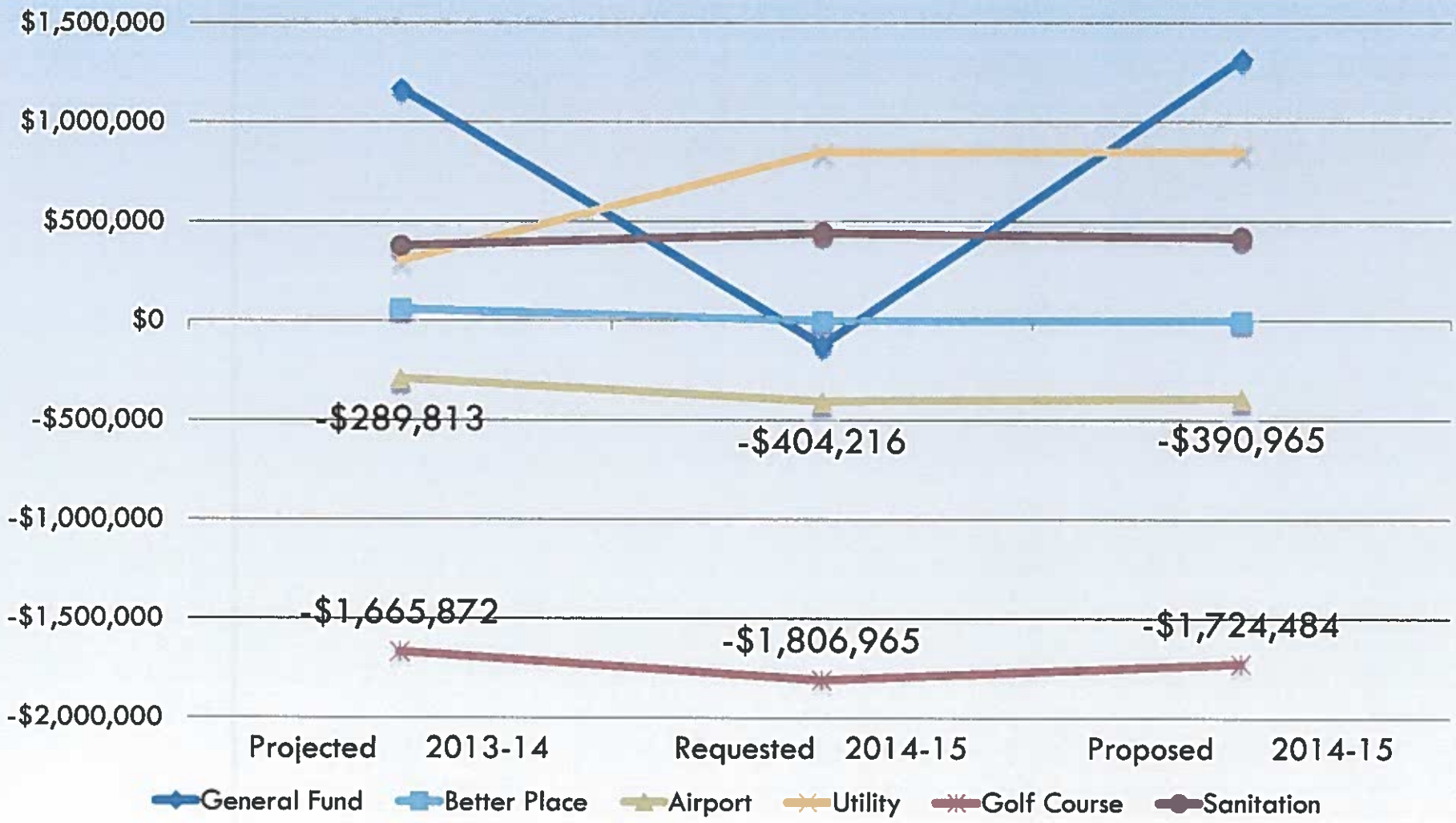
Fund Balance Levels



Budget FY2014-2015 Reserves

	Projected 2013-14	Requested 2014-15	Proposed 2014-15	Net Impact FY14->FY15
GF-Assigned, Committed & Restricted	$206,724	$236,594	$223,594	**$16,870**
GF-Unassigned (inc. Red Light Camera)	$1,160,799	$(127,416)	$1,290,776	**$129,977**
Better Place-Restricted	$60,650	$72	$72	**$(60,578)**
Airport Fund-Restricted	$(289,813)	$(404,216)	$(390,965)	**$(101,152)**
Water Fund-Restricted	$304,191	$851,844	$851,844	**$547,653**
Water Fund-Impact Fees	$45,453	$178,601	$178,601	**$133,148**
Golf Fund-Restricted	$(1,675,607)	$(1,811,200)	$(1,755,384)	**$(79,777)**
Sanitation Fund-Restricted	$380,530	$443,876	$421,009	**$40,479**
Downtown TIF Fund-Restricted	$66,918	$130,903	$0	**$(66,918)**
South Historic TIF Fund-Restricted	$273,469	$230,466	$230,466	**$(43,003)**
North Historic TIF Fund-Restricted	$57,164	$58,577	$58,577	**$1,413**

Unrestricted Fund Balance Levels



GOAL: Address Water System Infrastructure Deficiencies

- City currently has 589,164 lineal feet (111.58 miles) of water main pipe ranging from two inches (2") to twenty four inches (24") in diameter dating back to 1886
- City has a state of the art water plant which was put in service in 2009 and has the capacity to deliver 6.0 mgd with the current average daily of 1.7 mgd (70% capacity remaining)
- A significant portion of the existing system - 60% is 20 years or older and 32% is older than 50 years and is in desperate need of replacement
- City Manager appointed a committee to address and accomplish goals, and the committee determined it was necessary to retain an engineering consultant to develop a comprehensive water main replacement plan with corresponding funding sources. Committee evaluated and ranked a list of prequalified providers and a recommendation or award will be forthcoming.
- Current proposed budget includes a ten percent (10%) increase in rates in order to begin to replace the aging infrastructure and build a recommended fund balance level.
- Proposed budget has an appropriation of $75,000 for material purchases for water main replacement and will be including an amount for a water main replacement master plan.

GOAL: Complete Economic Revitalization/ Redevelopment of the Riverfront

- Sold former Frank George site to SHP Hospitality in April for construction of a new hotel
- Sold former 100 Block site to Riverfront Development Group in June for construction of a mixed use development
- Awarded contract to S. E. Cline for 1.2 million dollars to complete some of the Southern Riverfront Improvements
- St. Johns River Center Design/Building RFP is being advertised with an early fall construction commencement
- Budget contains the following appropriations
  - $309,000 Restroom, Boater's Lounge, Ship Store and potential Restaurant
  - $1,771,297 Complete Southern Riverfront Improvements

GOAL: Explore Opportunities for Intergovernmental Cooperation

- Worked cooperatively with Putnam County to facilitate the removal of four (4) derelict vessels on the riverfront
- City received surplus radio equipment from the City of St. Augustine for use by our public safety and public works personnel which saved the City a significant expenditure on new equipment.
- City, County and Chamber officials worked cooperatively and welcomed the FDOT Secretary and delegation in December 2013 to familiarize these officials with the City and County's Intermodal needs.
- Conducted meetings with the new Putnam County Parks and Recreation Director about the possibility of the County providing recreation programs utilizing the City's park system.

Facility Overview

- 45.36 Acres of Parks and Community Facilities
- Five (5) Community Parks & Centers
- Seven (7) Community Cultural / Educational Facilities
- Eight (8) Neighborhood & Pocket Parks

* Does not include Palatka Municipal Golf Course

Community Parks & Centers

Description	Address	Square Footage	Acreage
Riverfront Park & Docks	301 River Street	n/a	7.56
Hank Bryan Park	1415 Diana Drive	n/a	3.2
Booker Park	701 N 10th Street	5,000	3.92
Price Martin Community Center	220 N 11th Street	6,022	3.05
Forrester Field	1325 Moseley Avenue	n/a	4.74

Community Cultural / Educational Facilities

Description	Address	Square Footage	Acreage
Bronson Mulholland House	100 Madison Street	9,359	3.06
Putnam County Museum	110 Madison Street	1,687	↑
Larimer Arts Center	216 Reid Street	9,052	0.36
Train Station	218 N 11th Street	6,032	n/a
Water Works Environmental Center	1101 Whitewater Drive	1,214	8.71
Tilghman House	324 River Street	4,904	0.46
Cooper Community Center	521 S 13th Street	4,480	1.20

Neighborhood & Pocket Parks

Description	Address	Square Footage	Acreage
Revels Field	Intersection of 17th Street & Carr Street	n/a	0.37
Fred Green Park	400 Main Street	n/a	2.07
Shaw Buck Recreation Area	207 Saylor Street	n/a	2.07
Azalea Park	118 Oak Hill Drive	n/a	0.57
Hammock Hall	429 Kirby Street	2,553	0.33
Palatka Heights Park	Intersection of S 12th Street & River Street	n/a	1.78
Playground 10th & Olive	Intersection of N 10th Street and Olive Street	n/a	0.23
Edgemoore and Husson Park	Intersection of Edgemoore & Husson Avenue	n/a	1.68

History

Date	Milestone
1977	County agrees to pay $4,500 annually to City for providing recreation services to County residents
1982-1983	County agrees to increase its annual payment to City for recreation by $5,000 (TOTAL $30,000)
Pre 1990	City had an active Recreation Department and Director housed at Cooper Community Center (Teen Town)
1990	County agrees to pay City $13,850 (1 year agreement) for Rec. Director and Assistant Services (Related to County receiving a grant for a recreational facility
1991	1-year extension of agreement for $16,582 for operation of Triangle Park
1993	County took over Recreation and hired assumed City recreation staff (3-year agreement w/ 1-year automatic renewal)
1994	City transferred Northside Neighborhood Center (Jenkins Middle School Pool & Gym) to school board

Overall Level of Service

Description	Standard	Need (City)	City	Other
Playgrounds	1 per 2,000	5	7	2
Baseball fields youth	1 per 5,000	2	3	5
Baseball/Softball field adult	1 per 10,000	1	0	6
Basketball courts	1 per 5,000	2	5	3
Tennis courts	1 per 2,000	5	6	19
Soccer	1 per 4,000	3	0	3
Trail bicycle and jogging	1 mile per 2,000	5.25 miles	1.92	2.1
Trail hiking	1 mile per 6,750	1.55 miles	0	2.1
Beach volleyball	n/a	n/a	1	0
Golf course	1/25,000	1	1	0

Overall Level of Service

Description	County in City	Other
Playgrounds	1	1 (PHA)
Baseball fields youth	5	0
Baseball/Softball field adult	6	0
Basketball courts	1	2 (PHA)
Tennis courts	3	16 (College & High School)
Soccer	3	0
Trail bicycle and jogging	0	2.1 (Ravines)
Trail hiking	0	2.1 (Ravines)
Beach volleyball	0	0
Golf course	n/a	0

Historical Costs and Proposed Budget

	Actual 2013	Projected 2014	Budget 2015
Parks Budget	347,933*	200,572	172,648
Cultural Facilities	101,617	95,617	119,044

* Included $129,752 for Parks Director and Administrative Assistant salary and benefits and $58,004 for Inmate Work Squad

Needs

- Court resurfacing
- Goal & net replacement
- Lighting improvements
- ADA compliance upgrades & repairs
- Bathroom renovations
- Scoreboard repair/replacement
- Bleachers
- Shade structures or tree plantings
- Ball-field irrigation
- Playground mulch replacement

* The 2015 Budget does not include the cost for deferred maintenance items listed on the following slide.

GOAL: Develop a Technology Master Plan to Provide Enhanced Level of Service

- City recently launched a new Interactive and More Functional Website for the City's residents, visitors, and customers
- Assessing feasibility of implementing "dummy" terminals throughout City (currently removed from budget)
- Planning to complete fiber loop (currently removed from budget)
  - Possible cost share between other governmental entities
- Implementing new state of the art telephone system (currently removed from budget)
- Implementing city-wide security camera system (currently removed from budget)

Fire Assessment Fee (F.S 170.201)

2013 Florida Municipal Ad Valorem Tax Profile						
Municipality	County	Population Estimates	County Millage Rate	School District Millage Rate	Municipal Millage Rate	TOTAL COMBINED MILLAGE RATE
Greenville	Madison	805	10	7.42	9.0555	26.4755
Marineland	Flagler	5	8.5753	7.442	10.0000	26.0173
Micanopy	Alachua	600	9.049	8.402	8.0000	25.4510
Palatka	Putnam	10,230	8.9	7.356	9.1749	25.4309
Jasper	Hamilton	2,978	10	7.992	7.1677	25.1597
Interlachen	Putnam	1,365	8.9	7.356	8.7993	25.0553
Crescent City	Putnam	1,518	8.9	7.356	8.5914	24.8474
Waldo	Alachua	969	9.049	8.402	7.3226	24.7736
Zolfo Springs	Hardee	1,818	8.554	7.382	8.5540	24.4900
Cross City	Dixie	1,713	10	7.434	7.0000	24.4340

1) Palatka has the **4th** highest **combined city, county and school district** millage rate of the **410** municipalities in the State of Florida.

Fire Assessment Fee (F.S 170.201)

2013 Florida Municipal Ad Valorem Tax Profile			
Municipality	County	Population Estimates	Municipal Millage Rate
Marineland	Flagler	5	10.0000
Briny Breezes	Palm Beach	420	10.0000
Highland Park	Polk	234	9.9759
Mangonia Park	Palm Beach	1,868	9.8000
Biscayne Park	Miami-Dade	3,133	9.7000
Apalachicola	Franklin	2,258	9.6852
Howey-in-the-Hills	Lake	1,083	9.6147
Mascotte	Lake	5,158	9.6147
New Port Richey	Pasco	14,868	9.5799
Lauderdale Lakes	Broward	33,322	9.5000
West Park	Broward	14,286	9.4200
Melbourne Village	Brevard	662	9.2554
Palatka	Putnam	10,230	9.1749

1) Palatka has the **13th** highest millage rate of the **410** municipalities in the State of Florida.

Fire Assessment Fee (F.S 170.201)

- Under the authority of Florida Statutes 170.201, municipalities are authorized to levy and collect special assessments to fund capital improvements and municipal services, including, but not limited to, fire protection, emergency medical services, garbage disposal, sewer improvement, street improvement, and parking facilities.
- If the Police Department and Fire Department were funded solely by Ad Valorem Property Taxes, it would require a millage rate of 16.999 just to fund those two departments.
- The Fire Department proposed budget of $1,918,988 equates to a millage rate of 5.3176. If the entire Fire Department were funded by a Fire Assessment Fee, the millage rate could be reduced from 9.1749 to **3.8573** and the General Fund would remain revenue neutral.
- If the City dropped the millage rate to 3.8573, its ranking on the millage rate list would fall from the 13th highest to **249th** out of the total 410 municipalities in the State.

Fire Assessment Fee (F.S 170.201)

- There are two types of methodologies used to assess Fire Assessment Fees:
- Demand approach:
  - Calculates a percentage of service calls (fire only) that are attributable to certain types of property (restaurants, retail, residential, etc) and bases a portion of the city-wide total assessment fee on the percentage of service calls for the respective type of property
- Service availability approach:
  - Uses a two-tiered approach in which a portion of the costs attributable to the City's continual readiness to provide fire protections services are shared equally among all tax parcels on a per tax parcel basis (Tier 2), and a portion of the remaining costs are shared in accordance with the relative value of improvements (not land) for each tax parcel in the City as compared to the value of improvements for all tax parcels in the City (Tier 1).
- Service availability approach is cheaper overall due to it being the easier methodology to implement as well as having the potential for City staff to recalculate the two tiers each year based upon the certified taxable value of each property. The demand approach requires a substantial amount of work to compile the extensive amount of data and calculate the percentages for each type of property.

Fire Assessment Fee (F.S 170.201)

- Under the service availability two-tiered approach, the base fee for each parcel and the fee per $1,000 of improvements can be balanced as the City Commission so chooses.
- The base rate for each parcel could make up the majority of the total amount of the annual Fire Assessment Fee or the fee per $1,000 of improvements could be used to make up the majority of the total amount in order to reduce the base rate as low as possible.
- The City may choose to exempt those certain classes of property owners that are currently exempt from Ad Valorem property taxes such as schools, governmentally-owned property, non-profit organizations, religious organizations, etc.

Fire Assessment Fee (F.S 170.201)

- Collection methods:
  - Uniform method
    - The annual fee is placed on the property's tax bill. This is allowed under Section 197.3632 of Florida Statutes
  - Separate bill
    - The City would prepare and mail out a separate bill for the annual Fire Assessment Fee.
    - Under this method, the prior year assessment fees could be rolled into the following years tax bill if the City chooses to do so.
  - Utility bill
    - The City of Tallahassee chose to split up the annual fire assessment fee for each property to a monthly amount and place it on the monthly utility bill.
  - Combination of methods
    - Some cities have chosen to utilize the separate bill method and to only place unpaid fire assessment fees for prior years on the tax bills.

Fire Assessment Fee (F.S 170.201)

- Implementing a Fire Assessment Fee offers a significant tax equity tool which will reduce dependence on the City's general fund alone as the sole source of funding for fire protection services. It will also reduce the demand on the City's other legally available funds and it is intended to achieve a more equitable, balanced, sustainable and dedicated means of funding the City Fire Department's service mission over time.
- The use of a special assessment is but a single aspect of the larger annual budgetary process. A fire service assessment provides an equity tool to pay for costs that might otherwise be paid for with legally available general funds or the imposition of property taxes. The fire assessments are an equitable alternative to the use of property taxes. Whether, and to what extent, fire service assessment revenues are used is a part of the overall annual budget process each year, the fire service assessment is a means to create an annual funding source to deal with overall funding shortfalls identified in the City's budget process.

Golf Course – Historical Data

	FY15 Budget	FY14 Proj.	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06	FY05
Revenue	$698,429	$754,419	$654,780	$674,313	$594,595	$613,217	$624,461	$774,986	$755,928	$751,903	$762,180	$711,672
Expenses	$778,206	$856,918	$731,970	$801,462	$838,327	$845,128	$780,650	$717,208	$934,573	$897,502	$810,680	$681,076
P/L	$(79,777)	$(102,499)	($77,190)	($127,148)	($243,732)	($231,911)	($156,188)	$57,778	($178,644)	($145,599)	($48,500)	$30,597
Debt	$168,999	$152,355	$152,355	$144,401	$181,890	$181,890	$181,890	$181,890	$120,378	$134,982	$136,335	$128,547
Total P/L	$(248,776)	$(254,854)	($229,545)	($271,549)	($425,622)	($413,802)	($338,079)	($124,112)	($299,022)	($280,581)	($184,834)	($97,951)
Rounds	25,000	23,500	19,550	19,750	17,080	17,276						

- **Potential Alternatives/Strategies:**
  - **Revise and extend current management agreement**
  - **RFP for Lease**
  - **Sale**
  - **City resumes operation/management of golf course**
  - **Close the golf course**

Airport – Historical Data

	FY15 Budget	FY14 Proj.	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06	FY05
Operating Revenue	$957,213	$886,471	$993,185	$925,586	$993,276	$919,491	$730,487	$577,395	$711,499	$506,363	$567,999	$386,029
Operating Expenses	$868,178	$809,098	$855,595	$854,165	$874,855	$846,662	$716,078	$654,760	$699,661	$635,553	$558,239	$386,746
P/L	$86,035	$109,199	$137,590	$71,421	$118,421	$72,830	$14,409	($77,365)	$11,839	($129,190)	$9,760	($718)
Debt	$171,212	$182,486	$182,485	$227,214	$217,615	$224,389	$231,436	$253,484	$14,375	$14,375	$14,375	$14,375
Total P/L	$(85,177)	$(73,287)	($44,895)	($155,793)	($99,194)	($151,559)	($217,028)	($330,848)	($2,536)	($143,565)	($4,615)	($15,093)

- **Potential Alternatives/Strategies:**
  - **Maximize sales of materials (sand)**
  - **Economic development on/around airport property**
  - **Build new hangars**
  - **Sale of Airport property**