VERNON MYERS
MAYOR - COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

ALLEGRA KITCHENS
COMMISSIONER

PHIL LEARY
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER

CITY OF PALATKA

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

July 11, 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, July 24, 2014, at the regular meeting place of the Palatka City Commission, Palatka City Hall, 201 N. 2nd Street, Palatka, Florida, to commence at **4:00 p.m.**

The purpose of the meeting is to hold the 2nd Budget Workshop per the 2014 TRIM Calendar 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 11th day of July, 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

FY 2014-2015

Budget Workshop #2

Thursday, July 24, 2014

4:00 p.m.

FY 2014-2015

Budget Workshop #2

- Changes in Proposed FY 2014/2015 Budget since last Budget Workshop
- Proposed Impacts on FY 2014/2015 with Various Cost of Living Adjustments
- Utility System and Proposed Rate Increase
- Fire Assessment Fee
- Palatka Golf Course
- Palatka Gas Authority

Changes Since First Budget Workshop

- Included a 15% increase in Health Insurance costs
  - $86,126 increase in General Fund
  - $30,147 increase in Water Fund
  - $10,781 increase in Sanitation Fund

- Possible Removal of Nextel lease payments from Utility Fund due to cancellation of lease resulting in an annual decrease of $51,650.00 in revenues for telecommunications lease

Requested Capital Outlay and Improvements

- The following items were requested during the budget process but were removed in order to attempt to achieve an operationally balanced General Fund budget:
  - IT Department ($201,800 total)
    - $4,000 Domain Controller
    - $5,800 Network switches
    - $78,000 VoIP Phone System
    - $10,000 City-wide security camera system
    - $80,000 Complete fiber loop
    - $24,000 Additional nodes and storage for SAN in order to begin implementing thin clients
  - Police Department ($478,687 total)
    - $34,215 Gun range garage outlined in the capital improvement plan for FY 14/15
    - $15,000 Renovation the PD restroom outlined in the capital improvement plan for FY 14/15
    - $100,000 Roof for PD
    - $50,000 Building Design
    - $35,000 Pole Barn/Carport
    - $30,000 Gun Range Bathroom

Requested Capital Outlay and Improvements (continued)

- **Police Department (continued)**
  - **$15,000 Traffic Regulation Sign outlined in the capital improvement plan for FY14/15**
  - **$5,600 4 SWAT Vests Replacing vests that have exceeded shelf life**
  - **$12,500 10 Patrol Officer Rifles**
  - **$4,000 4 Police Bicycles replacing 4 bikes due to ware, age and expense for repair.**
  - **$30,000 Boat**
  - **$29,587 LPR for Traffic Unit item can be financed for 5 years**
  - **$3,000 2 shields (SWAT)**
  - **$15,000 Gym Equipment**
  - **$5,000 5 Radar Units**
  - **$3,000 Computer server for in car system needed for in car camera system downloads**

Requested Capital Outlay and Improvements (continued)

- **Police Department (continued)**
  - **$1,195 Evidence Mega Max 3 watt Light System**
  - **$45,000 Command Trailer**
  - **$20,745 SWAT Van Conversion**
  - **$8,500 1 K-9 contingent on purchase of 2 new K-9s**
  - **$2,995 1 K-9 vehicle kennel, heat guard and door pop contingent on purchase of 2 new K-9s**
  - **Removed other items related to purchase of 2 K-9s from other operating expenditure lines**
- **Fire Department ($510,000 total)**
  - **$320,000 New engine**
  - **$60,000 New rescue boat**
  - **$120,000 ALS Rescue Transport**
  - **$10,000 ACLS Equipment**
  - **$20,000 Schooling and training for ACLS**

Cost of Living Adjustment - 1%

	Effect on Reserves	FYE2015 Reserves No Raise	FYE2015 Reserves with Raise	% of Budget	Operational Balance No Raise	Operational Balance with Raise
General Fund	$(29,130)	$1,158,152*	$1,129,022*	12.16%	$(151,396)	$(180,526)
Airport Fund	$(1,448)	$(390,960)	$(392,408)	-19.79%	$(101,147)	$(102,595)
Water Fund	$(13,026)	$764,047**	$751,021**	17.39%	$465,856	$452,830
Sanitation Fund	$(5,693)	$410,252	$404,459	24.34%	$29,722	$24,029

- Includes Red Light Camera reserves of approximately $285,000

** Reserves shown are with 10% increase in water and sewer rates

Cost of Living Adjustment - 2%

	Effect on Reserves	FYE2015 Reserves No Raise	FYE2015 Reserves with Raise	% of Budget	Operational Balance No Raise	Operational Balance with Raise
General Fund	**$(58,260)**	**$1,158,152***	**$1,099,892***	**11.81%**	**$(151,396)**	**$(209,656)**
Airport Fund	**$(2,899)**	**$(390,960)**	**$(393,859)**	**-19.85%**	**$(101,147)**	**$(104,046)**
Water Fund	**$(26,049)**	**$764,047****	**$737,998****	**17.03%**	**$465,856**	**$439,807**
Sanitation Fund	**$(11,383)**	**$410,252**	**$398,869**	**23.92%**	**$29,722**	**$18,339**

- Includes Red Light Camera reserves of approximately $285,000

** Reserves shown are with 10% increase in water and sewer rates

Cost of Living Adjustment - 3%

	Effect on Reserves	FYE2015 Reserves No Raise	FYE2015 Reserves with Raise	% of Budget	Operational Balance No Raise	Operational Balance with Raise
General Fund	**$(87,394)**	**$1,158,152***	**$1,070,758***	**11.46%**	**$(151,396)**	**$(238,790)**
Airport Fund	**$(4,349)**	**$(390,960)**	**$(395,309)**	**-19.91%**	**$(101,147)**	**$(105,496)**
Water Fund	**$(39,070)**	**$764,047****	**$727,997****	**16.68%**	**$465,856**	**$426,786**
Sanitation Fund	**$(17,075)**	**$410,252**	**$393,177**	**23.50%**	**$29,722**	**$12,647**

- Includes Red Light Camera reserves of approximately $285,000

** Reserves shown are with 10% increase in water and sewer rates

Utility System

Facts

- City currently has 589,164 lineal fee (111.58 miles) of watermain pipe ranging from 2" to 24" in diameter dating back to 1886

- Sixty percent (60%) is 20 years or older and thirty-two percent (32%) is older than 50 years

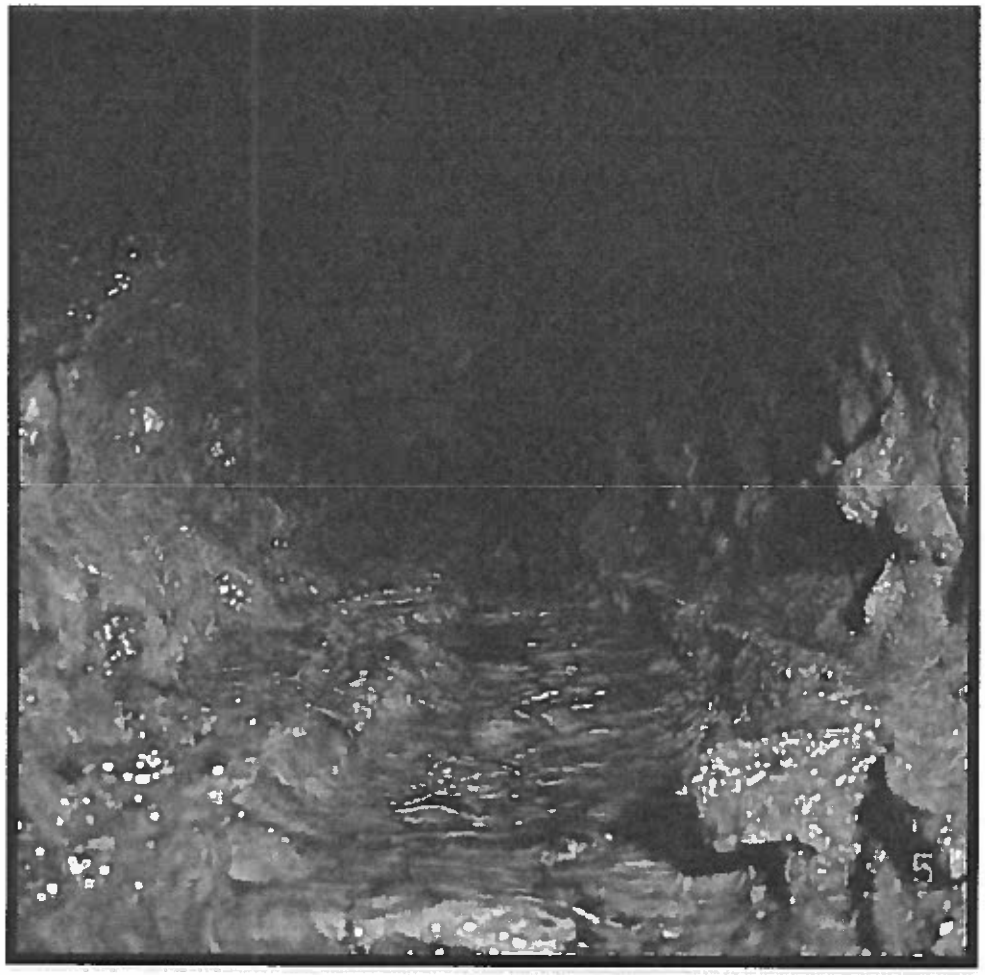
Examples of Pipes

5th and Main Street

8" Pipe from 1886

Picture No. 2

Taken 9/24/07

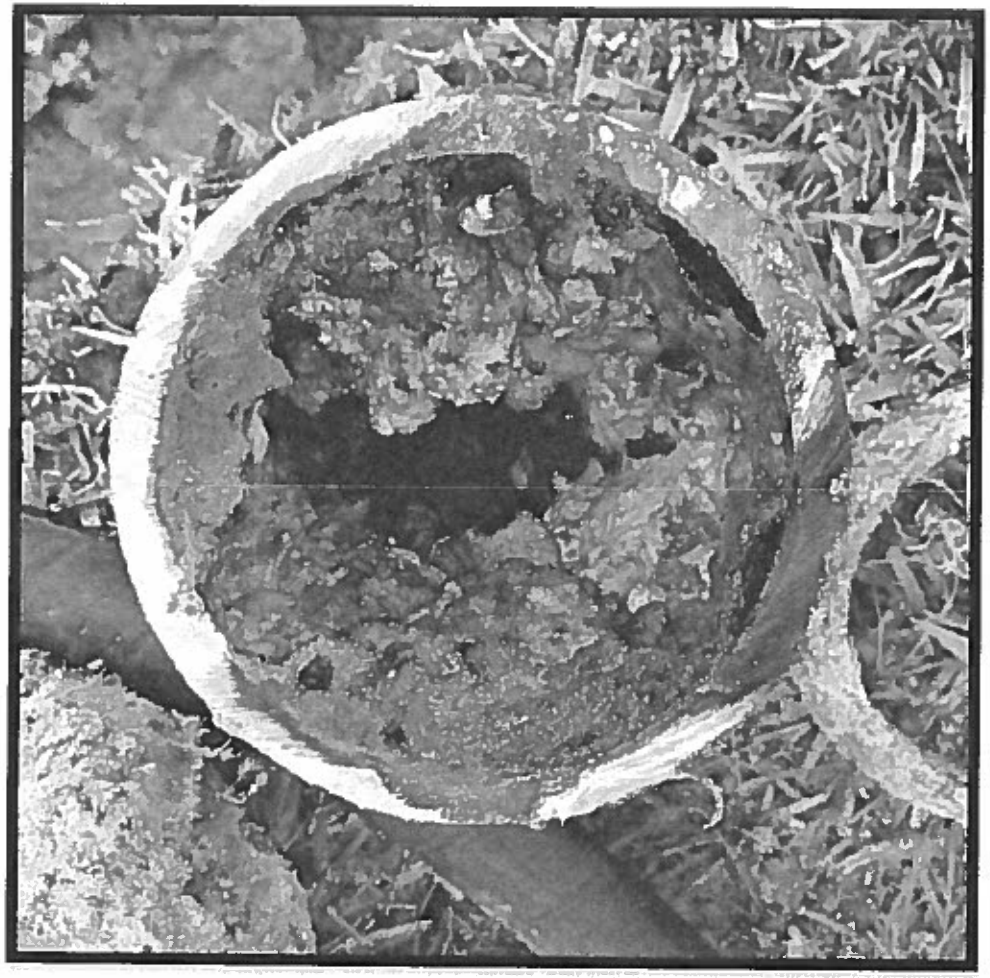


6" Pipe at Main and Reid Streets at the foot of the Memorial Bridge
Taken on 10/5/2007

6" Pipe at Main and Reid Streets at the foot of the Memorial Bridge taken on 10/5/2007

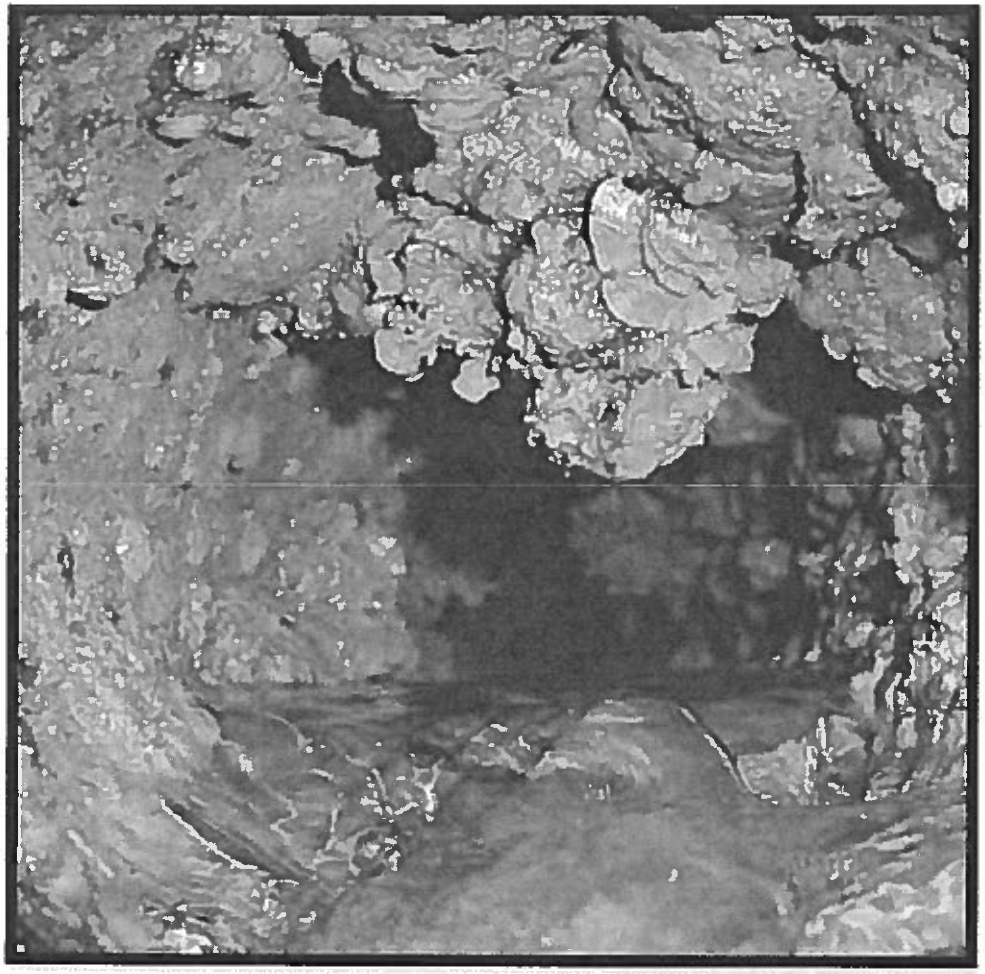
Dodge Street and Crill Avenue

Taken 2/23/2003

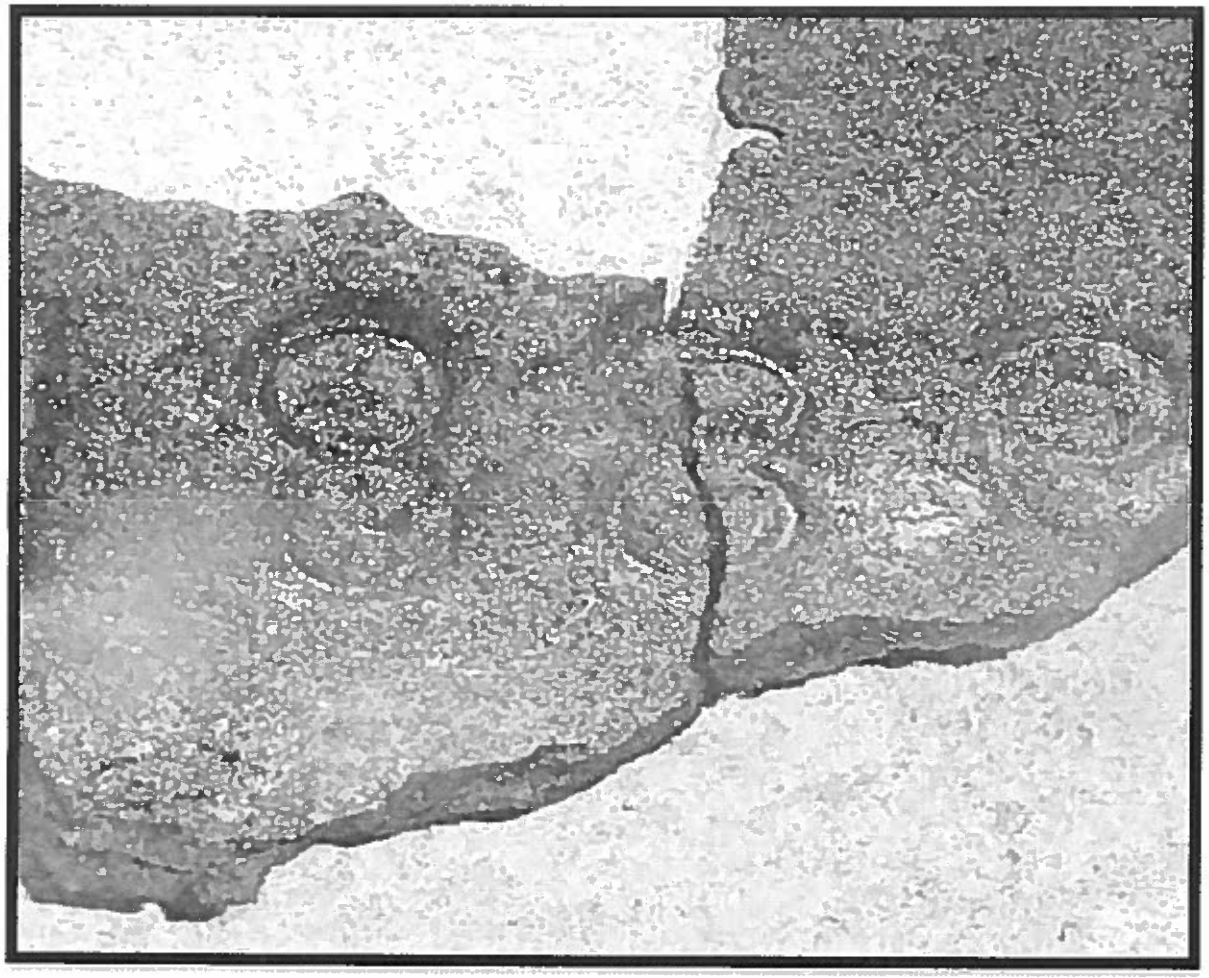


Kate Street and Cleveland Avenue

2014



First Street and Madison Street
Badly Tuberculated Pipe
Picture taken 11/9/2007



8" Pipe at 5th and Main Streets

1886

Picture taken 9/24/2007

Customer Facts

- City has 4,767 Customers
- 86.37% in City (4,114)
- 13.7% (653) Outside of City
- Residential 81.5%
- Commercial 14.8%
- Irrigation 3.7%

Customer Facts

(continued)

- Since 2000 there has been nine (9) rate increases ranging from a (18.4%) decrease to a 79.29% increase impacting the various monthly consumption amounts

- Significant rate increase adopted in 2009 to support new debt service for the expansion in capacity in the Water Treatment Plant

Typical Bill

Year	Residential (4M)	Residential (8M)	Commercial (4M)	Commercial (12M)
2000	$25.94	$36.60	$31.94	$ 53.26
2014	$46.82	$60.38	$76.94	$106.86
Increase	80.5%	65%	140%	100%

2000-2013 Water and Sewage Maintenance CPI Index 104.2%

(Index is for O&M costs only, does not include System Debt Service.)

Projected Watermain Replacement Cost

- 188,532 LF that is over 50 years old and at $50/LF = $9,426,600
- Replace over a ten year period at 18,852 LF per year at $50 LF = $942,560
- Replace over a twenty year period 9,427 LF per year at $50 LF = $471,325

Current Utility Fund Balance

- Beginning FY 2013/2014 $120,320
- Projected FYE 2013/2014 $298,191*

  *($151,000.00 one-time payment from SJRWMD)
- Projected FYE 2014/2015 $764,047 with ten percent increase

Rate Increase

- 10% increase yields $409,733 in Revenue
- 5% increase yields $204,866 in Revenue

Fire Assessment Fee

(F.S. 170.201)

- **Using data from the Florida League of Cities 2013 annual survey, a search was performed for cities with comparable population, general fund budget size and employee figures.**
  - **Ranges used for the search were 3,500 to 20,000 in population, $3,000,000 to $25,000,000 General Fund budget amount and 50 to 300 full time employees.**
- **Out of 83 cities that responded "yes" to the question of having a fire assessment fee in place, 8 comparable cities were found and are listed below (in order by general fund budget amount, smallest to largest):**
  - **Newberry (pop. 4,957)**
  - **Brooksville (pop. 7,702)**
  - **Sebring (pop. 10,560)**
  - **Tavares (pop. 14,054)**
  - **Lake City (pop. 12,057)**
  - **Oldsmar (pop. 13,583)**
  - **St. Augustine (pop. 13,092)**
  - **Bartow (pop. 17,316)**

Fire Assessment Fee (F.S. 170.201)

(continued)

- Substantial amounts of information for each comparable city were gathered from the Florida League of Cities survey as well as the Census Bureau and the State of Florida Office of Economic and Demographic Research

- This data was compiled into a spreadsheet where an average for each category of information was calculated in order to easily compare the data to the City of Palatka

- Due to the size and amount of data included, the entire spreadsheet cannot be included in this presentation however the complete spreadsheet can be provided upon request

Fire Assessment Fee (F.S. 170.201)

	Palatka	Other Cities Average
In labor force	52.1%	56.5%
Not in labor force	47.9%	43.5%
Percent Unemployed	15.1%	12.9%
Median household income (dollars)	$21,156	$39,451
Mean household income (dollars)	$33,569	$52,166
Median family income (dollars)	$28,692	$49,883
Mean family income (dollars)	$41,103	$64,340
Per capita income	$14,700	$21,645
All families below poverty level	31.9%	16.1%
All people below poverty level	40.6%	21.7%
Assessed Value	$697,913,688	$1,011,612,379
Total Exemption Value	**$330,165,735**	**$353,223,710**
Total Taxable Value	$367,747,953	$658,388,669
Government Exemption vs. Assessed Value %	**31.0%**	**17.1%**
Institutional Exemption vs. Assessed Value %	6.6%	6.6%
Homestead Exemption vs. Assessed Value %	**8.2%**	**10.0%**
Total Exemption vs. Assessed Value %	**47.3%**	**35.4%**

Fire Assessment Fee (F.S. 170.201)

	Palatka	Other Cities Average
Population	10,203	11,665
GF Budget	$10,734,984	$13,462,207
Reserve Policy	5%	12%
GF Reserves	$536,749	$1,681,688
Taxes Levied	$3,342,470	$3,425,253
Percent of Taxes vs Total GF Budget	32.77%	30.72%
Millage	9.1749	5.1139
Residential Homestead	12.99%	20.19%
Residential Non-Homestead	19.96%	20.21%
Residential Vacant Lots	1.35%	2.62%
Non-Residential Commericial	43.16%	27.20%
Non-Residential Industrial	2.27%	5.58%
Non-Residential Institutional	4.43%	2.13%
FT Employees	138	177
Firefighters	23	22
Police Officers	36	29

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

Palatka Gas Authority

- Palatka Gas Authority (PGA) was created in November 1959 by Ordinance and made part of the government of the City of Palatka, Florida.

- Section 166. ADMINISTRATION AND APPLICATION OF REVENUES OF GAS SYSTEMS

Use of Surplus Moneys

- Any revenue of the gas system or systems remaining after making full provision for the requirements of subparagraph (a) (Payments into funds for purposes required by terms of revenue certificates.) of this section may be used by the City for other municipal purposes; provided however, that the City shall make a provision of a reasonable reserve for the cost of operating, maintaining and repairing of the gas system or systems and paying the cost of extensions, enlargements or additions to or replacement of the capital assets and said gas system or systems, prior to appropriating such revenue to other municipal purposes.

PGA Projected FY 2013/2014

- Reserves = $1,321,000.00
- Operating Reserve $400,000.00 (2 months operating 17%)
- Capital Reserve $400,000.00
- Deposit $260,000.00
- Subtotal = $1,060,000.00
- Undesignated = $261,000.00

PGA Proposed
FY 2014/2015 Budget

- City of Palatka's request to transfer $300,000.00 to support the City's FY 2014/2015 Budget
- Projected FY 2014/2015 Year End Fund Balance $1,135,029.00
- Operating Reserves $400,000.00
- Capital Reserves $400,000.00
- Deposit Reserves $260,000.00
- Proposed FY 2014/2015 Budget Projects $114,029.00 to be added to fund balance
- Undesignated $ 75,029.00

- PGA should establish an annual budget and rate structure that provides/produces a reasonable and guaranteed annual payment as designated by the City