

TERRILL L. HILL
MAYOR - COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

RUFUS J. BOROM
COMMISSIONER

JUSTIN R. CAMPBELL
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER



CITY of *Palatka* FLORIDA

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

TERRY K. SUGGS
CITY MANAGER

BETSY JORDAN DRIGGERS
CITY CLERK

MATTHEW D. REYNOLDS
FINANCE DIRECTOR

JAMES A. GRIFFITH
INTERIM CHIEF OF POLICE

MICHAEL LAMBERT
CHIEF FIRE DEPT.

DONALD E. HOLMES
CITY ATTORNEY

MINUTES CITY OF PALATKA 1ST BUDGET WORKSHOP MEETING July 9, 2015 – 3:00 p.m.

Proceedings of a workshop meeting of the City Commission of the City of Palatka, Florida, held on the 9th day of July, 2015.

PRESENT:	Mayor	Terrill L. Hill
	Commissioner	Mary Lawson Brown
	Commissioner	Rufus Borom
	Commissioner	Justin Campbell
ABSENT	Commissioner	James Norwood, Jr. (GP Business)

Also Present: City Manager Terry Scruggs; City Clerk Betsy Jordan Driggers; Finance Director Matt Reynolds; Interim Police Chief James Griffith; Fire Chief Mike Lambert, Planning Director Thad Crowe, WTP Superintendent Melvin Register, WWTP Superintendent Brian McCann, Airport Manager John Youell, Water & Sewer Distribution Supt. Rhett McCamey, Streets & Sanitation Supervisor Ed Chandler, Grants/Projects Manager Jonathan Griffith; Assistant City Clerk Vicki Young

CALL TO ORDER & Reading of Workshop Meeting Call – Mayor Hill called the meeting to order at 3:00 p.m. and read the following workshop meeting call, which was issued on June 29, 2015:

**TO COMMISSIONERS: MARY LAWSON BROWN, RUFUS BOROM,
JUSTIN CAMPBELL 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 9, 2015, at the regular meeting place of the Palatka City Commission, Palatka City Hall, 201 N. 2nd Street, Palatka, Florida, to commence at 3:00 p.m.

The purpose of the workshop meeting is to discuss the proposed FY 2015/2016 Budget (1st Budget Workshop).

/s/ Terrill L. Hill
Terrill L. Hill, MAYOR

The following commissioners acknowledged receipt of a copy of the foregoing notice of a Workshop meeting on the 29th day of June, 2015.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Justin Campbell
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ Rufus Borom
COMMISSIONER

INVOCATION & PLEDGE OF ALLEGIANCE - Matt Reynolds

1. **PUBLIC COMMENTS** –There were none
2. **BUDGET WORKSHOP** – Enterprise Funds - Matt Reynolds, Finance Director, said Mr. Suggs, who started last Thursday, was involved in this process. A preview was provided on the General Fund, which will provide the commission with an idea of the requests made by department. They will hold a workshop on General Fund on the 23rd,

A printed copy of the PowerPoint presentation was distributed (filed). Mr. Reynolds said the budget contains no cost of living increases. This is early in the budget process. They will take all requests, make adjustments, and bring those back to a future workshop. He's included a 5% increase in medical insurance. There could be a small increase, according to their health insurance provider. Commissioner Brown asked if they will be looking for quotes from other carriers. Mr. Reynolds said they consider looking for quotes each year, but due to the nature of their pharmacy claims, some companies are reluctant to quote.

Mr. Reynolds said pension costs for General and Police Employees are going down. Commissioner Borom asked why the General and Police Officers pension contribution decreased, while Firefighters remain the same. Mr. Reynolds said there are many factors that are considered by the Actuary, including number of participants, age of participants, people in DROP plan, and yearly earnings.

AIRPORT - Mr. Reynolds said hangar rentals are slated to go up around \$50,000. New hangar construction will be completed before the end of the year. There are no major changes to personnel or operating expenses. If the debt service were to go away, the Airport Fund would be sustainable on its own, but the debt service will not be paid off until 2023. With the increased revenue expected, the transfer from General Fund will decrease next year. Discussion ensued on fuel sales.

UTILITY FUND - Mr. Reynolds said the base rate changed in fiscal year 2013, when they went to a flat rate with three usage tiers, instead of a base rate of 4,000 gallons/month no matter the lower usage, and charges went up from there. They agreed to implement a water conservation rate. There was no rate increase last year. The decrease in monthly usage seems to be because people are conserving water. There is an anticipated decrease in water plant operating expenses. The capital outlay items are required to keep the water plant in operation. The WWTP also shows a slight decrease in operating expenses. He has included the \$1.5 million BCR Reuse project in Capital Outlay. As to reuse water, Mr. Reynolds said they did have a study done on a reuse rate structure, but the revenue was very small as they don't have a lot of users now. Mr. Suggs said they can look at reuse water sales and rate structures. Mayor Hill asked if they have spoken with area farmers and others who use extensive irrigation, to determine if they could use reclaimed water. As to how much water is available, Mr. McCann said their plant processes 1.3 mg/d and the golf course uses around 4,000 gallons/day. Mr. Reynolds said weather and other factors determine how much reclaimed water they can produce per day. Discussion ensued regarding placement of service lines for optimum usage.

As to Water & Sewer Distribution, the capital outlay items are necessary for operations. As to Utility Administration, there is a decrease in operating costs due to combined billing with the Gas Authority, but he did show a transfer to the Gas Authority to compensate for that. Discussion ensued regarding the combining of water and gas bills and the hardship placed upon some by having both bills come due at once. Mr. Reynolds said he is still in discussion with Palatka Gas Authority regarding logistics and details on water and gas utility billing. Operating reserves are around 9% of operating expenses, which is still well below recommended operating reserves. With no major staffing increases or changes, the Water Fund is upside-down. This year they included \$75,000 for line replacement; the line replacement they did on Kate Street, where they replaced around 500 feet of line, cost around \$75,000. Turnover in all three departments have generated some savings and contributed to projected being better than budgeted.

Discussion ensued regarding the impact of the BCR project on the Utility Fund. They currently show no revenue coming in from leachate due to the County Interlocal Agreement. If they stop taking leachate at the WWTP, and have to start paying for disposal costs at the landfill, the expenses would increase around \$138,000. A column was shown depicting the projected income from the BCR project. Under their proposal, they will see an increase of \$127,000 in operating costs, but they will no longer be sending solids to the landfill. The City can either stop taking leachate altogether, or renegotiate the agreement with the County and start charging to take their leachate. The proposed revenue shows taking in the County's leachate at 9 cents a gallon based upon 3 million gallons per year; however, that revenue stream could end if the County builds its own processing plant. If they do the BCR project, stop taking leachate, have no rate increase, the deficit will wipe out reserves. If they do the BCR project and start charging to take in leachate, there will be some revenue as shown. The annual operating deficit does not take into account the infrastructure replacement needed in the Utility Fund. The replacement of pipes over 50 years old will cost more than \$9.5 million. They need to get the rates up to a level to allow them to start replacing pipes.

Discussion ensued regarding a long-term plan to replace the water delivery infrastructure. Mayor Hill said they need to start replacement immediately. Per discussion there is approximately 65 miles of cast iron piping that needs to be replaced immediately. Mr. Suggs said if they have to secure a bond issue for this money, it would be costly. Mr. Reynolds said if there is a major repair needed that requires them to borrow money, they will have to commit to some fairly hefty rate increases to fund the debt service. Mr. Reynolds said he will bring more information back on that at the next budget workshop.

GOLF FUND - Mr. Reynolds said he stripped out the snack bar/restaurant-related revenues and presented only golf related revenues. They budgeted \$676,000 in golf-related revenues for 14/15, projections based upon the first six months of this year. Next year they have budgeted around \$641,000 in revenues. As to expenditures, they have requested an increase of \$26,000 in operating increases for chemicals and fertilizer and \$37,000 for re-grassing the remainder of the front 9 holes. In the Clubhouse there was a decrease in non-snack-bar related operating expenditures of \$21,000. They will be discussing the budget with BWGD representatives and these figures may change. Even when the debt goes away, they will still require a transfer from the General Fund to continue operations. The Golf Course is below projected expenditures for operations this year.

As to the restaurant renovation project, Mr. Reynolds said the renovation is complete, but the operator has pulled out of the deal. They will begin looking for a new operator and may be able to negotiate an agreement that is more favorable to the City.

SANITATION FUND – Mr. Reynolds said no rate increases are included and no staffing level changes. Overtime costs have increased. Capital Outlay includes \$575,000 to replace two rear-loader sanitation trucks. Net revenues are doing very well, but will decrease going forward due to debt service on the new sanitation trucks. They are staggering replacement to keep future rate increases at a minimum. The transfer to General Fund remains unchanged at \$95,000.

GENERAL FUND PREVIEW – Discussion ensued regarding deficits and reserves, which are still below recommended levels. Mr. Reynolds said he and Mr. Suggs will be meeting with Department Heads over the next few weeks in order to narrow their budgets. They still need to cut around \$300,000 in requested items. The General Fund will be presented at the next budget workshop. Parks and Recreation will show some large increases as that is one area on which the Commission wants to concentrate.

DISCUSSION - Mr. Reynolds asked for input from the Commission as to what they are looking for. Discussion ensued regarding prison crews. There are currently two crews, one funded by Better Place Funds and one from Streets. Mr. Suggs said the goal is to get assistance for r/w, parks & cemeteries and to get another prison crew on board, to be operated by City employees instead of Prison Guards. Mowing and maintenance is in dire need of more assistance.

Discussion ensued on seeking a new restaurant operator for the Golf Course Restaurant.

Mayor Hill inquired as to budgeted amounts for recreation programs. Commissioner Brown said there will be information available at FLC Annual Conference on recreation grants, and asked they look into available grants at Conference. Mr. Suggs said they have had discussions regarding what they can set aside for recreation. Commissioner Borom asked what the budget was for parks & recreation last year. Mr. Reynolds said it wasn't much; it is a very small department.

Mr. Suggs thanked Mr. Reynolds for his hard work and long hours on the 2015/16 budget prior to his arrival.

Commissioner Brown asked the members of the Commission to look at their schedules during Conference to visit the Embassy at the top of Orlando City Hall. She has a source that can help them get an appointment. Mayor Hill asked her to go ahead and set up the appointment.

4. **ADJOURN** - There being no further items to discuss, the meeting was adjourned at 4:05 p.m. by Mayor Hill.

ANY PERSON WISHING TO APPEAL ANY DECISION MADE BY THE CITY COMMISSION WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSE MAY NEED TO INSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED. FS 286.105