

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 DISCUSSION FORUM MEETING August 6, 2015 – 5:00 p.m.

Proceedings of a discussion forum of the City Commission of the City of Palatka, Florida, held on the 6th day of August, 2015.

PRESENT:

Mayor	Terrill L. Hill
Commissioner	Mary Lawson Brown
Commissioner	Rufus Borom
Commissioner	Justin Campbell
Commissioner	James Norwood, Jr.

Also Present: City Manager Terry Suggs; City Attorney Donald E. Holmes; City Clerk Betsy Jordan Driggers; Finance Director Matt Reynolds; Interim Police Chief James Griffith; Planning Director Thad Crowe; Fire Chief Mike Lambert

CALL TO ORDER & Reading of Discussion Forum Meeting Call – Mayor Hill called the meeting to order at 5:00 p.m. and read the following meeting call, which was issued on August 4, 2015:

TO COMMISSIONERS: **MARY LAWSON BROWN, RUFUS BOROM,
JUSTIN CAMPBELL AND JAMES NORWOOD, Jr.:**

You are hereby notified that a Discussion Forum of the Palatka City Commission is called to be held on Thursday, August 6, 2015, at the regular meeting place of the Palatka City Commission, Palatka City Hall, 201 N. 2nd Street, Palatka, Florida, to commence at 4:30 p.m.

The purpose of the discussion forum is to hold discussion concerning the proposed adoption of a Fire Assessment Fee, which is the subject of a public hearing to be held during the regular Palatka City Commission meeting (Agenda Item #5) on August 6, 2015, said Regular meeting to commence at 6:00 p.m.

/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 4th day of August, 2015.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Justin Campbell
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ Rufus Borom
COMMISSIONER

INVOCATION AND PLEDGE OF ALLEGIANCE – Lee Johnson

Mayor Hill called the Forum opened the floor for speakers.

Allegra Kitchens, 1023 S. 12th Street, said she has 49 notes on this. Some of them don't understand improvement value, which means anything God didn't put on the land. This results in a higher fee. Using the Vice Mayor's property, this shows her value figured on the 2014 value, but it should be figured on the 2015 value, which is lower. She noted several points regarding assessments and delinquencies and foreclosure powers by the city, noting the ordinance gives the city the power to impose the fee on government properties and other parcels that are now exempt from ad valorem taxes such as lodges and cemeteries. She asks the city not to adopt this ordinance.

Pastor Dan Phillips, Lemon Heights Baptist Church, 109 Karen Court, recounted an incident wherein his brother, a firefighter, had to use his own vehicle to drive an injured person to the hospital, so he understands the need to equip public safety personnel, but asked to exempt churches from the assessment, stating tithes come in on a voluntary basis and are used to do God's work.

Kathy Wright, 503 E. Palmetto Street, read a letter (not filed) into the record stating she recognizes a fire assessment fee is the best way to pay for fire services and she understand the money will be utilized to pay for fire services with the goal of lowering ad valorem taxes. The letter asks if the 2-tier system is fair and equitable for each property and takes into account each property and its historical demand and the financial hardship of individual property owners. They ask for a policy decision to exempt certain classifications of properties, i.e. charitable or religious exemptions, veterans meeting the definition under Florida Statutes, i.e. permanently disabled veterans/confined to wheelchairs and double taxed members of churches.

Paul Smith, 722 S. 18th Street, Palatka, said he spoke with people who were in favor of the fire assessment as long as the millage rate was decreased, and asked if the millage was going to be decreased. He asked if they could describe the 30-day lien.

Charles Gauthier, 447 East End Road, San Mateo, American Legion Bert Hodge Post, said they do not have a bar, they use their money to help veterans in the community rebuild their homes. They have a hardship fund. They serve the community also. This puts them in a financial hardship. They request that if non-profits are assessed this that it would be less than the regular assessment.

Dr. Kirby Kennedy, Pastor, First Baptist Church, 106 Lisa Lane, said he spoke with officials in regards to this assessment, and asked them to exempt churches and non-profits. There are people who live in the City who voluntarily contribute to churches and non-profits who will be taxed twice, and if they own businesses, they will be taxed three times. The cost of FBC's proposed fee is over \$10,000. If they are not exempt, ministry money will be transferred to the City. The City has pleaded with them to get involved with the Community, and this will hinder this effort. Their budget

has remained the same since 2010. They will have to shut down community ministries like basketball, cheerleading and camp, and limit football prayer breakfast, as well as Winter Fest for children. They help people spiritually, physically and emotionally. They are taking away their funds to help in the community. They understand the City wants to lower the millage rate by adopting the fire assessment fee, and they commend that, but to their knowledge, they don't pay a millage rate, so it won't benefit the Church, so please consider exempting them.

George Monkhouse, 1423 S. 15th Street, said he is happy living in Palatka. He is a totally and permanently disabled veteran. He pays his taxes and does not want to see them go up.

Bishop Elijah Jackson, 1210 N. 17th Street, said as to his homeless shelter, he is dealing with the expenses of his shelter and fees, and he recently realized he has been paying taxes and is currently in foreclosure on his property. He has been a help to the City by operating a homeless shelter, and has not had funds to deal with inspections and sprinkler systems. He is asking as a church and homeless shelter, please don't cause taxes to go up on his church and homeless shelter.

Rev. Frederick Demps, 322 N. 10th Street, Pastor, Calvary Missionary Baptist Church, asked all present representing churches against a fire assessment to stand, saying they stand together asking the City not to adopt this fee, which is against churches and citizens who are being taxed twice. This could cause retired citizens on fixed incomes to lose their homes. Citizens could have a good legal argument to not pay this tax. They are asking the Commission to exempt churches and citizens from the fee.

Ethel Mast, 318 S. 19th St, said her taxes will go up over \$500 with this fee. This will be a great hardship on her and others. She asked if they will take this back to discussion and come up with a more equitable and fairer way to assess the fee. They should take their time and consider other options.

The Clerk read three emails received into the record, received from Pamela Garris, Terry Cory and Allegra Kitchens (filed) opposing the adoption of a fire assessment.

Mark Lawson, Fire Assessment Special Counsel, said as to concept of improvement value, it is not "improvement value," it is "relative improvement value." They are using the certified data that the property appraiser has put together for improvement purposes. It is a method to share cost. All they do is subtract the land value from the improvements; it is a ratio that is an equity tool. The reality is that the fire department exists to protect and serve on an emergency basis. When they come to your property, it's an emergency. They have to have a readiness level of emergency response available, which is a relative demand. As it relates to properties that otherwise might be tax exempt, as in churches, service organizations and other non-profits, under the Church of Christ of Sarasota case, as to special assessments, there is a difference. Of this amount of assessment, about \$230,000 of the \$1,200,000 is attributable to not-for-profits or tax exempts. The City will not ask everyone to pay the full amount; they will collect about 60% of what it takes to run that department. In reality, the City has already "bought down" the cost to respond to non-profits and churches from the General Fund by about 60%. The whole process is an assessment under the Constitution, or a government lien. All government liens are on parity with taxes, which, in theory, means you could lose your property if you don't pay. That is always the fear, but he knows of no owner who has lost their property because of the assessment. It is not cost effective to foreclose on property for less than \$500. It's not cost effective. If a bill isn't paid in the first year it rolls over onto the 2nd year when it goes onto the tax bill, and then it costs 8% more so there is a natural impetus to pay the bill in the first year. For those that can't pay, the City can address those cases on an individual basis. The City can defer those like taxes and/or put liens on properties. The program is a tax equity tool. The ad valorem tax system in Florida is lopsided and broken. This asks

different groups of property owners to pay and spreads costs around. The decision on whether to exempt certain property owners from paying is up to the commission; they have to decide that certain exemptions they grant meet a public purpose. The exemptions are not free. They then have to reach into another pocket and pay the price from the general fund. The City has a very good ISO rating; they have spent the money for a very good fire department, but it's busting the City's budget. As governments continue to live off reserves and cut expenses, they have to solve the ensuing budget problems.

Commissioner Norwood said Ms. Wright asked how they arrived at the fee, and what they considered when they wrote the ordinance. She asked what they considered when the analysis was written. Mr. Lawson said Ms. Wright referred to a demand-based assessment where they figure out how much it will cost to fight a fire on the individual property. They don't have the staff, time or resources to figure that out every year. They have determined that best real-estate data base in the community is the one kept by the property appraiser, so that is the one they use. Many fire calls are "non-specific" calls. This is an availability of service model, not a demand mode. Service is a community responsibility; it is cheaper, quicker and more transparent. It is designed to be equitable, transparent and accountable, and based upon information that is based upon good data that is updated every year by the Property Appraiser. It is self-correcting and updated every year using information the State requires the County property appraiser to use every year. Commissioner Brown asked if they figure in income levels of owners. Mr. Lawson said that is something they can do from a policy level, but first and foremost, it must benefit the property; it has nothing to do with the people that live there. It would be improper from a legal sense to consider the income of the people who live there. Discussion ensued regarding tax liens on properties, which would begin accruing on the second year of non-payment of the assessment. Discussion ensued regarding the difference between a tax and an assessment, tax deeds, uniform methods of collections, policy on assessments, and methods of funding the cost of government services. Mr. Lawson said there is a hardship provision written into the ordinance, which is the exception.

Alex Sharp, 822 S. 15th Street, asked if they are anticipating a fire service fee for vacant parcels; Mr. Larson said yes, that all parcels create a demand against the budget, as they could be developed immediately, but even vacant property could create calls for service. All tax parcels create a burden on availability of level of service; their very presence creates a burden, and it matters not the size or value or location. The budget is developed without knowing where the calls will be generated from.

Allegra Kitchens asked if they don't plan on foreclosing, why that is written into the ordinance; Mr. Larson said that is up to the Commission; all the legislative powers are written into the ordinance and the policy makers decide which pieces of the legislation to use.

Mr. Holmes said, as to clarification on foreclosures only relating to the first year, after the first year it will roll over onto the tax bill and act the same as the ad valorem tax bill, and they can't put it on the tax bill unless they release the first year lien. Theoretically this commission could move forward to foreclose on the property if someone accrues a bill, but if they commit that they won't have any foreclosures on a first year bill, and at the end of the first bill, if any bill is rolled onto a tax bill, the foreclosure automatically goes away. Mr. Larson said it is "self-evaporating." According to Florida law, eventually it will become a "tax lien" and available for sale as a "tax lien" if its not paid.

Commissioner Norwood thanked everyone for coming out. He cited the City's budget shortfall, and that the City is struggling with meeting the state-recommended reserves. Anytime the reserves get low, they are in a bad position. He said he made the motion to adopt the fire service fee in order to hold this discussion, and he wanted to hold discussions with churches. He never considered churches or non-profits being made up of individuals having to pay this assessment fee twice. Churches do own a lot of property in the City and put a lot of demands on City services. Non-profits

also own a lot of property in the City and put a lot of demand on City services. He asked for suggestions on alternatives to the assessment fee. No one has stepped forward with any alternatives on how everyone can pay their fair share. This is the only fair and equitable way to generate revenue across the board; it is like tithing and a fair way to pay. They are not the experts; he can't say he knows everything. He is open for anyone to come to him with ideas on how to overcome this shortfall. The Commission is open to solutions.

Commissioner Borom concurred with Commissioner Norwood, and noted it is his last resort to add additional burdens on churches and citizens. They had 26 water main breaks last year. They have less than half the reserves they need to run the City. They need \$1.5 million for the WWTP. He has not heard any alternatives. They need solutions. One church here said its fee was \$10,000. If that church has 200 members, and they pay \$50 a year, that's \$10,000, or 96 cents per day. The City has to have money to operate on.

Commissioner Brown said only 51% of the properties in the City pay taxes. The rest are exempt. Everyone needs to pay something. Downtown stores have gone away; many have been replaced by government offices and churches and non-profits. It bothers her that people get only \$800 a month to live on, but if they have a fire, the City has to take care of them. She doesn't want to pay any more, either. She wants to work this out with the tax exempt entities. They have to work together to work this out, even if it's a flat fee of \$125 for small churches and exempt houses. She doesn't want to see anyone's home go up for tax lien sale. They want to be fair to everyone and not put more of a burden on the 51% of property owners that now pay all the taxes.

Commissioner Campbell said they are taking everyone's comments into consideration. They are doing all they can to make this City thrive. They are making hard decisions.

Mayor Hill said they want the citizens to take part in the process. There isn't enough money to sustain this City through an emergency; they are literally one storm away from bankruptcy. The City has an obligation to generate revenue to sustain quality of life. Their millage rate is the 11th highest out of over 400 cities in the State of Florida. It's at 9.174; it's the 4th highest combined out of any county in the State and it's going up. This conversation has been going on for a long time. They have proposed taking the millage rate down to 6.99 the first year and lower the 2nd year. Most people will see a savings the second year. When you hear the rest of the story, there is a savings. There are opportunities; when the city has increased its reserves, the City can reduce the assessment. The WWTP, when built, had a 20 year life span, but it is now 30 years old. One day you might flush your toilet and nothing will happen. This city has \$28 million in estimated needed repairs. This isn't a new problem. They have got to start dealing with these repairs. Most people would contribute what they spend on a monthly cell phone to make this community better. That is all they are asking. There are opportunities to do things for people and not just for properties. There are churches that own multiple properties and million dollar facilities. Blue Cross/Blue Shield is an example of a not-for-profit agency. They are implementing policies to make sure they take struggling churches into consideration. They won't strip a person of their dignity. Citizens need to understand where this City is financially. This community would be bankrupt if a hurricane came through. They need to create solutions that will sustain this community. This Assessment Fee will allow them to create fairness and will allow the community to move forward from a position of strength and credit worthiness.

BENEDICTION provided by Rev. Karl N. Flagg

ADJOURN – There being no further discussion or comment, the forum was adjourned at 5:55 pm by Mayor Hill.

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