

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 - 2ND BUDGET WORKSHOP August 31, 2015 – 6:00 p.m.

Proceedings of a called Workshop meeting of the City Commission of the City of Palatka, Florida, held on the 31ST 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 Clerk Betsy Jordan Driggers; Finance Director Matt Reynolds; Interim Police Chief James Griffith; Fire Chief Mike Lambert; WTP Supt. Melvin Register; WWTP Supt. Brian McCann; Streets/Sanitation Supt. Ed Chandler; W&S Distr. Supt. Rhett McCamey; Projects/Grants Mgr. Jonathan Griffith

CALL TO ORDER & Reading of Workshop Meeting Call – Mayor Hill called the meeting to order at 6:40 p.m. and read the following meeting call, which was dated August 26, 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 Monday, August 31, 2015, at the regular meeting place of the Palatka City Commission, Palatka City Hall, 201 N. 2nd Street, Palatka, Florida, to commence at 6:00 p.m. or as soon as possible thereafter.

The purpose of the workshop meeting is to discuss the proposed FY 2015/2016 Budget (2nd Budget Workshop).

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

We hereby acknowledge receipt of the foregoing Notice of a Special Called Workshop Meeting on the 26th day of August, 2015.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Justin Campbell
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ Rufus Borom
COMMISSIONER

INVOCATION & PLEDGE OF ALLEGIANCE – Terry Suggs

1. **PUBLIC COMMENTS** – There were none
2. **PRESENTATION & DISCUSSION** – Proposed General & Enterprise Funds Budgets, per FY 2015-16 TRIM Calendar Requirements – Matt Reynolds, Finance Director, narrated a PowerPoint Presentation, noting the first slide is a “refresher” from the first budget workshop. All figures following are based upon these assumptions. Increase in health insurance cost is at 9% firm; no cost of living increase is anticipated. The City’s share of pension contributions were shown for all three pension plans.

ENTERPRISE FUNDS:

AIRPORT FUND - changes since 1st budget workshop: an addition of reimbursement to GF for administrative services of \$52,335. They increased the transfer from GF to \$133,919 from \$81,738.

Airport fund revenues and expenses are shown for the current budget year and next budget year. Once the debt service is paid off, the Airport Fund should be self-sustaining. It is scheduled to be paid off in 2022. Discussion ensued concerning current and future grants for amenities and hangars. As grant agreements come forward, they can include those in budget amendments. Discussion ensued regarding goals for airport solvency and how that goal is being pursued, on a 2, 5, 10 and 20 year plan. Commissioner Brown suggested a joint meeting wherein members of the Commission attend an Airport Advisory Board meeting to determine how that board is actively looking at ways of expanding and bringing in new and increased revenue. She’s asked for a customs agent to come and meet with them re opening up avenues of international trade. Commissioner Norwood suggested looking at creating an Airport Authority in order to allow them to be creative and achieve sustainability of the airport without having to make transfers from the General Fund.

Commissioner Borom suggested a strategic plan on how to close the debt gap. Mr. Reynolds said they have looked at “out of the box” ways to raise new revenues. At one point they raised fuel rates to meet other fuel rates, and fuel sales all but stopped. The new hangars being built this year will add some additional revenue. They have cleared and sold timber, tried to sell clean-fill sand, and actively marketed an out-parcel in front of the terminal which has been designed to accommodate a strip mall. They are continuing to pursue any business opportunity that may appear on the horizon, and any grants that can help to that end. Commissioner Brown said they need to start reaching out; there is water & sewer next to the Airport that can be expanded. FDOT has told the City if the City can find a business to bring in, they will help with that. She has asked to invite a representative from Plum Creek here to negotiate bringing part of their business to Palatka’s airport. Commissioner Norwood said GP flies parts into Jacksonville every day, which are driven to Palatka. They need to communicate the Airport’s capability to these businesses and companies who fly parts to surrounding airports, to let them know they can fly them directly into Palatka. Mr. Reynolds and Mr. Suggs said if they can find some political muscle to help get the debt service off their back, that would be desirable. They need a business plan for this fund. They can challenge the AAB to work with the Airport Manager to put together a business plan. They have some of the lowest fuel prices in the region. FAA dictates a lot of what they can and can’t do. Mayor Hill said they have to invest in marketing and brand the community, but first should identify their weaknesses. A strategic plan is the next step. Sometimes expertise comes from outside sources. Mr. Suggs said they have determined the cost to bring internet connection to not only the airport but also the out-parcels and hangars is around \$1,000 so they are going to install that service.

UTILITY FUND – They have added a 10% increase in water and sewer rates. With no rate increase the Fund runs a deficit of \$80,759; with the rate increase it has a surplus of \$6,357. They added a reimbursement to the General Fund for administrative services of \$243,827. They show a transfer to General Fund of \$265,339, or 5.9% of gross revenues, much like a “franchise fee.” Mr. Suggs said they have shown the true cost to operate these departments independently of City Hall, and that is why there is a reoccurring theme throughout the budget for reimbursement of administrative services. The idea is for fees and services to completely support the enterprise operation, much like they were a “stand alone” authority.

Revenues and expenditures were shown. There is a projected savings mostly due to personnel turnover and operating expenditures at the operating plant, as part of the plant was not running for the year. Reserves still hover around \$300,000, or 7%. He has not added an expense for an audit to determine why they are losing so much water. They have contacted FRWA. They can also have their engineer of record look at the system. There is a very old system and there are inherent problems with losing water with very old system. Commissioner Norwood spoke of doing an annual risk assessment on equipment at the plants to bring needed investments to the attention of the Commission. He asked if there is a plan to address the rusty pipes and “orange water.” They have to start replacing lines. Mayor Hill said they have spoken to representatives of USDA to address those issues; they are looking at providing waivers of limitations on grants. They also need to deal with infrastructure problems through other types of grants. They need to become proactive instead of reactionary or they will never get these pipe replacement accomplished. Mr. Reynolds said they did get an engineering quote on a replacement plan for all pipes. They were going to do it this fiscal year, but last year they did not increase water rates, so there is no money in reserves to fund this. With only an average of a 5% increase in rates per year, those increases only keep up with normal increases in operating costs. Mr. Suggs said they are proposing a 10% rate increase this year just to keep up with the normal cost of operation. This does not allow them to put money into replacement of infrastructure.

Mayor Hill said they have had conversations regarding creating a Utility Authority. The City hasn't done a great job of being in the water business. They need to hold those conversations with the Gas Authority.

Mr. Reynolds discussed a slide entitled “BCR Project Impact” which discusses the proposed BCR project for leachate intake and disposal. When this project is put in place, BCR will start handling disposal of leachate, and that savings will create a revenue source if the City continues taking in leachate from the County. Another slide was shown with current revenues without the BCR project with and without leachate, and without a 10% rate increase. They have not yet discussed this with the County. Discussion ensued regarding meeting with the County on this and other matters. Mr. Suggs said they need to know what the message will be before they schedule those talks. Discussion ensued on the message to carry forth; Mayor Hill said they need to have those conversations sooner rather than later, as to fair and equitable cross provision of services and intergovernmental relationships. Mayor Hill reiterated his position of moving the water utilities to the Gas Authority and creating a Utility Authority. Control of the operation will depend upon how the agreement is structured.

Discussion ensued regarding cost of living increases for employees, who are being asked to do more with less. Discussion ensued regarding employee incentives and treating their own citizens and employees as the basis for economic development and revival. They need ways to enrich citizens as well as employees. Discussion ensued regarding proposing an increase in Sanitation fees to further increase reserves. A slide was shown entitled Utility Fund Decision Points showing scenarios with no rate increase, 3% rate increase, 5% rate increase and 10% rate increase. Consensus was reached that a rate increase will be last a resort.

RECESS – A recess was called at 7:36 p.m.

RECONVENE – the Workshop was reconvened at 7:42 pm

GOLF FUND – Mr. Reynolds said they added an administrative services reimbursement of \$15,402. It is lower compared to other departments because they are managed by a management firm. It is not self-sustaining; the transfer from General Fund to Golf Course is \$171,647 (from \$156,480). A slide was shown showing Budget FY 2014-15, projected 2014-15, and budgeted for 2015-16. Even when the debt service is paid off, the Golf Fund won't be self sustaining. There was consensus to add Golf Course Sustainability to the upcoming agenda. Mayor Hill noted last year they said the golf course would be close to self-sustaining itself this year, but it is now worse than it was last year. Consensus to have the City Manager and Attorney review all Golf Course contracts so they will know what is feasible and not feasible. Consensus to hold a Town Hall Meeting at Price Martin Community Center or other place large enough to hold a larger crowd, concerning disposition of or retaining the golf course, to which the County and School Board is invited to attend, and invite those who hold charitable events at the Course.

SANITATION FUND – the transfer to the GF of \$95,000 was increased to \$96,178 (5.9% of gross revenues). They added an administrative reimbursement to the General Fund of \$88,364. The sanitation fund is doing very well.

GENERAL FUND:

Current and Projected 2014-15 budget, requested budget and proposed budget FY 2015-16 slides were shown. The Fund started out \$465,000 in the hole; it is now \$37,905 to the positive. With no increase to the water & sewer rates, they would need to transfer around \$60,000 to Water Fund, which still means no reserve. Creating a reserve will require a \$360,000 transfer. Ad valorem millage rate will reduce to just under 7 mills, and adding in fire assessment, creates a little bit of a net increase due to institutions being included. The transfer from the Gas Authority was lowered to \$166,000 from \$300,000, which represents about 5.9% of gross receipts.

Mayor Hill said they need to look at requesting a transfer of \$250,000 instead of \$166,000 from the Gas Authority to General Fund. Mr. Suggs said he has spoken to Mr. Holmes, who is the attorney for the Gas Authority as well. They understand why the City is making these increases requests and are amenable to negotiations.

Mr. Reynolds said they added reimbursement for administrative services from each Enterprise Fund of approximately \$414,000.

CITY COMMISSION – They included \$25,000 for a lobbyist to help with appropriates, increasing schooling, conference and education budgets total of \$18,000, and \$5,000 in building maintenance, which they are trying to include for each department. Mayor Hill said the School Board brought in a lobbyist at \$4,000 per month, but in the past year and a half he's brought in \$1.5 million in grants. Discussion ensued regarding benefits versus the cost of bringing in a lobbyist. Commissioner Brown made the point of saying a lobbyist should be paid based upon what they bring in.

CITY MANAGER – The Project Administrator was transferred from B&Z to City Mgr's office.

CITY CLERK – one cemetery worker has been transferred to Finance, and one is being transferred from Cemetery to Clerk's office and will still do cemetery administrative work.

FINANCE – The payroll clerk position remains unfilled. One cemetery clerk transferred to full time as Account Clerk 1 position. As to payroll, if they transition to every other week payroll, the savings would be in purchasing checks, and would reduce the burden on the payroll clerk to make it easier for her to do both jobs. Discussion ensued regarding bi-weekly versus weekly payroll. It will create a savings of about 10 hrs per week for the current payroll clerk. Consensus was reached to poll the employees as to preference on weekly or bi-weekly payroll checks. Consensus was also reached to poll employees on whether or not they are interested in attending money-management sessions to teach them how to better manage their money.

Included is \$25,000 for a performance audit and \$5,000 for building maintenance

HUMAN RESOURCES – They proposed to hire a Human Resources manager at a cost of \$95,800. This may go away if there is no rate increase.

GENERAL FUND FACILITIES MAINTENANCE – A second position within this department remains unfilled. They have included \$5,000 for scaffolding and welding machine/generator.

GENERAL FUND INFORMATION TECHNOLOGY – they decreased professional services from approximately \$38,000 to \$10,000 due to several purchase not being made. They included \$30,000 for new backup software and hardware as well as a new SAN.

LEGAL DEPARTMENT – This is mostly for the City Attorney, but they also included funds for other consultants. The retainer for the City Attorney will be adjusted upwards so that the City will no longer be billed for any work performed, outside of attending City Commission meetings. Mayor Hill said retainers for city attorneys are more in the \$3 – \$4 thousand a month range. When you are in that range, you don't get a retirement benefit. They need to consider what impact this will have on the retirement fund. The current \$17,609 retainer is a bit archaic from a legal standpoint. In real numbers, for an attorney for a community this size, that is high. They will have to set the contract up so that there will be minimum number of hours performed each week. The scope of services will need much discussion. They are paying out an extra \$60,000 per year in services. If they increase the salary, they may find themselves with an extra \$30,000 bill. You have to insulate yourself in the way you set up the terms of the contract. Mayor Hill said he would like to be part of those conversations with the consensus of the City Manager.

Mr. Suggs said when he was approached with this idea, he was very uncomfortable with it. He believes this is a discussion that needs to be had with the Commission. They do need to sit down with Mr. Holmes to talk about his putting in a set number of hours at a set rate. They may need to come in with a proposed contract based on real figures at a later date. He is good with including Mayor Hill in those conversations.

OTHER GOVERNMENTAL SERVICES – This includes \$15,000 to purchase/construct a floating structure from which to launch fireworks. These funds will be transferred from Downtown TIF. The bulk of the rest is fireworks and liability insurance not specifically for certain departments. Discussion ensued regarding fireworks funding and starting earlier with soliciting contributions.

BUILDING & ZONING – personnel services went down due to project manager being transferred to City Manager's office. A part-time receptionist position is not being filled. \$104,000 is the cost of the building official. He works 36 hours a week plus he gets a vehicle with gas, according to the terms of his contract, which was entered into with the last city manager. He met with the building official and let him know they would be revisiting his contract. This is an area of concern. In his 20-plus years, he has never seen the part-time building official being the highest paid employee in the City. There is a clause in the contract that allows them to either continue or sever the contract this year. One option would be to partner with Putnam County through an

Interlocal agreement to provide those services. Discussion ensued regarding options for a building official whether a city employee or contract employee.

POLICE DEPARTMENT – Personnel services has gone down quite a bit, as the number of patrol officers has decreased by four. He took out red light camera expenditures, as it is a wash and artificially inflated the total operating cost of the department. That's money in, money out. This includes \$8,035 for carport for equipment and trailers. Mayor Hill said they need to look at the cost of getting rid of the red light program altogether and have those conversations with ATS as to getting out of this contract without having to pay the \$800,000. It is not generating revenue for the City and is more trouble than it's worth. There was a consensus as to this. Commissioner Norwood said he voted for the red light program as it is a safety issue. They watch people run through the red lights on Reid Street. This was supposed to be a way of addressing safety as being a revenue source. It is actually costing the City to have this program. They just didn't have all the information they needed to have, but they have safer intersections. Mayor Hill said other studies show there is an increase in accidents at intersections with red light cameras. He has seen an increase in accidents on Hwy 19. They want to attract tourists, and red light cameras detract from that effort. Commissioner Brown said the tickets are expensive.

As to Capital Outlay, that number should be lower, but it was a fairly significant savings. They included \$38,934 for the initial payment (1/2) of the new Smart Cop software. This was a wash as they took funds from two other software programs they will no longer need.

Code Enforcement has a slight increase in training costs. As to costs for code enforcement actions, those costs are included in Code Enforcement budget and not legal. Discussion ensued regarding Nuisance Abatement and cost of that program, and there was consensus to look at efficiency of operations. Mr. Suggs said he will speak with Mr. Crowe concerning Code surrounding recouping costs of nuisance abatement on private property.

FIRE DEPARTMENT – personnel services are going up slightly as two senior personnel are going out. The following year they should see a decrease in personnel services. There is a \$65,000 expense for fire assessment legal costs, which won't happen next year.

STREETS DEPARTMENT – personnel services went down quite a bit; they began the year with six full time positions; next year they will be down to three full time employees plus a part-time DOC inmate crew foreman. They hope to have a total of four inmate crews. Mr. Suggs said he anticipate a smooth transition from DOC supervision to City Staff supervision. His only concern is additional workers due to a new DOC program that may decrease the number of inmates available for outside work programs. They hope this will give them the equivalent of 8 to 10 full time employees.

CEMETERY DEPARTMENT – Mr. Suggs said one part-time employee has been transitioned to full-time in the Finance Department. The other has transferred to full-time and will eventually be moved to City Hall to also provide assistance the Clerk as well as carry out Cemetery Clerk duties. The biggest change is that they will no longer be in the burial business. Vaults and burial services will now be provided by the funeral homes. They are about \$2,000 shy of being revenue neutral there. This was a unanimous decision with burial service providers. They had a good meeting with funeral home directors; they are all in favor of this change. The City will no longer have staff working weekends and after hours on funerals. They will be transitioning this department from being burial-oriented to being maintenance oriented.

As to prison crews, they plan on putting one dedicated crew at the cemetery. They also want to put a dedicated crew doing ball fields and parks. They also need a crew to maintain city right of ways. They have an FDOT contract that requires them to do a specific amount of maintenance

on state roads and highways. Warden Griffin and PCI have been very helpful in helping them move forward in the process. There is an equipment deficiency and they won't know how much of a deficiency until they start making that transition. The additional cost of equipment may be around \$30,000. Consensus was reached to add money to redo the public restrooms at the cemetery, and put up barriers at the entrance to the cemetery to keep cars from crossing over grave/green space.

CULTURAL SERVICES – They knew once the GP center was completed they would have to hire someone to staff it. They now have a full-time person to staff the River Center and a part-time person to staff the Bronson-Mulholland House. Commissioner Brown suggested getting Experience Works personnel to help fill those gaps.

PARKS & RECREATION – personnel cost is going up, they've added two part time laborers and a part-time recreation coordinator. They've included \$10,000 for a mower. Mayor Hill said they have a task force that meets but they need to put a plan in place to allow some of the existing programs to come in and use the fields in order to get more inner-city children involved. A part-time coordinator works as part of a pilot program to oversee the programs. If they gave Babe Ruth a stipend to run a baseball program, this coordinator can make sure the City's objectives are met and that person oversees staff and maintenance.

Price-Martin Center includes just operating expenditures; there is no change there. Commissioner Brown said she wants them to put up photos to cover the bare walls. She procured some photos from Water Management, and they need to include photos of the airport and other amenities. Also, the cost for building rental went up due to misuse of the building by renters; they need to look at making the cost for use of these buildings affordable again.

GENERAL FUND TRANSFERS – Original transfers have doubled from around \$200 to 400 and next year will be around \$305.

3. **OTHER COMMENTS** – There is no budget line item for marketing. Mayor Hill asked that money be added for marketing the community. They also need to look at putting out a publication to people who come in on a regular basis, i.e. the riverboat that comes in every weekend. They need a package of information to share, or create a walking tour to direct people to the places of interest that Palatka has to offer. The Chamber can't do all the marketing; the City needs to do some of it themselves. There is no true branding of the community. Commissioner Brown said they need to bring Enterprise Florida in for these discussion; they have to go through the Chamber to do this. Commissioner Campbell suggested partnering with the SJRSC to have certain departments put together portfolio projects, and utilize their talents.

Commissioner Norwood thanked everyone for staying throughout the meeting.

4. **ADJOURN** - There being no further discussion, the Workshop meeting was adjourned at 9:10 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