

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

JASON L. SHAW, SR.
CHIEF OF POLICE

MICHAEL LAMBERT
CHIEF FIRE DEPT

DONALD E. HOLMES
CITY ATTORNEY

MINUTES CITY OF PALATKA BUDGET WORKSHOP July 28, 2016; 3:00 p.m.

Proceedings of a Workshop Meeting of the City Commission of the City of Palatka, Florida, held on the 28th day of July, 2016.

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; Police Chief Jason Shaw; Fire Chief Mike Lambert, J. R. Grimes; Planning Director Thad Crowe; Public Works Manager Jonathan Griffith; WTP Supt. Melvin Register; WWTP Supt. Brian McCann; Airport Manager John Youell; Golf Course Manager Andy Hertz, Streets Supt. Shawn Ladd

CALL TO ORDER & Reading of Workshop Meeting Call – Mayor Hill called the meeting to order at 3:08 p.m. and read the following workshop meeting call, which was issued on July 18, 2016:

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 28, 2016, 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 2016/2017 Budget (2nd 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 18th day of July, 2016.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Justin Campbell
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ Rufus Borom
COMMISSIONER

INVOCATION – Commissioner Mary Lawson Brown

PLEDGE OF ALLEGIANCE – City Attorney Don Holmes

- PRESENTATION & DISCUSSION** – Proposed General & Enterprise Funds budgets per FY 2016-17 TRIM Calendar Requirements – Matt Reynolds, Finance Director said two weeks ago a first budget workshop was held. A hard copy of the PowerPoint was distributed (filed).

Changes to the budget made since the first workshop were discussed. The 5% Cost of Living Increase remains. The health insurance increase was decreased from 30% to 18%. That is still a preliminary number; they will continue working with the agent of record to get it lower. The City's share of pension contribution did not change.

AIRPORT FUND – no changes. The transfer increased a few hundred dollars due to changes made to other funds.

UTILITY FUND – They added \$31,431 in expenditures and \$60,000 in revenues from SJRWMD for the WWTP generator project. This changes revenues by increasing Utility Fund Reserves up to \$787,576, or 16.37% of reserves as percentage of operating expense.

There was a large difference between budgeted and predicted for this year due to the \$1.5 million projected for the BCR project. They are currently working on that design-build contract.

GOLF COURSE – Due to the outstanding RFP for management/lease of the course, budget figures for next year are not yet finalized. Revenue numbers were slightly changed resulting in the total estimated transfer decreasing by around \$30,000. They also changed the way the table entitled Golf Fund Revenues & Expenditures (filed) is actually laid out. The course is closer to breaking even, budget wise, but not actual-wise. The transfer from Better Place funds for debt service is \$168,984; this will be paid off in 2023.

The Commission is going to be addressing the management RFP tonight. They can discuss this budget more in September.

SANITATION FUND – This remains unchanged other than a decrease in health insurance expense. Projected revenues did not change. Enterprise Funds are not supposed to lose money. Next year's budget is upside down slightly as reserves are trending downward due to capital expenditures, increasing 3%, and figuring in a 6.5% rate increase each year. By the 3rd year the net revenues balance out and reserves stay at the recommended minimum. There will be a 4.9% increase on Utility Rates.

GENERAL FUND – There are no changes anticipated. They increased projected ad valorem millage from 6.25 to 6.5. He increased several other revenue sources as he now has the state revenue estimates. They added expenses to hire additional employees and to fund the internship program as listed in the slide handout (filed). Mayor Hill said they have discussed hiring a working director at a higher salary and offsetting the salary of the two additional people coming in, which will be advantageous to establishing a program and a level of care. They can remove one additional of the two additional employees that were shown added during the first workshop and put more money into a working recreational parks and rec director. Discussion ensued regarding these contemplated changes, with positive feedback. There was consensus to increase the salary to a full-time director with benefits and reduce the additional two parks employees to one in order to implement programming. Discussion ensued regarding future planning and funding to create sustainable recreation programs for youth.

Mr. Reynolds said the next slide shows changes in this year's projected versus next year's budget. Next year's budget is balanced by \$345.00 due to the increased millage rate, considering other changes in revenue estimates and adding in other expenses just discussed. Current year millage is 6.9967; proposed is 6.400. The actual fire assessment collections are higher than what was projected, so reserves should be around 15%. Next year reserves stay roughly the same or slightly lower due to an increase in operating expenditures.

BETTER PLACE PLAN – projects include the \$750,000 CDBG grant for Southern Riverfront Phase IV (100% grant funded) and approximately \$660,000 for the Booker Park Stormwater Project (\$440,000 grant from SJRWMD). Discussion ensued regarding refined costs, which includes design aspect.

The slide shows approximately \$590,000 for the Southern District Stormwater Project, with \$468,000 coming from SJRWMD and the balance from a transfer from South TIF fund of \$122,000. They will hold a CRA budget workshop prior to the first budget hearing on September 8th. Commissioner Brown said Carol Westmoreland has committed to working with the CRA on proposed changes contemplated.

The slide shows a 100% grant-funded \$400,000 Brownfields Assessment from EPA. The first workshop is set for August 22nd. They've identified a handful of properties of need. They anticipate more properties out of the workshop effort. Commissioner Brown asked to add the corner of 8th & Reid to the list; this is the location of an old storage tank and inspection station.

The slide shows approximately \$250,000 for Water Taxi terminal as well as work to occur at the other water taxi stop. This is 100% grant funded. Also shown is \$75,000 for completion of Riverfront Grant Playground; \$50,000 coming from Rotary and \$5,000 donated by Pilot Club. They have included \$80,000 in sidewalk improvements. Discussion for replacement of sidewalks ensued. Concerning a plan for replacement, Mr. Griffith said the need is so extensive they can't really isolate one area of need. There is a great need on 11th Street. They will assess and prioritize areas. There is also need for addition of sidewalks. Discussion ensued regarding funding sources based upon assessment and planning.

Discussion was held concerning replacement of the retaining wall on River Street. Mr. Griffith said the wall has been removed and the area has been stabilized. They will add sidewalk assessment to R/W paving assessment scheduled for next year. Commissioner Norwood asked the City Manager to do a risk assessment on sidewalks, to be brought back in February. Mr. Suggs said this will be added to the work being done under the continuing services contract. The League may have a program in place for this.

Discussion ensued regarding significant grant dollars brought in over the past year/18 months.

The Gazebo/dock replacement cost of \$53,000 is in the General Fund, to be done internally. Mr. Griffith said they can save money by doing it all at once and combining it with replacement of pilings on floating docks. They have specified marine grade lumber throughout. This is included in the Parks & Recreation budget. The sidewalk/concrete at the entrance is an FDOT issue. Discussion ensued regarding budgeting for a project manager.

Included also is a \$36,000 debt service payment for a new street sweeper. There is a need to hire a full-time operator for it. It costs \$72,000/year to outsource this. There are two USDA applications coming before the Commission, one for a street sweeper and one for a vacuum truck. They need to also look at replacing the dump truck.

Mr. Reynolds noted a lot of budgeted expenditures haven't yet occurred this year. There is a large net revenue in the Better Place Fund as they didn't receive these revenues last year; it had a large negative balance in FY 2014/15. Things are very preliminary on grant expenditures. With everything planned, they should have around \$100,000 in Better Place reserves at the end of 2016/17.

Commissioner Brown said in the past they've tried to keep water/sewer utility billing increases at a minimum. She asked that they look at reducing the projected increases. Mr. Reynolds said they are trying to manage the utility funds so that reserves are at minimum levels. Utility fund needs project around \$30 million in improvements. They are likely getting an interest-free loan through the SRF fund for the WWTP improvements. The debt service on that will be around \$75,000/year. Discussion ensued regarding ongoing upgrades at the Moody Road Lift Station at a cost of around \$60,000. They transferred \$125,000 from GF to Utility Fund for capital projects, which is gone, much of it going to the Moody Road and other lift stations as well as pumps that have gone down. They are looking at having a 14% reserve when they need to be at 18%. It is the City's responsibility to replace infrastructure when it goes down or is at the end of its life.

Discussion ensued regarding annexation and available infrastructure. Discussion then ensued regarding the City's low water rates compared to surrounding rates and ways to pass along expenses to large water users versus low water users and the need to support the system. The City needs to replace 65 miles of water lines. Mayor Hill said they had this discussion at yesterday's LOGIC, the need for the City to be "turnkey ready:" for new construction. It was noted they are experiencing upwards to 9 line breaks per month.

Discussion ensued regarding squaring up the City's boundaries in order to increase the user base and bring in more revenue, and putting Urban Service Boundaries in place to provide water to unincorporated areas. At this time the Water Treatment Plant is running at about 30% of its design capacity of 6 million gallons per day.

Mr. Suggs said they've had discussions with FLC that they are doing this backwards; they are not rewarding people who are more conservative with water. They are giving breaks to those who are less conservative. The people using the majority of the water need to bear the majority of the cost of delivering the water. They need to look at a rate restructuring. Discussion ensued on a bond issue to address the system deficiencies.

Mr. Reynolds said they heard from Katie Ross in Sen. Nelson's office in regards to setting up the conversation on the waiver of population so the City can obtain a 50/50 grant match on water line replacement. Discussion ensued regarding "compacting" wherein communities band together to qualify for grants and benefits.

As to the 5% cost of living increase, Mayor Hill said they need to look at the impact of increased insurance costs. They are in a good position now to absorb benefits costs. The City needs to constantly plan for shortfalls and protect its employees from shrinking net pay. Some people in surrounding areas haven't had a raise in 8 years. If they don't reward the people in ground-floor positions they fail. They have to be conscious of salaries for those employees at all levels. He is glad to see a 5% increase. When department heads get an increase, every employee across the board should get an increase. City Manager also needs to be included in the cost of living increase. He has worked long hours on budget and projects. There was general Commission consensus on this. Discussion ensued regarding doing a salary survey/review for lower level employees. It was noted that this is one of the first tasks for a new HR Manager. Mr. Suggs said once this is done they will look at what they can adjust on a year to year basis.

1. PUBLIC COMMENTS

Tim Parker, Putnam County Property Appraiser, said the LOGIC group has been working on a promotions program for Palatka. He asked if there is money budgeted for promotion of Palatka. Mr. Reynolds said CRA has funds for promoting the downtown area. They can look at this in the CRA workshop.

Mr. Parker said they have conferred with a national firm to advertise and promote Putnam. A cost estimate was distributed. They need to showcase and get people to move into the County as a cohesive group. The estimated share, based upon tax base for the City, is \$51,341.64 over two years. They would like to be poised after the November elections to launch this project. They are awaiting a DEO grant for the County which is intended to outline what areas in Putnam County need improvement. They need to accentuate the value and beauty of Palatka/Putnam County.

Commissioner Brown said she would like to speak with Mr. Parker concerning a television program on Sunday Morning that looks at positive changes being made in North Florida. She'd like to look at putting together a similar type of program. There is a cable program that promotes wildlife and recreation around Florida.

3. OTHER COMMENTS – There were none.

4. ADJOURN – there being no further workshop discussion, the meeting was adjourned at 4:35 p.m. upon a motion made by Commissioner Brown.

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