VERNON MYERS
MAYOR - COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

ALLEGRA KITCHENS
COMMISSIONER

PHIL LEARY
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER

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

CITY OF PALATKA WORKSHOP AGENDA

PALATKA CITY COMMISSION

Palatka City Hall

June 27, 2013; 2:00 p.m.

CALL TO ORDER: Mayor Myers

I. **FY 2012/13 Budget Status Report** – Michael J. Czymbor, City Manager

II. **Preliminary FY 2013/14 Budget Overview** – Michael J. Czymbor, City Manager

A. **Budget Assumptions**

B. **Funds by Category:**

1. General Fund
2. Better Place Plan Fund
3. Airport Fund
4. Utility Fund
5. Golf Course
6. Sanitation Fund
7. TIF Funds: Central Business District
   South Historic District
   North Historic District

III. **Commission Discussion and Direction**

IV. **Next Budget Workshop: July 18, 2013 @ 2:00 p.m.**

V. **Adjourn**

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

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.

201 N. 2ND STREET • PALATKA, FLORIDA 32177
www.palatka-fl.gov
PHONE: (386) 329-0100
FAX: (386) 329-0106

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June 13, 2013

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 June 27, 2013, at the regular meeting place of the Palatka City Commission, Palatka City Hall, 201 N. 2nd Street, Palatka, Florida, to commence at 2:00 p.m.

The purpose of the meeting is to hold a pre-budget workshop for FY 2013-14.

/s/ Vernon Myers
Vernon Myers, MAYOR

We acknowledge receipt of a copy of the foregoing notice of a special meeting on the 13th day of June, 2013.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Phil Leary
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ Allegra Kitchens
COMMISSIONER

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CITY OF PALATKA BUDGET WORKSHOP

THURSDAY, JUNE 27, 2013

Opportunities to Explore in FY2013-2014

1) Evaluate merits of implementing a Fire Assessment Fee: Staff met with two potential professional service providers (Attorneys) to become familiar with the process and legal requirements to implement such a fee. The City obtained two proposals to provide the required legal framework and to develop a fire assessment fee. We did not proceed with presenting this information to the CC in this FY, but may consider doing so in FY 2013-14 as it is a fair, reasonable and legally defensible way to apportion the fiscal burden of providing fire suppression services to all the benefitting parties.

2) Sale of surplus/underutilized property: City Staff conducted a thorough review and analysis of the existing portfolio of City owned property to determine if each parcel was meeting it's intended purpose or was underperforming and therefor could be sold. Forty nine parcels were analyzed, Forty parcels were recommended for disposal and the CC authorized the sale of ten, not including the 100 block properties. The City prepared a RFP for Real Estate Services and selected a qualified broker to assist us with the marketing and sale of those assets.

Opportunities to Explore in FY2013-2014

3) Full implementation of red light camera program: The City began it's enforcement program on November 16, 2012 with four intersections with one camera each being installed in a phased approach. The City has issued 4,158 notice of violations and is expected to net approximately $89,000 by the end of the FY. The City has authorized two more cameras in two more intersections which should be operational by October 1, 2013 with the expected net revenue to be produced in FY 2013-14 to be $235,619.

4) Develop and implement comprehensive strategic annexation policy: Staff analyzed the existing City boundaries, areas served by City utilities which are currently outside the City limits as well as utility agreements which were signed and the properties were contiguous but were never annexed into the City's corporate limits. In FY 2012-13 the City annexed nineteen properties to date and is expected to annex five additional parcels by the end of the year.

5) Develop urban service boundary with Putnam County: City staff has reviewed the existing utility service boundaries, the previously produced maps and discussions on the issue, as well the projected cost to extend such utilities. City staff has also had some unofficial discussions with a few of the PC Commissioners on the matter. Much more work is needed.

Opportunities to Explore in FY2013-2014

6) Comprehensive assessment of all goods & services purchased city-wide: The City has dramatically changed the way it does business in relation to questioning whether we are collectively getting the best value for the goods and services we consume. We are now seeking competitive quotes, proposals and bids on all those good and services. Significant savings were realized. The City expects to receive consistent savings on the Professional Services RFQ, Financial Advisor, Bond Counsel, and the Agent of Record RFP.

7) Bidding of city-wide fuel, office & janitorial supplies, as well as other professional services: The City issued an RFP for City wide fuel purchase and was successful in obtaining a more competitive price on our aviation fuel. The City also analyzed our current vendor pricing structure on office and janitorial supplies and found alternative providers for comparable goods at a much lower cost.

Opportunities to Explore in FY2013-2014

8) Convert vehicles to operate on clean natural gas provided by Palatka Gas Authority (PGA): Staff researched the costs and benefits of converting existing vehicles as well as the cost of purchasing new vehicles with the CNG package as well as the estimated return on investment for both types of vehicles. Staff also had discussions with the PGA who was also researching the conversion of their vehicles. More study is needed to determine whether to proceed with retrofitting is in the City's best interest. There may be state grant funds available in late 2013.

9) Refinancing of existing debt obligations: The City conducted a refinancing of some of the City's current debt service and produced savings of $547,931 over the terms of the loan. The savings were as follows:
   - Golf Course and Airport Loan, annual savings of $50,426 in FY14
   - Frank George Loan, annual savings of $72,589 in FY14

10) Increased fees & charges for services at the Golf Course to decrease General Fund subsidization: The City increased the cost of the membership rates, green fees, and food and beverage prices at the beginning of the FY. We are currently projecting that the GC will meet or beat it's budget projections. We expect a new F&B operator to be in place by January 2014 and are hopeful of federal grant funds for needed facility improvements.

Opportunities to Explore in FY2013-2014

11) Thorough review of payments in lieu of taxes and other revenue sharing agreements with other governmental agencies: During this FY the City reviewed our interlocal agreement and FS regarding the Palatka Housing Authority. Staff met with the PHA Director and reviewed the costs to provide service versus the payment in-lieu taxes that it receives annually. Staff also reviewed an interlocal agreement with Putnam County over Crestwood Nursing home and other properties owned by PC which may be taxable. Staff is also researching the feasibility of levying police service fees to properties which currently are exempt from taxation but are receiving services.

12) Designation of City staff member primarily responsible for researching and applying for any and all available grants: The CM appointed Jonathon Griffith as the City's Project Manager/Grants Administrator last Fall and he surely has been very busy and productive. The City applied for 17 grants, and was approved for funding on 12 and was not awarded funding on one of them. Four are still pending. Total grant funding received was $8,495,028!!

Opportunities to Explore in FY2013-2014

13) Repackaging and submittal of riverfront development RFP: Staff spent a considerable amount of time analyzing previous development efforts and crafted a new approach for the redevelopment of the Century Block buildings and the vacant adjacent property. The City was successful in attracting quality respondents to redevelop the dilapidated structure and quality commercial development on the vacant. Much more work is needed but our tireless efforts appear to be paying off with significant future benefits to the City.

14) Use online auction sites to list and sell surplused city equipment and vehicles to enhance revenue: The City was successful in selling surplus property on online sites and raised $13,022. The City also implemented an E-Payables program(payment by credit card to City vendors) and is expected to receive $3,130.

15) Complete negotiations on satisfactory franchise agreement with Clay Electric: Staff, Mayor Myers, and a special legal counsel met with Clay Electric Officials and successfully negotiated a new five year agreement at a five point nine percent (5.9%) rate and Clay Electric paid all due and owing past fees.

Opportunities to Explore in FY2013-2014

16) Assess current fee schedule and implement new fees where appropriate: Staff conducted a thorough review of all the current fees and charges and will be making recommendations for amendments as part of the FY 2013-14 budget submittal.

17) Actively pursue economic development and redevelopment opportunities within the City: The City's Main Street Director and our contracted agent from the Small Business Development Center were very engaged and busy assisting prospects and clients over the past year. Seventeen new businesses opened in the downtown and fifty three City wide. Staff also actively worked with three bona-fide industrial prospects at the airport but unfortunately were not successful in getting them to locate in Palatka.

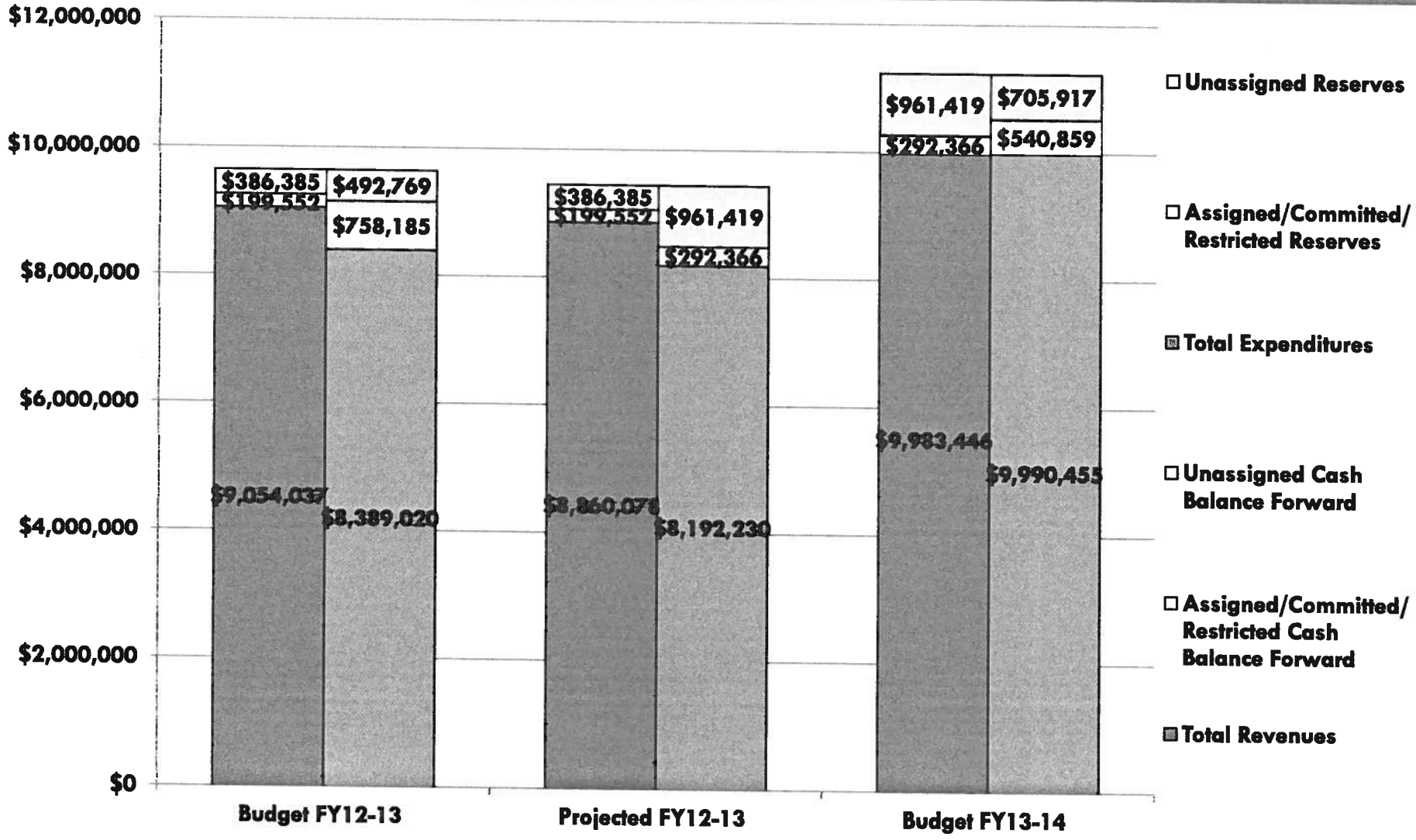
18) Pursue intergovernmental partnerships with the Putnam County Board of County Commissioners: Staff has had some preliminary discussions with individual PC Commissioners regarding establishing an urban service boundary and financial assistance for the Golf Course.

General Fund

	Budget FY12-13	Projected FY12-13	Budget FY13-14
Total Revenues	$9,054,037	$8,802,640	$9,892,138
Assigned/Committed/Restricted Cash Balance Forward	$199,552	$199,552	$292,366
Unassigned Cash Balance Forward	$386,385	$386,385	$961,419
Revenues & Balance Forward	**$9,639,974**	**$9,388,577**	**$11,089,282**

Total Expenditures	$8,389,020	$8,191,433	$9,965,455
Assigned/Committed/ Restricted Reserves	$758,185	$292,366	$540,859
Unassigned Reserves	$492,769	$961,419	$705,917
Total Expenditures & Reserves	**$9,639,974**	**$9,388,577**	**$11,089,282**

General Fund



General Fund

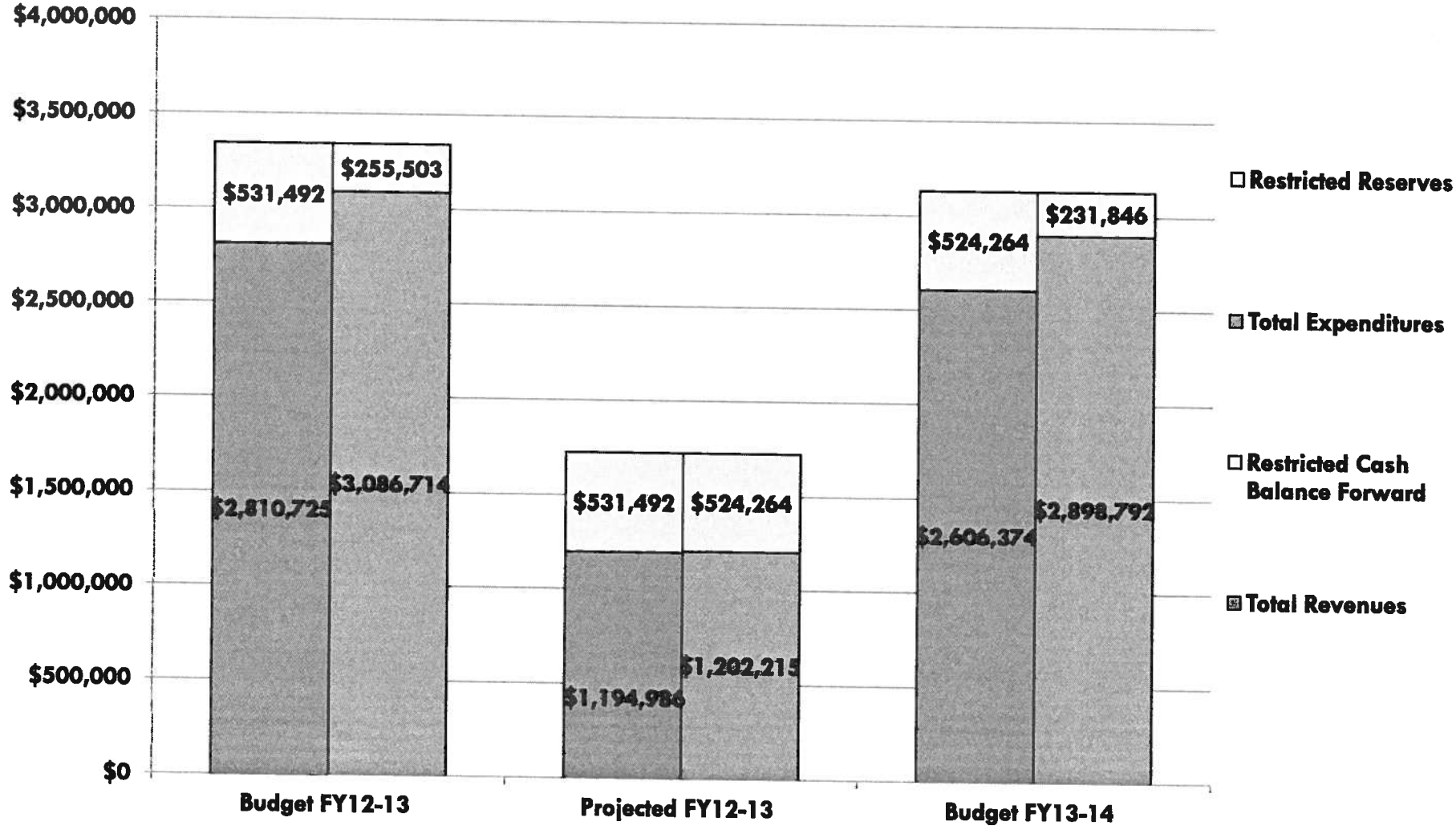
- Maintain current enhanced level of quality public services
- Maintain FY2012/2013 millage at 9.1749 mills (estimated .9% drop in taxable value)
- Change in electric utility tax ordinance to 10% flat rate
  - Currently 10% for first $1,000 and 4% thereafter
  - Needs to be changed to a flat rate in order to be in compliance with State Statute
- Increase in permit fees and cemetery service/lot fees to cover costs to provide services
- Red Light Camera program revenues/expenses now show gross amount collected/spent instead of amount collected/spent minus remittance to the State
- Transfers from Water and Sanitation Funds remain the same as current year ($260,000/$95,000)
- Transfer from Gas Authority of $300,000
- No cost of living raises or adjustments for employees (6th fiscal year in a row)
- Significant increase in health insurance costs are currently predicted, but may be less with competitive quotes solicited

Better Place Fund

	Budget FY12-13	Projected FY12-13	Budget FY13-14
Total Revenues	$2,810,725	$1,194,986	$2,606,374
Restricted Cash Balance Forward	$531,492	$531,492	$524,264
Revenues & Balance Forward	**$3,342,217**	**$1,726,478**	**$3,130,638**

Total Expenditures	$3,086,714	$1,202,215	$2,898,792
Restricted Reserves	$255,503	$524,264	$231,846
Total Expenditures & Reserves	**$3,342,217**	**$1,726,478**	**$3,130,638**

Better Place Fund



Better Place Fund

- Included in the Better Place Fund budget are:
  - The City's share of FWC Boat Ramp parking improvements which is subject to change (positively) depending upon other possible grant sources
  - The City's share of USDA Larimer roof repair grant (subject to change depending upon grant approval)
  - Debt service payments for Frank George property, Fire Aerial Platform truck and Golf Course Fund

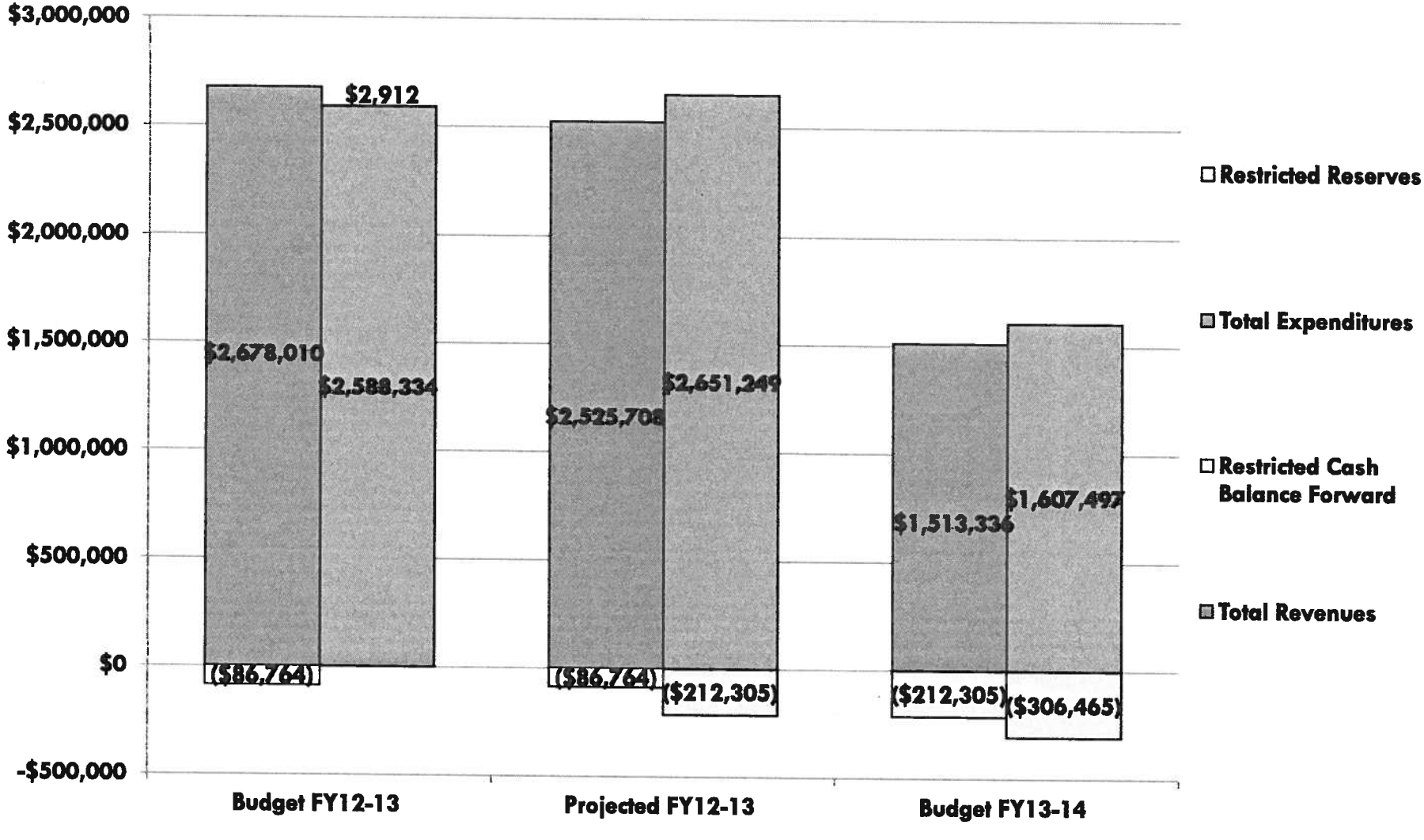
Airport Fund

	Budget FY12-13	Projected FY12-13	Budget FY13-14
Total Revenues	$2,678,010	$2,525,708	$1,513,336
Restricted Cash Balance Forward	$(86,764)	$(86,764)	$(212,305)
Revenues & Balance Forward	**$2,591,246**	**$2,438,944**	**$1,301,031**

Total Expenditures	$2,588,334	$2,651,249	$1,607,497
Restricted Reserves	$2,912	$(212,305)	$(306,465)
Total Expenditures & Reserves	**$2,591,246**	**$2,438,944**	**$1,301,031**

Surplus/Deficit	**$89,676**	**$(125,541)**	**$(94,161)**

Airport Fund



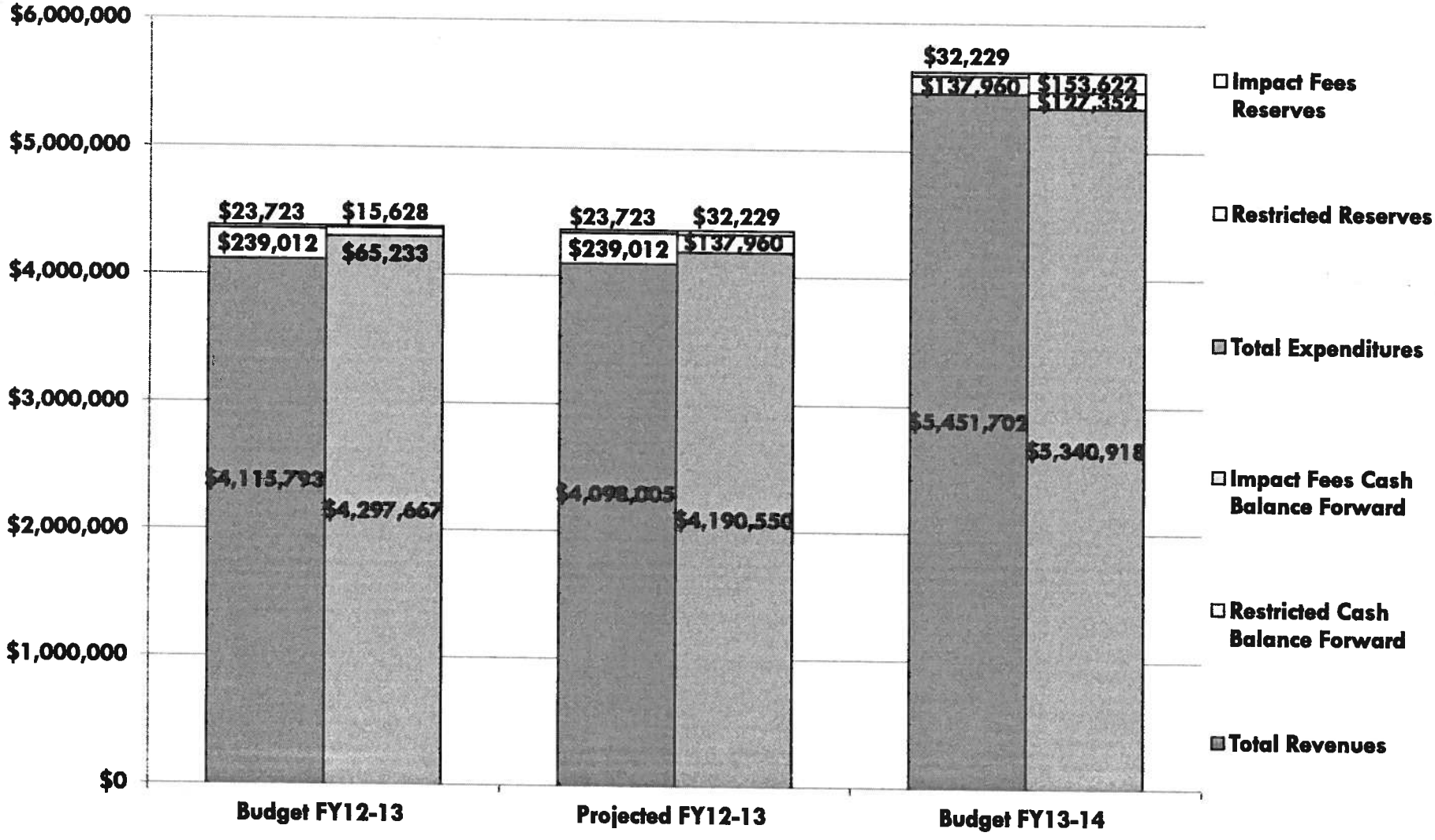
Airport Fund

- Included in the Airport Fund budget are:
  - A FDOT REDI grant ($400,000) for additional Hangars
  - A FAA General Aviation grant (City share $8,333)
  - An estimated $30,000 from sale of surplus materials ($25,000 sand, $5,000 millings)

Water Fund

	Budget FY12-13	Projected FY12-13	Budget FY13-14
Total Revenues	$4,115,793	$4,098,005	$5,451,702
Restricted Cash Balance Forward	$239,012	$239,012	$137,960
Impact Fees Cash Balance Forward	$23,723	$23,723	$32,229
Revenues & Balance Forward	**$4,378,577**	**$4,360,740**	**$5,621,891**
Total Expenditures	$4,297,667	$4,190,550	$5,340,918
Restricted Reserves	$65,223	$137,960	$127,352
Impact Fees Reserves	$15,628	$32,229	$153,622
Total Expenditures & Reserves	**$4,378,577**	**$4,360,740**	**$5,621,891**
Surplus/Deficit	**$(181,874)**	**$(92,546)**	**$110,784**

Water Fund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$5,340,918
Budget FY12-13
Projected FY12-13
Budget FY13-14
Impact Fees Reserves
Restricted Reserves
Total Expenditures
Impact Fees Cash Balance Forward
Restricted Cash Balance Forward
Total Revenues

Water Fund

- Included in the Water Fund budget are:
  - A 10% increase in water and sewer rates
  - $125,000 city share of CDBG Grant for line replacement ($1,000,000 total project cost)
  - Proposed increase in late payment penalty fee and septic dumping charges at the WWTP
  - $70,000 estimated cost for re-use line repair at St. Johns Ave. & SR 19

Golf Course Fund

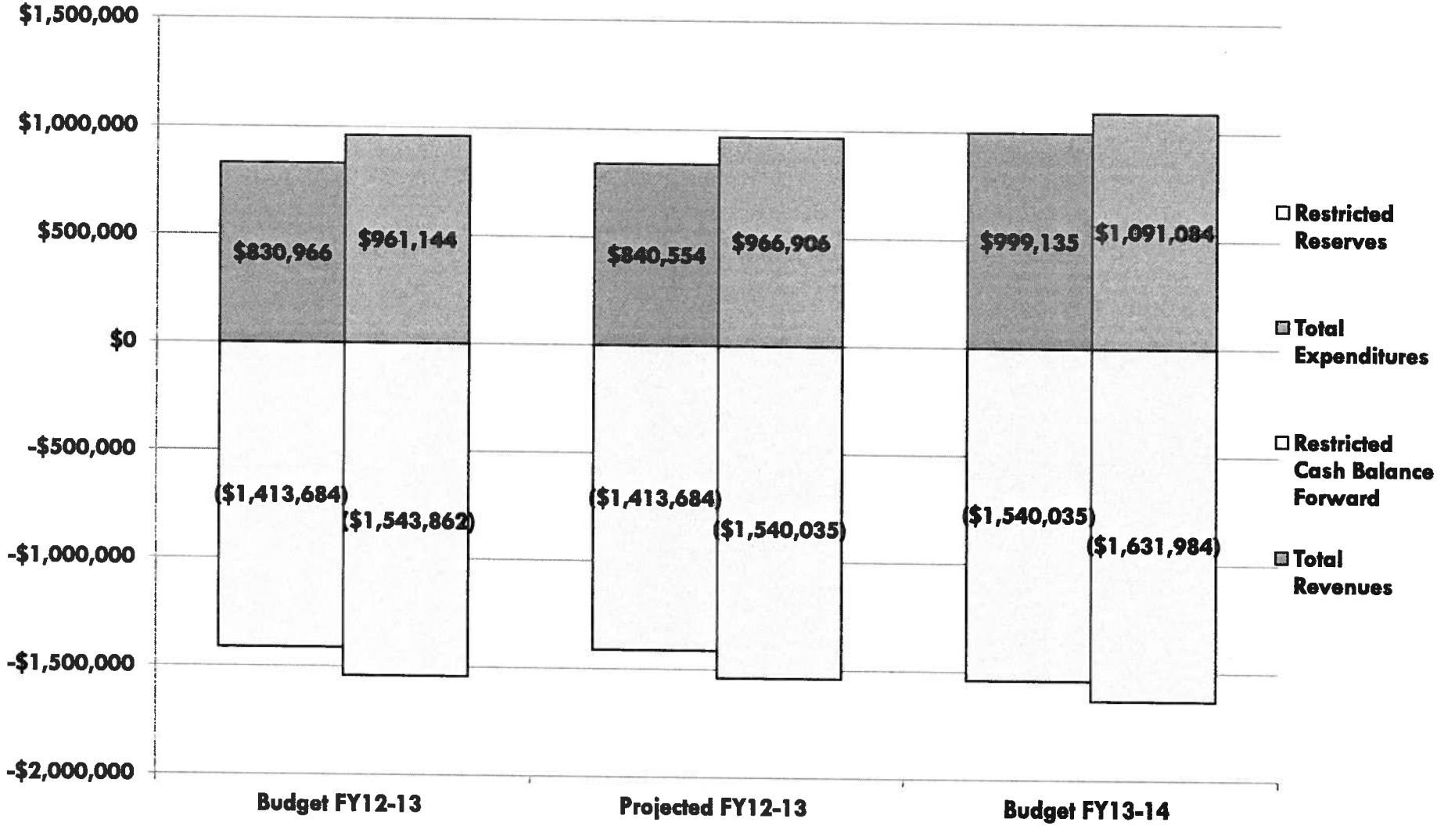
	Budget FY12-13	Projected FY12-13	Budget FY13-14
Total Revenues	$830,966	$840,554	$999,135
Restricted Cash Balance Forward	$(1,413,684)	$(1,413,684)	$(1,540,035)
Revenues & Balance Forward	**$(582,718)**	**$(573,130)**	**$(540,900)**

Total Expenditures	$961,144	$966,906	$1,091,084
Restricted Reserves	$(1,543,862)	$(1,540,035)	$(1,631,984)
Total Expenditures & Reserves	**$(582,718)**	**$(573,130)**	**$(540,900)**

Surplus/Deficit*	**$(130,178)**	**$(127,149)**	**$(91,948)**

* Does not include Debt Service which is being covered by a transfer from the Better Place Fund

Golf Course Fund



Golf Course Fund

- Included in the Golf Course Fund budget are:
  - Lease fees and utility reimbursements from restaurateur
  - A transfer of $152,355 from Better Place Fund to cover debt service costs
  - A $192,000 USDA grant ($0 City share) for building and kitchen improvements
  - Incentivized bonus pay for certain employees which will occur only if conditions at the course continue to improve

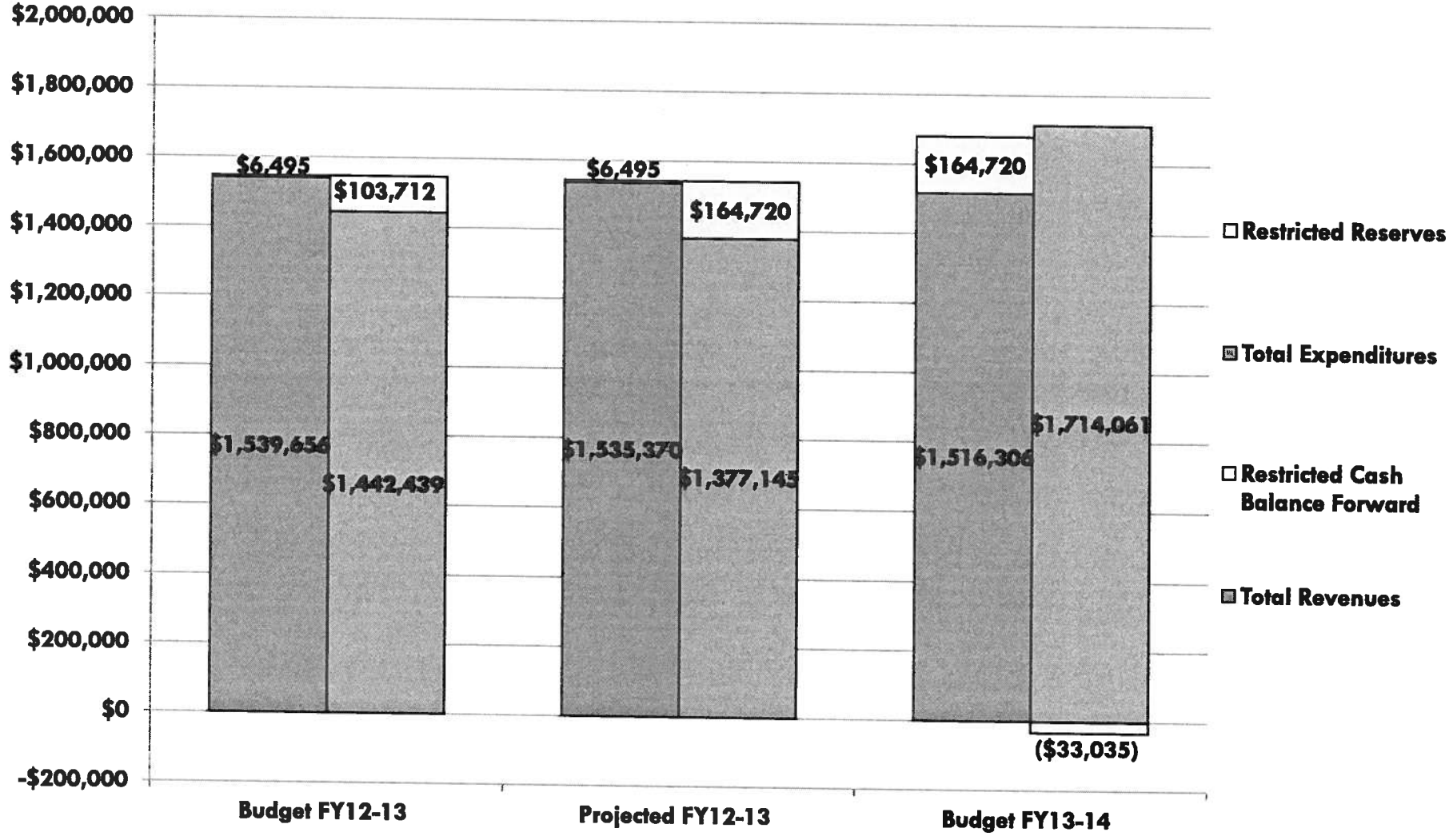
Sanitation Fund

	Budget FY12-13	Projected FY12-13	Budget FY13-14
Total Revenues	$1,539,656	$1,535,370	$1,516,306
Restricted Cash Balance Forward	$6,945	$6,495	$164,720
Revenues & Balance Forward	**$1,546,151**	**$1,541,865**	**$1,681,026**

Total Expenditures	$1,442,439	$1,377,145	$1,611,061
Restricted Reserves	$103,712	$164,720	$175,750
Total Expenditures & Reserves	**$1,546,151**	**$1,541,865**	**$1,681,026**

Surplus/Deficit	**$97,217**	**$158,225**	**$11,030**

Sanitation Fund



Sanitation Fund

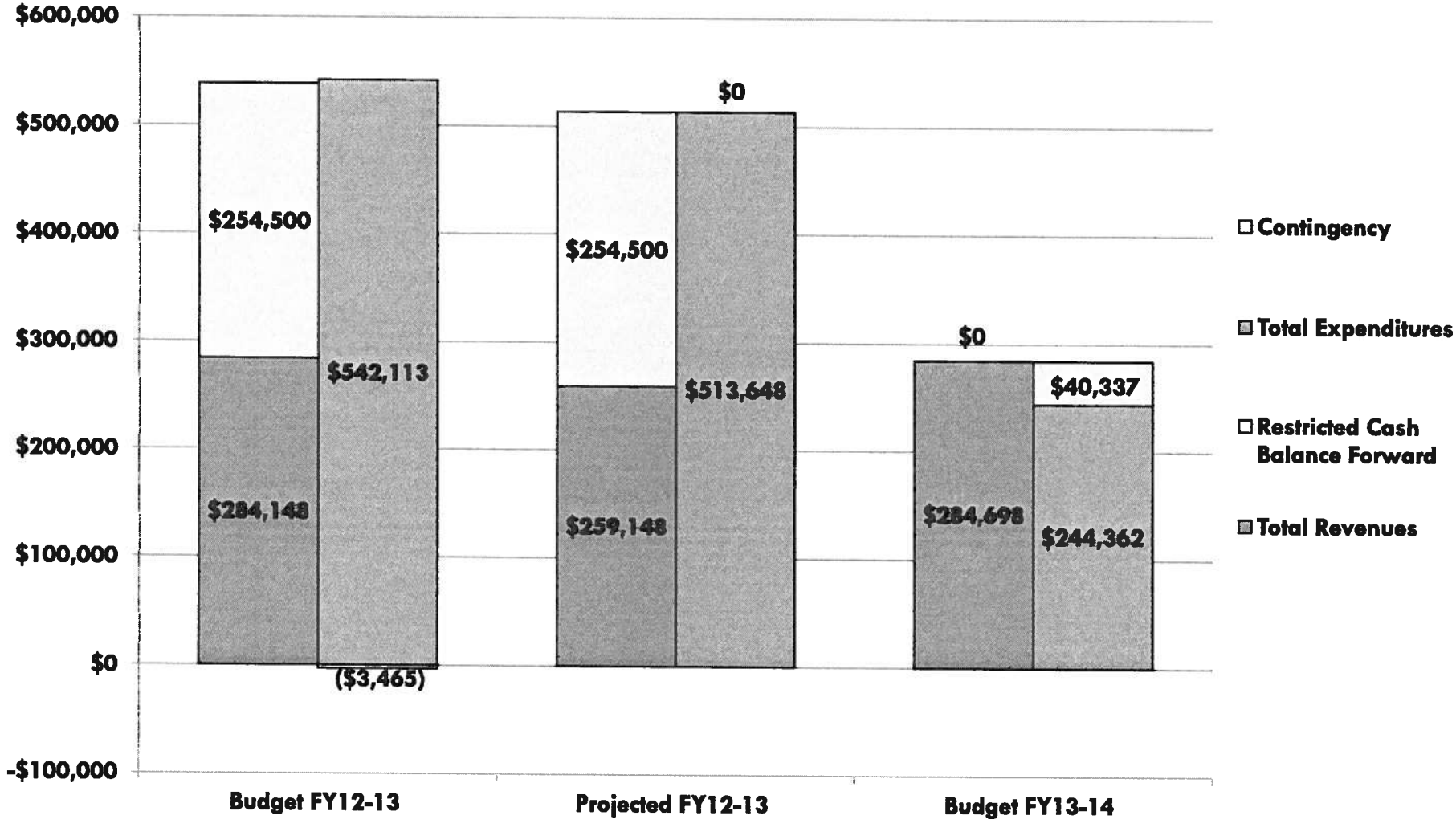
- Included in the Sanitation Fund budget are:
  - A10% increase in sanitation fees to cover cost increases (pension, health insurance, tipping fees)
  - The purchase of a CNG front loader garbage truck (estimated at $175,000)

Downtown TIF District

	Budget FY12-13	Projected FY12-13	Budget FY13-14
Total Revenues	$284,148	$259,148	$284,698
Restricted Cash Balance Forward	$254,500	$254,500	-
Revenues & Balance Forward	**$538,648**	**$513,648**	**$284,699**

Total Expenditures	$542,113	$513,648	$244,362
Contingency	$(3,465)	-	$40,337
Total Expenses & Contingency	**$538,648**	**$513,648**	**$284,699**

Downtown TIF District



Downtown TIF District

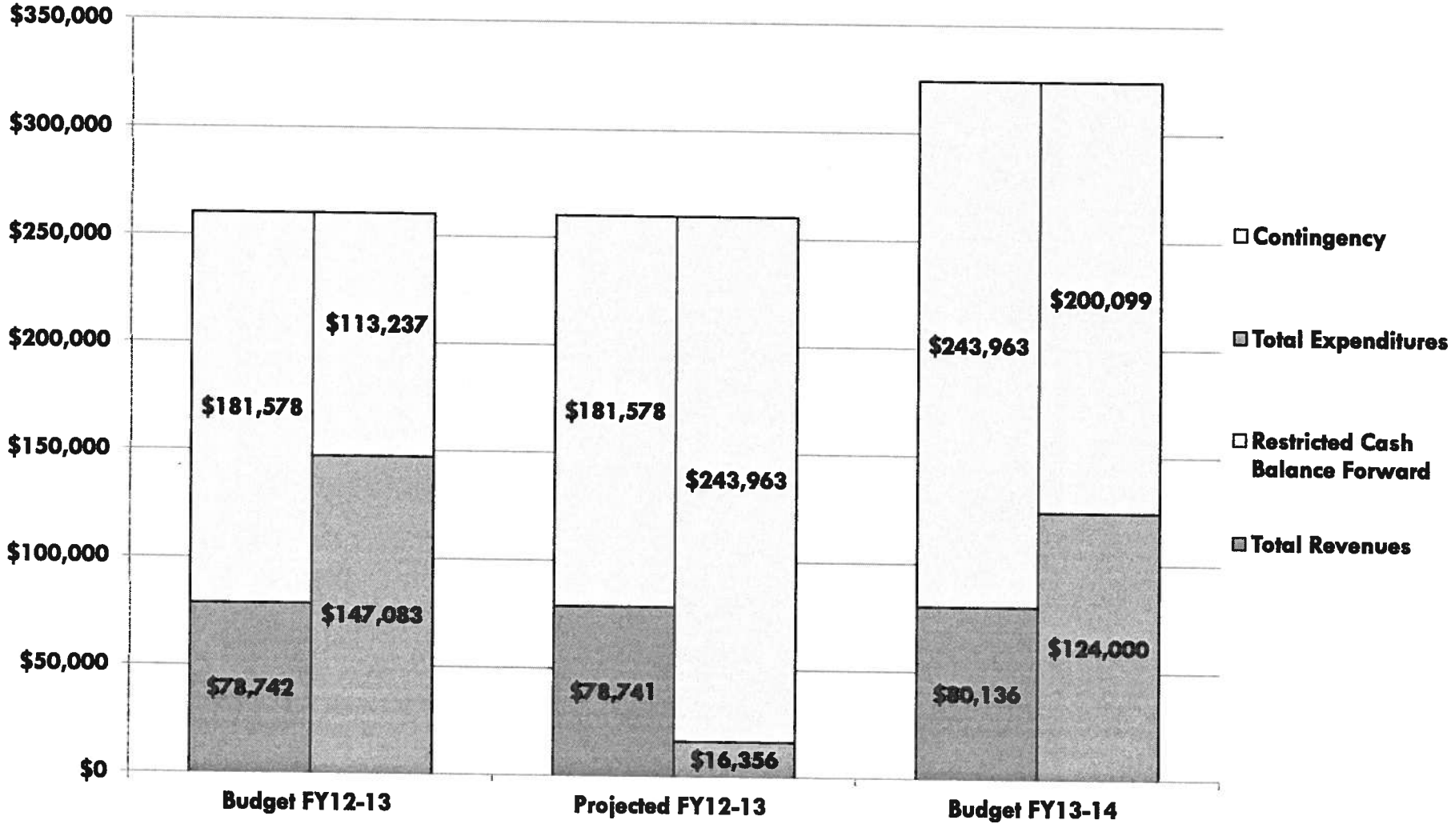
- Expenditures include:
  - $30,000 for Building Improvement Grant and Façade Grant programs
  - $10,000 for landscaping
  - $16,000 for site amenities (replacement and installation of trash receptacles, benches, lighting and banners)
  - $8,000 for an aquatic midge control program

South Historic District

	Budget FY12-13	Projected FY12-13	Budget FY13-14
Total Revenues	$78,742	$78,741	$80,136
Restricted Cash Balance Forward	$181,578	$181,578	$243,963
Revenues & Balance Forward	**$260,320**	**$260,319**	**$324,099**

Total Expenditures	$147,083	$16,356	$124,000
Contingency	$113,237	$243,963	$200,099
Total Expenses & Contingency	**$260,320**	**$260,319**	**$324,099**

South Historic District



South Historic District

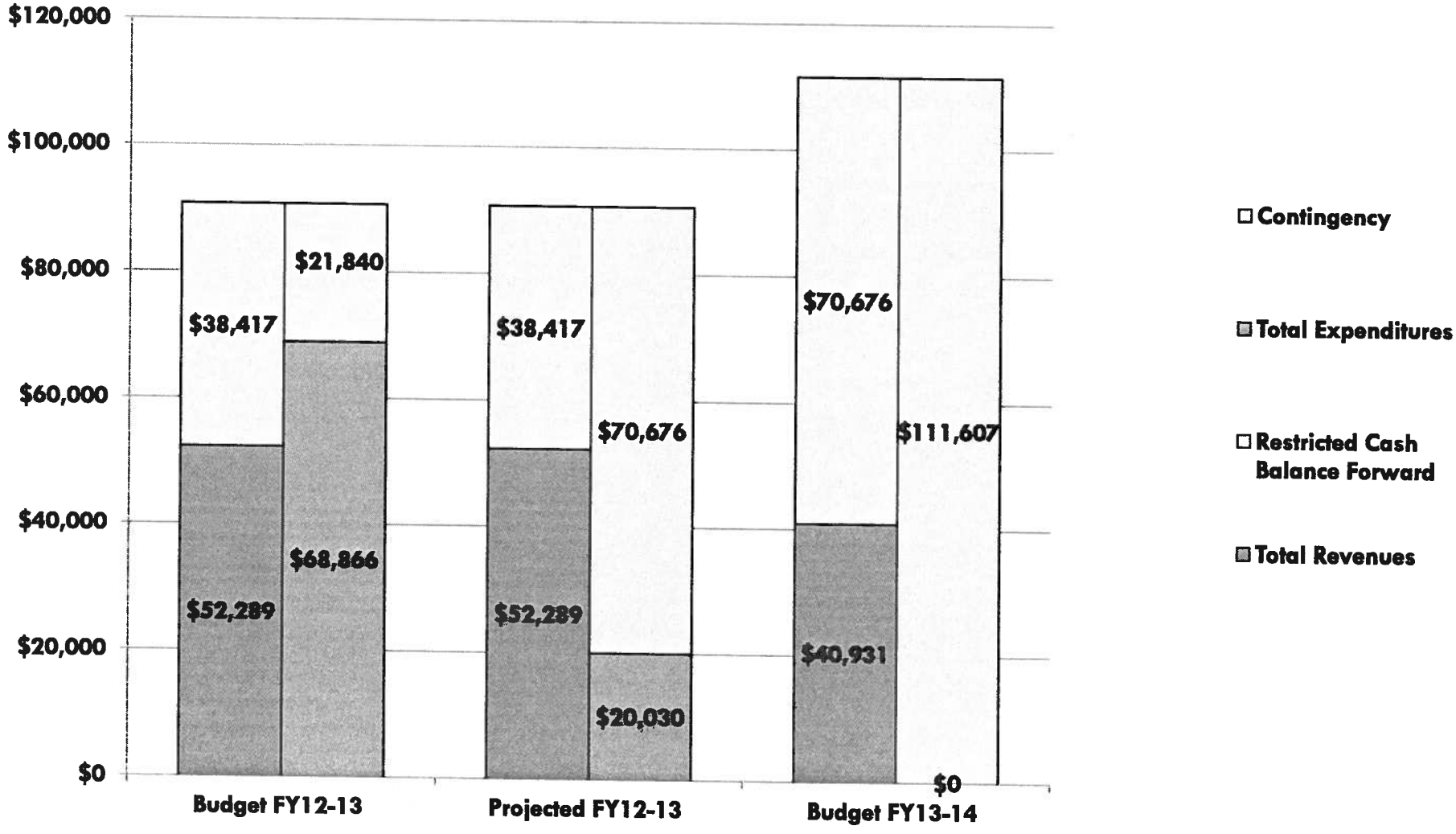
- Expenditures include:
  - $60,000 for the Home Improvement Program
  - $4,000 for signage
  - $20,000 for the Live Where You Work Program
  - $40,000 for the Commercial Rehabilitation Grant Program

North Historic District

	Budget FY12-13	Projected FY12-13	Budget FY13-14
Total Revenues	$52,289	$52,289	$40,931
Restricted Cash Balance Forward	$38,417	$38,417	$70,976
Revenues & Balance Forward	**$90,706**	**$90,706**	**$111,607**

Total Expenditures	$68,866	$20,030	-
Contingency	$21,840	$70,676	$111,607
Total Expenses & Contingency	**$90,706**	**$90,706**	**$111,607**

North Historic District



North Historic District

- Requested Expenditure information has not been received from the North Historic District yet

Questions, Observations, Discussion