

VERNON MYERS
MAYOR - COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

ALLEGRA KITCHENS
COMMISSIONER

PHIL LEARY
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER



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

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

August 14, 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 Thursday, August 29, 2013 at the regular meeting place of the Palatka City Commission at 201 N. 2nd Street, Palatka, Florida, to begin at 6:30 p.m. or as soon as possible following the called 5:30 p.m. Special Meeting of the Palatka City Commission, whichever is later.

The purpose of the meeting is to hold a joint workshop with the Palatka Gas Authority Board to discuss the following items:

- Strategic Vision
- Budget Summary 2013-2014
- Amendments to City of Palatka Charter, Subpart A: Palatka Gas Authority

Is/ Vernon Myers
Vernon Myers, MAYOR

We acknowledge receipt of a copy of the foregoing notice of a special meeting on the 14th day of August, 2013.

Is/ Mary Lawson Brown
COMMISSIONER

Is/ Phil Leary
COMMISSIONER

Is/ James Norwood, Jr.
COMMISSIONER

Is/ Allegra Kitchens
COMMISSIONER

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.



CITY COMMISSION WORKSHOP AGENDA ITEM

SUBJECT: Topics for Joint Workshop with Palatka Gas Authority Board

DEPARTMENT: Administration

ATTACHMENTS: ___ Ordinance ___ Resolution ___ Motion
___ Support Documents x Other – Power Point Presentation

SUMMARY: Following this Summary is a copy of the Power Point presentation to be presented during this workshop. This was developed by the Palatka Gas Authority and covers the following workshop topics:

- Strategic Vision
- FY 2013-14 Budget Summary
- Proposed Amendments to City of Palatka Charter, Subpart A:
Palatka Gas Authority

A copy of City of Palatka Charter, Subpart A: Palatka Gas Authority is included in this package.

RECOMMENDED ACTION: Topics for discussion only. No official action can be taken at a workshop meeting.

DEPARTMENT HEAD Submitted: Michael J. Czymbor, CM Date: 08-23-13
Requested Agenda Workshop Date: 08-29-13

FINANCE DEPARTMENT Budgeted ___ Yes ___ No X N/A Date:

CITY ATTORNEY Approved as to Form and Correctness Date:

CITY MANAGER Approved Agenda Item For: *ok per CM* Date: *8-23-13*

COMMISSION ACTION: ___ Approved as Recommended ___ Disapproved
___ Approved With Modification ___ Tabled To Time Certain
___ Other

DISTRIBUTION: ___ APT ___ CA ___ CC ___ CM ___ FIN ___ FD ___ P&C ___ PD ___ PLN ___ S&S ___ W&S ___ WTP ___ WWTP

Strategic Planning – Palatka Gas Authority

Customer Growth

AMR – Automated Meter Reading

CNG – Compressed Natural Gas

DuPont – Keystone

Lafarge Pipeline

- **CNG – Waste Pro**
- **LFG – Landfill Gas**

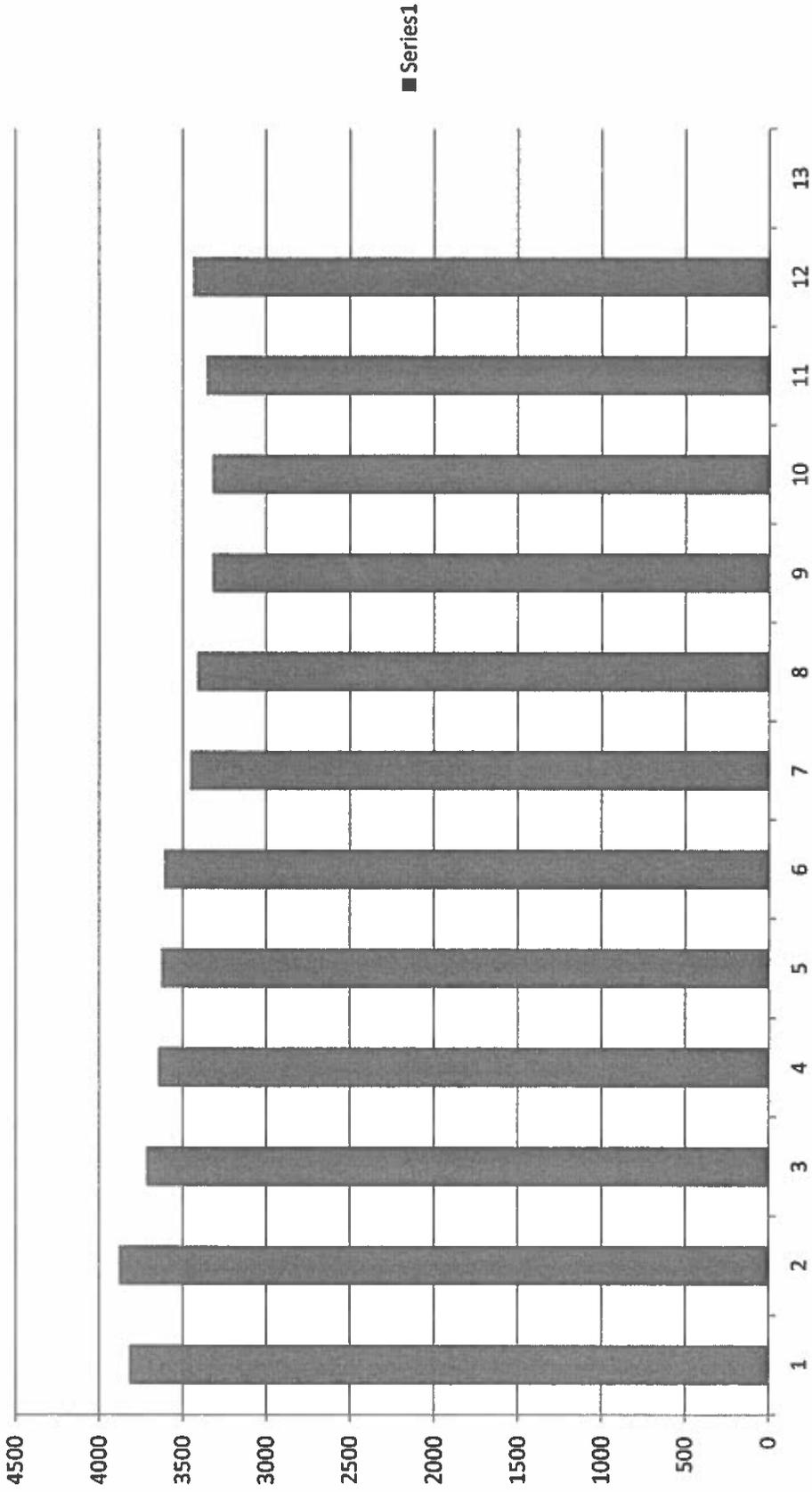
Hastings

Interlachen

CCNG – Crescent City Natural Gas

PGA Customer Growth

2001 - 2012



AMR – Automated Meter Reading

- Project began in 2012
- 25% complete
- Implementation over a 4-year period
- Cost per year - \$200,000
- Benefits
 - Improved customer service
 - Decreased meter reading and billing costs
 - Accurate reporting

CNG – Compressed Natural Gas

- **Public Station – Mobile Reid St. & 9th St.**
- **Soft opening end of August 2013**
- **Complete by end of 2013**
- **Total Cost \$1,000,000**
- **7 - PGA vehicles converted**
- **2 – PCSD buses (dedicated)**
- **Grants are available**
- **Based on existing and planned use - ROI 7.5%**

CNG – Compressed Natural Gas

Benefits:

- Proven technology – stable natural gas prices
- Abundant – over 100 year proven reserves
- Affordable - \$2.00 DGE equivalent
- American – 50% of oil is imported 98% natural gas is produced domestically
- No wild price swings in fuel costs
- Clean – no diesel particulates which are linked to cancer
- Quieter than comparable diesel trucks

CNG – Compressed Natural Gas

Environmental Advantages

- **Reduces carbon monoxide emissions 70-90%**
- **Reduces carbon dioxide emissions 20-30%**
- **Reduces nitrogen oxide emissions 75-95%**
- **Emits fewer toxic & carcinogenic pollutants**
- **Emits little or no particulate matter**
- **Eliminates evaporative emissions**

CNG – Compressed Natural Gas

- Possible Fleets to utilize CNG
 - Palatka Gas Authority
 - City of Palatka
 - Putnam County School District
 - Putnam County
 - Ride Solutions
 - Waste Pro
 - USPS

CNG – Compressed Natural Gas

- **Florida Fleets converting to CNG**
 - Leon County School district
 - City of Clearwater
 - Tampa International Airport
 - Lake Apopka
 - Waste Pro
 - Waste Management
 - Saddle Creek Trucking

DuPont – Keystone

- DuPont’s precious metals mining operations
- Location - Clay County
- Located on Camp Blanding property – Camp Blanding is a potential customer
- Approximately 5.5 miles of 8” main
- Gate station & meter station
- Approximate cost - \$1,416,000
- Approximate annual revenues - \$280,716
- ROI – 15%

DuPont -- Keystone



Imagery Date 1/18/2012 1994

25° 52' 11.69" N 82° 01' 11.17" W elev 162 ft

© 2012 Google

Lowry Lake

Varnes Lake

Google earth

Eye alt 46323 ft

Lafarge Pipeline

- Lafarge gypsum plant
- Estimated cost - \$20,000 to \$200,000
- Includes gate station & ± 6 miles of gas main
- Would make natural gas available north of Rice Creek
- Would provide back feed to Palatka System
- Would make gas available for Waste Pro – CNG
- Would provide pipeline for Land Fill Gas

Hastings

- Extend main apprximately 7.8 miles
- Add 6 commercial and 10 residential accounts
- Project cost ± \$316,800
- Annual revenues ± \$50,900
- ROI – 6.23 years or ± 16%

Interlachen

- Add 15 commercial and 75 residential accounts
- Main extension only
 - Extend main \pm 9.5 miles
 - Project cost \pm \$638,800
 - Annual revenues \$58,600 – ROI \pm 9%
- Install Gate Station
 - Install gate station & \pm 3.5 miles of main
 - Project cost \pm \$889,200
 - Annual revenues \$58,600 – ROI \pm 6.5%

CCNG – Crescent City Natural Gas

- **Total Customers 12/31/07 – 1,470**
- **Total Customers 12/31/12 - 1,370**
- **5-year growth history -100 or -6.8%**
- **Throughput (DTh) 2011-2012 -1,783 or -5.3%**
- **Value - \$1,500,000+**

2013 – 2014 Budget

BEGINNING CASH ON HAND 10-1-13	1,900,000
TOTAL REVENUES 2013-2014	2,427,400
TOTAL EXPENSES 2013-2014	2,395,900
NET INCOME 2013-2014	31,500
APPROVED PROJECTS	905,800
ENDING CASH ON HAND	1,256,700
RESTRICTED FUNDS - CUSTOMER DEPOSITS	300,000
OPERATING \$370,000 & CAPITAL RESERVES \$400,000	770,000
STRATEGIC PLAN PROJECTS	186,700

**How Palatka Gas Authority
has been operating since
March 1982**

Funds Transferred to City

YEAR	TOTAL INCOME	TO CITY OF PALATKA
1980	253,561.00	Paid on Bonds
1981	379,515.00	Paid on Bonds
1982	373,737.00	150,000.00
1983	340,660.00	118,000.00
1984	404,577.00	115,824.00
1985	318,772.00	202,289.00
1986	321,632.00	159,386.00
1987	343,730.00	160,811.00
1988	387,265.00	171,865.00
1989	267,243.00	193,633.00
1990	289,084.00	133,621.00
1991	295,640.00	151,098.00
1992	385,660.00	147,821.00
1993	388,875.00	192,830.00
1994	366,423.00	169,938.00
1995	363,518.00	183,212.00
1996	399,516.00	181,760.00

1997	229,737.00	199,758.00
1998	376,554.00	114,868.00
1999	257,809.00	188,277.00
2000	269,296.00	146,652.00
2001	240,209.00	184,647.00
2002	204,393.00	120,105.00
2003	143,306.00	101,616.00
2004	131,696.00	71,653.00
2005	179,258.00	65,848.00
2006	495,555.00	89,629.00
2007	195,711.00	247,777.00
2008	10,892.00	97,856.00
2009	276,036.00	5,446.00
2010	225,783.00	138,018.00
2011	294,063.00	112,892.00
2012	49,070.00	250,000.00
2013		500,000.00
Totals	9,458,776.00	5,067,130.00

During 1959, "a bill" was duly passed by the voters of the City of Palatka to provide for the purchase and operation of a Natural Gas Distribution System by the City of Palatka. This facility was to be operated by the "Palatka Gas Authority". Subsequent to that time, municipal bonds were issued for the purchase and operation of said system, and since that time the "Authority" has operated under the provisions of the bond indenture. On February 1, 1982, all of the bonds were redeemed and the bond indenture was totally satisfied, relieving the "Authority" from operating under the provisions of said indenture.

Thereby it is incumbent on the "Authority" to establish new guidelines and operating provisions. In view of the above, be it hereby resolved that the purpose of this operation is as follows:

To supply the residents and businesses of the Palatka area with natural gas in a safe and efficient manner.

To provide natural gas at a just and equitable rate, competitive with all alternative fuels available.

To be a financial asset to the citizens of the City of Palatka providing funds to the general fund of the City.

To ensure the future financial stability of the "Authority"; whereby gas service will be provided on a continuing basis.

To implement the above purpose, and in accordance with "Section 10" of the above mentioned bill, the earnings derived from the operation of the system will be allocated as follows:

1. GROSS MARGIN

To be diligent in efforts to keep operating expenses of the system at a level compatible with safe and efficient operations, while eliminating any waste. This will have a direct effect on natural gas rates. Such rates will be set to generate adequate income that operating expenses be maintained at approximately 60% of gross profit under normal operating conditions.

2. OPERATING RESERVE

To provide funds to maintain the physical plant of the gas system in a high state of repair, repairing or replacing any segment of pipeline or facility that would keep the overall system from operating at top efficiency. The "Authority" will hold a sum equal to at least two months maximum operating expenses, not including restricted funds.

3. CONTRIBUTION TO CITY

To transfer to the City of Palatka 34% of the Net Profit of the gas system on a timely basis, agreeable to both the "Authority" and the City of Palatka. Final balance due the City will be paid after the annual audit of the "Authority".

4. MAINTENANCE AND EXPANSION FUND

To expand the system in the best interest of both the customers of the Authority and the citizens of the City of Palatka. Continued growth will expand the rate base and ensure rates being kept at the lowest possible level while increasing funds being made available to the City. Thirty-three(33%) of the Net Profit will be available for expansion of the facilities of the Palatka Gas Authority each year.

5. SECURITY FUND

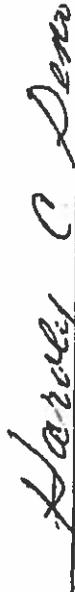
To set aside 33% of the Net Profit as a provision for the future security of the system. The Palatka Gas Authority operates entirely from revenues generated from gas sales, and it is prudent that funds be retained to meet future unforeseen expenses. This fund will be accumulated to a total of \$300,000.00.

When the security fund reaches the total \$300,000.00 then Item 3 (Contribution to City) and Item 4 (Maintenance and Expansion Fund) will be modified to allow the contribution to the City to be 50% of the net profit, and the contribution to the maintenance and expansion fund to be 50% profit. In the event that the security fund should subsequently be called on, then the distribution under 3 and 4 would revert to those percentages previously established.

All of the above has been duly acted on unanimously by the Gas Authority this 18th day of March 1982.



C. Edwin Beckler, President



Harvey C. Deno, Manager

Proposed changes to Ordinance

Sec. 164 – General Manager – Appointment.

~~The authority shall by a majority vote appoint, subject to the approval of the city commission, a general manager who shall serve at the pleasure of the authority and shall be paid such salary or compensation as shall be determined by the city commission authority. Such appointment shall not take effect unless and until the city commission shall approve the same.~~

Sec. 166 Administering and application of revenues of gas systems.

- (b) Use of surplus moneys. Any revenue of the gas system or systems remaining after making full provisions for the requirements of sub-paragraph (a) of this section will be shared with ~~may be used by~~ the city annually by providing the city with 50% of the audited net income from the preceding year with the remaining 50% being used by the authority for any other municipal purposes; provided, however, that the city shall make provisions for a reasonable reserve for the cost of operating, maintaining and repairing the gas system or systems and paying the cost of extensions, enlargements or additions to or replacements of the capital assets of said gas system or systems, prior to appropriating such revenue to other municipal purposes.

Palatka, Florida, Code of Ordinances >> ARTICLE II. - PALATKA GAS AUTHORITY >>

ARTICLE II. - PALATKA GAS AUTHORITY ^[2]

Sec. 151. - Definitions.

Sec. 152. - Created, established; composition.

Sec. 153. - Appointment and terms of members.

Sec. 154. - Qualifications of members; forfeiture of office for designated causes; filling of vacancies resulting from disqualification.

Sec. 155. - City manager ex-officio member without voting privileges; reports to commission.

Sec. 156. - Annual organizational meeting; election of officers.

Sec. 157. - Appointment of new members; filling vacancies; compensation of members.

Sec. 158. - Removal of members; procedure for appeal of removal to board of arbitrators; selection of board.

Sec. 159. - Regular and special meetings.

Sec. 160. - Quorum for meetings; presiding officer.

Sec. 161. - Minutes of meetings required; meetings and records public.

Sec. 162. - Rules of procedure; resolutions adopting rules or regulations to be written; vote required for adoption of rules or regulations and establishing rates.

Sec. 163. - Powers of the authority.

Sec. 164. - General manager—Appointment.

Sec. 165. - Same—Powers and duties.

Sec. 166. - Administration and application of revenues of gas systems.

Sec. 167. - Expenditures in connection with gas system or systems to be made solely from revenues thereof.

Sec. 168. - Reports.

Sec. 169. - Act not to deprive city of existing powers.

Sec. 170. - City may supplement provisions by ordinance or resolution.

Sec. 171. - Act not to prejudice revenue certificates.

Sec. 151. - Definitions.

Whenever used in this Act [article], unless a different meaning clearly appears from the context:

- (a) *Gas transmission system.* The term "gas transmission system," shall mean and include a supply of natural gas, whether acquired from wells or deposits or from pipe line or other source of supply and a pipe line or lines, plant and system for the acquisition and the transportation, transmission and delivery of natural gas or a plant for the manufacture of gas and the transportation, transmission and delivery thereof; together with all appurtenances thereto and all property, real, personal or mixed used or useful in connection therewith, including franchises, rights-of-way and easements. A gas transmission system may include facilities for making deliveries of gas to industrial and institutional users and to line tap residential and commercial users as well as to gas distribution systems.
- (b) *Gas distribution system.* The term "gas distribution system" shall mean and include a plant and system for the distribution and sale of gas and gas services in a municipality and the surrounding territory, including the sale and distribution of gas to residential,

A phrase in the above section requiring that authority members be property owners has been deleted in light of cases such as *City of Phoenix v. Kolodziejcki*, 399 U.S. 209 (1970), *Hill v. Stone*, 421 U.S. 289 (1975), and *Turner v. Fouche*, 396 U.S. 346 (1970), holding similar provisions unconstitutional.

Sec. 155. - City manager ex-officio member without voting privileges; reports to commission.

The city manager of the City of Palatka shall be an ex-officio member of said authority and shall attend its meetings, but shall have no vote in the proceedings of said authority. He shall make such reports to the city commission concerning the authority as shall be required by the city commission.

(Laws of Fla., ch. 59-1679, § 5)

Sec. 156. - Annual organizational meeting; election of officers.

After their appointment the first members of the authority herein provided for shall meet and organize. At such meeting the members shall choose from their number a president and they shall also choose a secretary, who may but need not be a member of the authority. Thereafter said officers shall be elected by the members of the authority at an annual meeting to be held during the month of January of each year and within seven (7) days after the first regular meeting in January of the city commission.

(Laws of Fla., ch. 59-1679, § 6)

Sec. 157. - Appointment of new members; filling vacancies; compensation of members.

The city commission shall, by a majority vote, appoint all new members of said authority, and all vacancies shall be filled in like manner. The members of the authority shall receive such compensation as may be fixed by the city commission for that purpose, and which may be changed from time to time by amendment of such ordinance.

(Laws of Fla., ch. 59-1679, § 7)

Sec. 158. - Removal of members; procedure for appeal of removal to board of arbitrators; selection of board.

The city commission may, for cause, remove any member of the authority within the term for which he shall have been appointed, after giving to such member a copy of the charges against him and an opportunity to be heard in his defense. If after such hearing the city commission shall remove such member the member so removed may appeal such removal to a board of arbitrators in the following manner:

- (a) *Notice to city commission of appeal; selection of one arbitrator by removed member.*
The member so removed shall send to the city commission a written notice of appeal so that the same shall reach the city clerk prior to the next regular meeting of the city commission, which notice shall name one arbitrator selected by such removed member. The city clerk shall read such notice to the city commission at the said next regular meeting of the city commission.

Sec. 162. - Rules of procedure; resolutions adopting rules or regulations to be written; vote required for adoption of rules or regulations and establishing rates.

The authority shall determine its own rules of procedure and order of business; provided, however, that all resolutions adopting or changing rules or regulations governing the use, control and operation of the gas system or systems and services shall be submitted in writing; provided further that the affirmative vote of three (3) members of the authority shall be necessary to adopt any such resolution or to establish or change rates or charges for the use of the gas system or systems and services.

(Laws of Fla., ch. 59-1679, § 15)

Sec. 163. - Powers of the authority.

The authority shall have the following powers and duties:

- (a) *Management, operation, etc., of gas system plants without recourse to city commission.* The authority shall have full power and authority over the management, supervision and control of the gas system or systems and gas plants of the city and shall make all rules or regulations governing the use, control and operation of the said gas system or systems and gas plants, without the necessity of any approval by the city commission, notwithstanding the provisions of F.S. ch. 180.
- (b) *Rates and charges.* The authority is hereby given the full power and authority to establish just and equitable rates or charges to be paid to the city for the use of the gas system or systems and services by each person, firm or corporation whose premises are served thereby, notwithstanding the provisions of F.S. ch. 180.
- (c) *Powers subject to requirements of revenue certificates.* The powers conferred by this section upon the authority shall, however, be subject to any requirements which are now or may hereafter be imposed by revenue certificates which are now or may hereafter be issued by the city for the purchase, construction and extension of a gas system or systems, or any ordinances and resolutions adopted by the city for such purpose.

(Laws of Fla., ch. 59-1679, § 9)

Sec. 164. - General manager—Appointment.

The authority shall by a majority vote appoint, subject to the approval of the city commission, a general manager who shall serve at the pleasure of the authority and shall be paid such salary or compensation as shall be determined by the city commission. Such appointment shall not take effect unless and until the city commission shall have approved the same.

(Laws of Fla., ch. 59-1679, § 16)

Sec. 165. - Same—Powers and duties.

The general manager shall have the following powers and duties:

- (a) To appoint or employ all subordinate officers and employees of the city for the purpose of said gas authority. All officers and employees of the authority so appointed or employed by the general manager may be removed by the general manager.
- (b)

Sec. 168. - Reports.

The authority shall submit to the city commission such reports of its activities at such times and in such detail as the city commission may require.

(Laws of Fla., ch. 59-1679, § 18)

Sec. 169. - Act not to deprive city of existing powers.

Nothing herein contained shall be construed to deprive the City of Palatka or any of its officers of any powers and duties under special acts or general laws of the state, except such as are clearly inconsistent with this Act [article], and where not otherwise provided for herein the provisions of the special acts constituting the charter of the city shall apply.

(Laws of Fla., ch. 59-1679, § 19)

Sec. 170. - City may supplement provisions by ordinance or resolution.

The city may supplement this Act [article] by the adoption of ordinances and resolutions not inconsistent herewith and may adopt ordinances providing for the enforcement of this act and prescribing penalties for violation of its provisions.

(Laws of Fla., ch. 59-1679, § 20)

Sec. 171. - Act not to prejudice revenue certificates.

Nothing herein contained, except sections 10 and 11 [sections 166 and 167 of this article], shall affect the terms and provisions of revenue certificates which may be issued by the City of Palatka for the purchase, construction and extension of gas system or systems, or any ordinances and resolutions adopted by the city for such purpose. Sections 10 and 11 hereof [sections 166 and 167 of this article] shall, however, be effective notwithstanding the provisions of any such revenue certificates, ordinances or resolutions.

(Laws of Fla., ch. 59-1679, § 21)

FOOTNOTE(S):

⁽²⁾ *Editor's note— The Palatka Gas Authority was ratified by the electors of the city at an election held on November 10, 1959. [\(Back\)](#)*