

Proceedings of a budget workshop of the City Commission of the City of Palatka held on the 15th day of July, 1999.

PRESENT:	Mayor	Tim Smith
	Commissioner	Mary Lawson Brown
	Commissioner	George Sanders
	Commissioner	Hernan Azula
	Commissioner	Ish Edwards

Also Present: City Manager Allen R. Bush, City Clerk Betsy Jordan Driggers, Finance Director Ruby Williams, Police Chief Bill Dolinski, Fire Chief Rudy Howard, Planning Director Adam Mengel, WS&S Superintendent Gene Garrett, Parks Superintendent Jeff Norton, Sanitation Superintendent Bernard Williams, Cemeteries Supervisor Larry Hartman, WTP Supervisor Mike Felton, WWTP Lab Tech Cloeva Stephens, and Airport Manager Bob Sturm.

Mayor Smith called to order the workshop to review the various departments' proposed budgets for 1999-2000.

Mr. Bush said this budget looks somewhat different from previous years' budgets. It is around \$3 million over what they are used to seeing. In past budgets they showed only the City's expenditures; they did not show grant revenues. This year they are showing those revenues, upon advice of the City auditors.

The General Fund budget is balanced as presented with a contingency of \$73,600. There is no increase in fees. The rolled-back millage rate is 7.04 mills, from the current 7.213. For the past 11 years the policy of the Commission has been to adopt the rolled-back rate in order to get the millage rate low enough to attract new business and investment. If the Commission leaves the millage the same, the tax revenue would increase by around \$11,000, which would not accomplish anything and would deviate from established policy. It is his recommendation they continue to adopt the rolled-back millage rate.

Mayor Smith said he has heard comments from people who believe they should not drop the millage rate, so they can receive additional benefits. At some point, they will take that position and begin to build back up. If they continue to drop the rate, next year it will be in the '6' range, which will make it more psychologically enticing for business and investment. By rolling back the rate, they have been forced to do a better job with what they have and aggressively pursue grant money. He supports adopting the rolled-back rate, also. He is pleased to see they are funding another inmate guard position for another prison crew for the Parks Department. Most of the comments he hears from the community are they want to see Palatka cleaned up. Mr. Bush said the tax money does increase, some years more than others. They will receive revenue from new construction.

Commissioner Sanders said he also gets feedback from citizens who say the City needs to be cleaned up. He is also in favor of adopting the rolled-back rate. Mr. Bush said the majority of improvements over the last 8 years have come about with the assistance of grant funds. The City is making significant progress through grants and prison crews, without having to rely heavily on tax money.

Commissioner Brown said she has objected to adopting the rolled-back rate for the last few years for several reasons. When the City goes out to look for grant money, the State and/or Federal government considers whether or not the City has maxed out its millage rate. They have not. She has met with several groups and talked with people who have said they would rather pay a higher millage and get more services, rather than keep rolling it back. It has not drawn that many people in. They need to aggressively pursue annexations in order to bring the tax base up. There are people outside the City Limits who are located in 'pockets'; they benefit from the things the City does, but are not City residents. Between Husson and Palm Avenue, you go in and out of the City Limits a number of times. At one time they talked about a referendum. The City should publicize its services in order to attract people into the City.

Mr. Bush said the City's policy has always been to entertain voluntary annexations. If you went out and brought everything residential in, you would almost destroy the City's economy. The City would have to hire more police officers, add fire equipment or even build another station, etc., and many of these properties would pay no taxes in return. You have then increased the tax load on the marginal businesses, which already have a hard time making ends meet. The problem the City has now is that not all property owners pay their fair share of taxes due to the property tax exemption.

Commissioner Azula said he has been debating this issue, and his first thought is to stop dropping the millage rate. They have run into some situations this past year where they did not have the money to demolish eyesore houses. If they had another \$20,000, they could have done four or five more of these. The City's budget is very tight. Surrounding cities like Green Cove and Orange Park are down around 2 mills, and they have a lot of new construction. The dilemma seems to be do they adopt last year's millage and take the extra money and clean up the City, or keep adopting the rolled-back rate until they get into the low 6's or high 5's and hope for new businesses? They are still going to be competing with 1-1/2 or 2 mills just 20 miles away. Mr. Bush said it is a dilemma; the short-term gain of \$11,000 won't do much. The new prison crew will be assigned to the Parks Department upgrading the islands, which will be an improvement in the appearance of the town. Adopting the rolled-back rate sets a precedent that a businessperson who is considering coming here will take notice of. Palatka needs to build a tax base in order to make more money, but the tax burden needs to be spread over more people than just the few businesses and few houses within the City that actually pay the ad valorem tax.

Commissioner Sanders said he read where the County has also picked up an inmate crew to do maintenance work. He has received many complaint calls from people who actually live in the County, but think they live in the City. He also hopes those gaps can be closed. Homeowners living in the City will save on their insurance due to lower fire and protection rates. City water and sewer is also very attractive; it is expensive to have to replace a septic tank or well. These savings alone should attract people into the City. He is working diligently to get the dilapidated eyesore houses torn down. There is a church on the Northside whose members are tearing down 'crack' houses themselves in order to rid their neighborhoods of them. As City leaders, they need to encourage people in the community to get involved in projects of this type. Commissioner Brown asked how low the millage needs to get. Mayor Smith said the 6 mills-range is reasonable.

Commissioner Edwards said he has received calls from citizens saying they would like to keep the current millage rate. That \$11,000 revenue loss would pay for the demolition of several dilapidated houses. He is also considering both sides of this issue.

Commissioner Brown said they should also look at assisting those churches that are cleaning up their neighborhoods.

Mr. Bush said when people look at moving to an area, one of the things they look at is the millage rate. Any additional millage is going to fall on approximately 40% of the people in Palatka, primarily the businesses. There are a lot of small businesses that will not come into the City due to the millage rate, case in point the Sears Plaza. If they can get it down to between 5 and 6 mills, they will be in the middle range and won't scare away potential developers. \$11,000 is not going to do much. The City uses program income to tear down old houses, and have even torn some down themselves.

Mr. Bush said the General Fund revenue has increased approximately \$124,370. There is a good economy in the State and their shared revenues makes it easier to balance the budget. Administration increased 6% over the previous year, mostly due to computer payments, which were not a budgeted item last year, and General Government, which includes the attorney, RR crossings, fireworks, elections expenses, social services, etc. The City has been very successful in holding down the growth of expenditures. There is a \$250,000 transfer from the Investment Clearing Account to use as matching funds for airport improvement grants. Last year the Commission authorized available funds in that account to be used for sizeable grant matches.

The Building Dept.'s capital expenses have declined. The Police Dept.'s expenditures are up around 10%, which include its grants; they have been very successful in getting grants. The Fire Dept.'s increases are the highest; they are upgrading for an upcoming ISO inspection, which may lower the City's ISO rating and will benefit the citizens. The Streets Dept. shows a fairly large increase, mostly which are matching funds for CDGB grants. Cemeteries and Parks' operating budgets are just about the same. Parks has two FRDAP grants for improvements to the Riverfront and Hank Bryan Parks.

Mayor Smith said they have a letter of request from Palatka Riverboat, Inc. for financial support, and he would like to include them in the City's Social Services expenditures with a \$1,000 donation, and in turn reduce the contingency by that amount.

Commissioner Edwards asked if they needed to keep the Caring Center's donation at \$2,500. Commission Brown said they do; they are purchasing rooming space from an existing rooming house on a nightly basis. There are also bills left from the old location, which they need to take care of so they can put that house on the market to sell. They are in the process of setting up a new Board. Feeding the homeless is also a big expense.

Mr. Bush said the \$20,000 for fireworks is for two shows; the millennium and 4th of July. Mayor Smith said he has heard all good comments about the recent 4th of July show.

Mr. Bush said they have shifted some funds around in the Street Dept.'s budget; the bottom line will not change, but the final budget will look a little different. The two largest budgets are Fire and Police; both these department heads are satisfied with their budgets and have essentially gotten what they wanted.

Commissioner Brown said those people who have gone out and obtained grants on their own need commendation through the Employee of the Month program. Department heads should also be eligible for this honor. They should also ask the newspaper to run local interest stories on the positive things the City does.

Commissioner Azula said the school children have raised a large sum of money to purchase special heat-seeking goggles for the Fire Department. He spoke to Mr. Bush and Chief Howard about adding that item as an expenditure. Also, the furniture at the Fire Stations is in bad shape and the men have offered a \$1,000 match towards the purchase of five new recliners. The City's share would be around \$700 or so.

Fire Chief Rudy Howard said this is the first he has heard of this request. He was recently voted down on a purchase of a Reese hitch for the response vehicle because there was no money available. He does not know where that \$1,000 is going to come from. He agrees that the furniture is not in the best shape, but was reconditioned several years ago. Commissioner Azula said they made the offer today. Mr. Bush said as they get into the budget year, there are usually some funds that become available; since this is such a small request, he feels they can accommodate it. Mayor Smith said he is pleased to see money in their budget for new air tanks and gear. He suggests they also fund the additional money for the heat-seeking goggles. Chief Howard said when he gets the new equipment they will be ready for their ISO inspection. ISO recently complimented the City's mapping system as the best they'd seen. He feels sure the rating will drop at least two points. Mr. Bush said their mapping system is of the best around.

Commissioner Brown said they need to approach the newspaper about giving the City a weekly space to tout its accomplishments. Mayor Smith noted they have a new reporter assigned to the City beat, but he is not in attendance. Commissioner Azula said they could possibly run something in Friday's business section. Mr. Bush said the department heads should write up some of the innovative things they have done over the last few years so they can get it to the newspaper in the form of a press release.

Mr. Bush said they would include the \$1,000 for Palatka Riverboat, Inc. in the budget, and would deal with the extra money for the Fire Department during the year, as it is such a small amount.

Mr. Bush went over the Enterprise Fund budgets. The Airport budget is much larger due to the matching grant funds needed to take care of the various DOT projects, such as the signage and Runway 9 extension. The Utility Fund budget has increased due to the effluent re-use project at the WWTP. The Bond Issue has greatly improved the system infiltration, and they are confident the system will handle a lot of growth for years to come. The Golf Course budget includes a line item for re-building tee boxes. Both of their loans will be retired by 2001. They are in the process of designing the reconstruction of all 19 greens and plan to repair and upgrade the clubhouse, cart barn, maintenance barn, and restroom facilities. They have increased their rates.

On the Sanitation Fund budget, Mayor Smith asked if the item to purchase an additional 500 roll-outs for \$27,000 would also show as revenue, since the City charges for these containers. Mr. Bush said some of the cost is offset in the deposit, part of which the City keeps. The City also retains ownership of the containers, which cost \$54.00 each. Mrs. Williams said they show the \$40.00 drop-off fee and \$25.00 garbage deposit as revenue. Mr. Bush said this Department also has a cash balance brought forward. There is a three-year loan on the new overhead packer, which is due to be delivered October 1.

There being no further business to discuss, the workshop was adjourned.

CITY CLERK

MAYOR