

Proceedings of an Enterprise Fund Budget workshop meeting of the City Commission of the City of Palatka, Florida, held on the 24th day of June, 2004.

PRESENT:	Mayor	Karl N. Flagg
	Commissioner	Mary Lawson Brown
	Commissioner	Hernan Azula
	Commissioner	James Norwood, Jr.
ABSENT:	Commissioner	George E. Sanders

ALSO PRESENT: City Manager Allen R. Bush; City Clerk Betsy Jordan Driggers; Finance Director Ruby M. Williams; Police Chief Gary Getchell; Planning Director Adam Mengel; WWTP Supt. Platt Drew, WTP Supt. Mike Felton, Sanitation Supt. Ed Chandler, W&S Distr. Supt. Rhett McCamey, Parks Supt. Jeff Norton, Airport Manager Mike Cavello, Golf Course Maint. Supt. Lynn Davis, Acting Golf Pro Clyde Connor.

Mayor Flagg called the meeting to order and read the following call:

TO MESSRS: MARY LAWSON BROWN, HERNAN AZULA,
JAMES NORWOOD AND GEORGE SANDERS:

You are hereby notified that a special called meeting of the City Commission is called to be held at the regular meeting place of City Hall, 201 N. 2nd Street, Palatka, Florida, at 2:00 p.m., Tuesday, June 24, 2003.

The purpose of the meeting is to hold a budget workshop for the fiscal year 2003/04.

/s/ Karl N. Flagg
Karl N. Flagg, MAYOR

We acknowledge receipt of a copy of the foregoing notice of a special meeting this 13th day of June, 2004.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Hernan Azula
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ George E. Sanders
COMMISSIONER

Mayor Flagg said each of these funds will be taken in turn. They will hear from the department head and then the city manger, and then will go into commission discussion, if any. Mr. Bush said the proposed budget is set up with his comments first, then line item budgets, 5-year CIP plans, and the original hand-written budget that came from the department heads. In the past they have gone through these budgets line item by line item, but they are all so familiar with the process they can dispense with that and just ask questions as they come to them.

KAY LARKIN AIRPORT - Mike Cavello, Airport Manager, presented his budget, JACIP, and CIP (filed). They need to look at building more hangars, which are a good source of revenue. They are full and have a waiting list. In a few years they will need to decide whether or not they want to drive field trucks and designate personnel to do so or if they want to contract that work out. Mr. Bush commented on the land acquisition process that is being undertaken now, and said the permitting will follow. Then they can begin further expansion, which will include hangars.

Mayor Flagg asked where the money is coming from to make security upgrades to deal with national security threats. Mr. Cavello said the fencing is being upgraded and the airport is 75% enclosed at this time; they will complete this in the coming years. They have no cameras; cameras present problems such as who is monitoring them, etc. They are planning to encase and enclose the fuel farm. Security needs to also be addressed through the City Police and County Sheriff's office; airport security is not a single-department issue. Mr. Bush said the City has taken steps to increase security such as a safety fence and automatic gates. These projects were moved up after 9/11. They need to

address security measures in the Airport Operations Manual; Mr. Cavello said they need to address this with all law enforcement agencies in the County through a coordinated meeting set by the City Commission. Per the question, Palatka is getting some national funding for airport security, although not on the same scale as larger cities such as Jacksonville or Orlando. Commissioner Brown said they need to bring this issue to the attention of those who decide who gets this pool of funds. Small cities have security issues, also. Commissioner Norwood said he noted they are still transferring money from General Fund for mowing, etc. Mr. Bush said most airports in Florida do not support themselves. The outside maintenance is one of only two items that the Airport does not support. Terminal operations are all self-supporting. Per the question, Mr. Bush said they are considering moving the terminal upgrade up in the JACIP. Commissioner Norwood said the plan is to upgrade it in 2007 and asked if they are addressing these plans now. Mr. Cavello said the terminal upgrade has been given a high priority and the Master Plan study will begin in F/Y 2005. He believes this is sequenced properly. There are many questions that will be answered once the engineering begins. This is all addressed in the Airport Master Plan. Mr. Cavello added the gentleman who cuts the grass is doing a great job at an extremely reasonable price.

UTILITIES - WATER TREATMENT PLANT - Mike Felton, Water Plant Supt., presented his budget and 5-year CIP (filed), saying it is 'pretty cut and dried.' This year they have increased productivity 15-20% through the well refurbishing program, and hope to be able to do this every year, which will save money on drilling new wells. They underwent a 'vulnerability assessment' and the recommendations that arose from that assessment are addressed in his CIP (Items 3 - 8). The recommendations that were given high priority are the security fencing area around the chlorine storage area and the installation of automatic gates.

Mr. Bush said they are currently working on grants for improvements. As to plant expansion, currently there is a 5mg per day capacity and right now they pump around 2mg. In order to bring it to capacity, they would have to more than double water usage; chances of this happening before 2007-08 are slim. Per the question, Mr. Felton said he is not currently using population projections provided by NEFRP, which are based on past growth, for their projections, based upon the comments Mr. Mengel made about projected population growth at the Town Hall meeting, which prompted him to use Mr. Mengel's figures. Mr. Bush said if the City used NEFRPC projections, the City wouldn't have to make improvements until 2100, but they all know this is not the case.

Mayor Flagg said they need to establish a growth projection chart and use it uniformly throughout each department, no matter what the source. They need to be able to base their projections on a uniform set of projected population figures. The Planning Director should be the source of the data, with a written justification as to why the City is using his data. Many other agencies are looking at growth projections that are not based on historical growth, and Palatka needs to be doing the same thing. Commissioner Brown said many counties are "built out" and their roads are over taxed because they didn't handle their growth well, so Palatka needs to be very progressive in their thinking on growth. They need to determine where the money will come from to pay for infrastructure to support future growth. Mr. Bush explained the progression which determines when the water plant will need to be expanded; just like the WWTP, there is a definite capacity threshold that, once crossed, will tell them that they need to put the expansion process into motion; money is available from EDA (formerly Farmers' Home Adm.), which is where the City obtained funds for the last expansion.

Commissioner Norwood inquired about the electrical gates, which he deems more of a safety issue than a security issue. He asked why the City is spending \$13,000 on an electric gate. Mr. Felton said this was part of the security assessment recommendation; the current gates are 'swing open' gates which are chained and locked; when the electric gate is shut, that gives a greater measure of security, and if there is a chlorine leak, which there never has been, it will enable a much faster escape for employees than fumbling with a lock and chains. It is both a safety and security measure. Mr. Bush said the Florida Water Association has a section devoted to water plant security and they performed the security assessment survey. The installation of electronic gates is one of their recommendations. Commissioner Norwood said until they do an actual study and

workshop on growth zones and determine where the residential will be coming in, and where the commercial will go, they will just be guessing about growth and where it will occur. Mr. Bush said most of the new growth is occurring in the unincorporated area, and the best way to accomplish this is to sit down with the County to determine these factors. Second to that, they can sit down and do their own projections out into the incorporated areas as they come in. At that point, the Commission will have to make a decision as to whether or not they want to extend utilities out into an unincorporated area in order to accommodate future annexation and either commercial or residential growth.

WASTEWATER TREATMENT PLANT - Platt Drew, Superintendent, presented his CIP and budget, and also what has been accomplished during the present budget year (filed). As to capacity, they tripped that 'threshold' that Mr. Bush referred to about six years ago. The DEP mandates that you give them capacity reports each year after reaching 75% of capacity; they have been doing this. He shows this as an expense each year in his CIP. He receives his information from the engineers' summary. According to their projected population growth, they are good until the year 2014. He is not saying that will happen, but that is the engineers' projection. Since 'triggering' the capacity warning, they have done a lot to stem the inflow and infiltration problems they were experiencing, and actual usage has come down to the point that it is now well below the 3mg/day capacity to around 2.3mg/day. Inflow and infiltration is an ongoing problem as the system is very old. Four years ago the Commission spent \$1 million on a sewer sliplining project. They are still finding areas that need attention. Next year he will ask for an upgrade of the small lift station located at State & Locust Street that supplies 4 - 5 houses, which was supposed to be a temporary station, built in 1959. There are several of these around the City. He is also planning for replacement of an impeller at the Main Lift Station. Per the question, there are around 40 pump stations located around the City. They had planned on an upgrade in F/Y 05-06, which may not be necessary, but they still have the projected expense for the feasibility study in the CIP. They will be able to make a more definite projection next year. The plant is designed to be easily added to in order to double its capacity. Commissioner Norwood said as subdivisions come in they can use reuse water for irrigation. Mr. Bush said the School Board has already inquired about using reuse water for irrigation for ball fields and the like. Capacity expansion will require a bond issue; hopefully they will have put enough new paying customers on the system to offset the cost of the bond.

WATER & SEWER DISTRIBUTION - Rhett McCamey, Superintendent, went over his proposed budget and CIP, together with a list of proposed water main extensions and pricing estimates through 2014. They are replacing one service vehicle per year, and Unit 39 will be replaced in 2004-05. As part of routine maintenance, they try to replace a certain amount of old lines each year; the list is based upon priority and need. Included in his CIP is a list of water main extensions for placement in county roads from 2004 - 2009, and another list for 2010 - 2014, together with cost estimates. They have been prioritized as to need. They also plan to replace the 1983 sewer pressure washer next year, which will improve efficiency and cost. In 2007-08 they plan to replace the vacuum truck, which will then be 10 years old.

Commissioner Brown said they were using CDBG to replace a lot of the old lines on the Northside. She asked if, now that they are replacing lines on the South side of town, can they use CDBG to get a housing grant for the City? Mr. Bush said that is up to the City Commission; the City still has a myriad of infrastructure problems that need to be addressed; storm drain replacement is a high priority. Commissioner Brown said they did housing in the 1980's and if they don't ask for more housing money from CDBG they will divert it someplace else. After discussion on the PHA's housing placement plans, Commissioner Brown said she'd like to hear an update from the PHA as to what they are planning to do. They need to do some cooperative projects so they can leverage more money. SHIP cannot do it all. There is weatherization money available. They need to focus on housing for citizens. Commissioner Norwood agreed and said infrastructure needs to be addressed first. Mr. McCamey then went over the future water main/sewer line extensions with prioritization. Mr. Bush said much of this will be accomplished through grants for planned commercial development; however, the Commission will have to consider running lines out to some planned future growth areas at the City's expense in order to encourage growth. Per the question, there are no lines on SR 100 between the

"Y" and US Hwy 19. As annexations happen, they can extend utilities. They will also look at extending lines out US 17 N to Rice Creek Bridge.

WATER ADMINISTRATION - Mr. Bush discussed the CIP and budget for Water Administration. In 2004-05 they show an expense for an architectural study and design for renovation of City Hall/B&Z Annex. This may start before the end of the year. Per the question, the phone system was replaced six years ago. There is an "auto attendant" with voice mail system in the budget for 04-05. Commissioner Brown said she wants a person to answer the phone at City Hall instead of asking people to punch a button. Commissioner Azula concurred. Mayor Flagg said there is a need for an auto attendant as there is only one person answering the phone most of the time. City Hall gets a tremendous amount of calls. Voice mail is something people are adjusting to; it is preferable to paper notes. Mr. Bush and Mrs. Williams concurred. Mr. Bush said as to the budget itself, if rates remain the same, the budget is not balanced; he has proposed a rate increase to balance the budget one of two ways; either a \$1.00 increase across the board, or raise it a minimum of 4%, which will balance the budget and leave a contingency of approximately \$5,000 in a multi-million dollar fund. A 5% increase would leave around \$33,000 in contingency. With a percentage increase, the more water used, the more it will cost the consumer.

Mayor Flagg said the percentage increase is the better way to go, and he recommended the 5% increase; the commission concurred. Commissioner Norwood said he doesn't want to raise rates every year. Mr. Bush said they didn't raise rates last year, but they have to account for cost of living increases. Mayor Flagg said they should be aggressive in trying to sign up folks for utility service who are not inside the City Limits as long as the water line goes by their property and they sign an Agreement to Annex, which will bring in needed revenue. Commissioner Norwood said they need to advertise the benefits of living in the City, which include police and fire protection. Mayor Flagg said they can't market services that are already stretched. If they are bringing in people and squaring off the city limits they are taxing existing services. Public safety operates on a 'cost per citizen' basis, and when you are annexing residential properties that bring in little or no tax revenue, the demand goes up without more tax revenue coming in to cover the cost of those services. If the Homestead Exemption goes up to \$50,000, that will be devastating to the City. Commissioner Norwood said it is important for department heads to do impact surveys every year. Mr. Bush said if they begin going to service fees, which is what many cities are going to have to do, it begins to even things up, and then they can begin squaring up the city limits.

GOLF COURSE – MAINTENANCE - Lynn Davis, Maintenance Superintendent, presented his CIP and budget. He did a power-point presentation on what the greens and fairways looked like when he took over vs. what they look like today. After little more than a month, there has been a marked improvement. Tree removal and building maintenance are a high priority. Debris removal will improve cleanliness, stem complaints and improve employee morale. Sanitation is busy cleaning up around the maintenance building now. The maintenance building will be cleaned and painted and the restroom, which is currently unusable, will be remodeled. There will also be some roofing repairs completed before this budget year-end. There are several pieces of equipment that need replacement, and some of the equipment needs renovation and renewal. They just installed a new computer-operated irrigation system, and will begin budgeting for parts replacement and preventative maintenance for that system. He has also budgeted for accessories such as flags, ball washers, etc., which are a convenience for golfers. The current accessories are either substandard or nonexistent. The necessary greens maintenance items were somewhat cut back in order to balance this budget; it will be a 'squeeze', but they will do the best they can with what they will have. As to capital outlay, some improvements were made through the PMGA. They will be looking for significant increases in capital outlay in the future to supplement the PMGA's donations. Although 2004-05 will be a tight budget year, he has included a vibratory roller and verticutter in his budget, which are two pieces of equipment that are absolutely necessary. Future budget years' capital items are as listed (filed). Mr. Bush said the GC Board has concurred that putting the greens in shape is the first priority to begin getting play back up. The clubhouse and carts are not being neglected, but this is the priority that has been settled upon.

GOLF COURSE CLUBHOUSE - Clyde Connor, Golf Pro, presented the CIP and budget (filed). He said July 1 they are looking at increasing the cart rates by \$1.00 to cover increased lease fees. This was planned and has the blessings of the GC Board. Per the question, Mr. Bush said the Commission has the authority to raise the fees, and this proposal needs the Commission's blessing. Mr. Connor said the kitchen has been closed and they will be running golf operations from the snack bar in the afternoons; beer and alcohol sales will continue. The inventory system has been revised to handle this change. The course will be closed on Mondays for play, but maintenance crews will continue to work that day. The Commission has already discussed the new golf cart lease; the range ball machine is for the new driving range and should be very profitable. The hotdog and snack machines are there to offer golfers some level of service, since the kitchen is now closed. He is still getting quotes, but has received one for \$250 for the hot dog machine/steamer. They have also spoken about putting up new directional signs at the intersections, especially Hwy 17, directing traffic to the golf course. The driving range netting is shown in 2005-06, but really needs to be purchased as soon as possible. This protects the people at the driving range from stray balls hit from the course. The rest of the improvements are cosmetic and have to be done. The insulation is badly needed. Mayor Flagg suggested they call Jeff Womble at FP&L for a complete energy audit. Mr. Connor said most of improvements for 2006-2009 are also cosmetic except for the paving of the parking lot across the street and the resurfacing of the Clubhouse parking lot. Mr. Bush said this budget is extremely lean; he can almost guarantee the Golf Club will not end up in the hole for the 2004-05 budget year. Per the question, they chose Monday to close, as it is historically the slowest day of the week; they have moved Senior Day from Monday to Tuesday. It is not unusual for golf courses to close one day a week for maintenance. Mr. Davis has done a tremendous job with the greens. Play is increasing and will continue to increase. The Professional Associations and CG Board are talking about holding fundraisers. They are hoping that they don't have to wait until 2009 to make some of these improvements. They are looking at a part-time Experience Works person to help with beverage sales, pro shop sales, etc. Mr. Connor said they are concentrating on keeping their level of service up during this temporary downsizing.

Per discussion on the golf cart fees increase, Mr. Connor said the lease begins on July 1, but payments on the new lease don't begin until September. They need to go ahead and increase rates in anticipation of the new lease payment. Consensus to bring the matter of increasing golf cart fees to the next commission meeting agenda on July 22. Mayor Flagg said it is crucial for the golf course administrative personnel to not only notice what is going on, but also report it. They need to anticipate everything 'growing together' to work towards reopening all operations at the Club, and need to be prepared to deal with adding back services as revenues increase. It is important to begin doing some marketing on the improvements in the greens. They don't want the public to think that Palatka is getting ready to close up for good. Mr. Bush said he is getting a good reaction from the community due to the improvement in the course, and people who haven't played there in some years are coming back. Commissioner Brown said the City should start running some tournaments, such as an 'elected officials' tournament, to promote the Course.

SANITATION & MAINTENANCE - Ed Chandler, Sanitation, went over his proposed budget and CIP. As to capital outlay, they are concentrating on rear-loader trucks. At this time they are doing a good job on keeping the units they have on the road. They also plan to replace the street sweeper. They need to purchase another clamshell truck, which gets a lot of use; they badly need a second truck. The next upcoming item is a new forklift, which is also badly needed. Dumpsters, lifters/kickers and green containers are also included for F/Y 2004-05. The CIP does account for growth projections.

Mayor Flagg said the fleet looks very raggedy. Mr. Chandler said the trucks are, on the average, 11 years old; they are washed every day. They are using a pressure washer and use a new type of degreaser. Mayor Flagg said they need to budget some money for paint jobs and appearance. Commissioner Azula said that goes for all vehicles except for police vehicles. They are generally dirty and unkempt. Mayor Flagg said many vehicles have un-repaired damage. Many of these items are not major, but employees and departments need to take more pride in their vehicles. Mr. Chandler said their fleet of pick-up trucks is relatively new. Mayor Flagg said these vehicles represent the City's presence and he is

looking to Mr. Chandler and Mr. Bush to address this issue. Per the question, Waste-Pro uses dark colors on their trucks so the dirt doesn't show as readily. Consensus to look at dark blue as the trucks are replaced, or at painting the fleet dark blue if they are going to be kept on the road. As to maintenance, Mr. Chandler said there is an item in the 04-05 budget to replace the 1989 3/4 ton p/u and miscellaneous tools.

Mr. Bush said this department is running in a deficit and he has made a recommendation to raise rates by fifty cents per month for residential, and to raise commercial rates by twenty-five cents per pick-up. The other option is by going to one pick-up per week, which will probably not be popular. Per the question, Waste-Pro handles recycling in the City. Mayor Flagg said they need to get the residents into the recycling mode. Mr. Bush said the county handles recycling in the city; that is part of the tax bill. Mayor Flagg said they need to get people back into the recycling habit, and need to come up with a citywide campaign.

There being no further business to discuss, the meeting was adjourned at 6:00 p.m. upon a motion by Commissioner Brown.

CITY CLERK

MAYOR