

Proceedings of An Enterprise Fund budget workshop meeting of the City Commission of the City of Palatka, Florida held on the 23rdth day of June, 2005 at 7:00 p.m.

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

ABSENT: Commissioner George Sanders

ALSO PRESENT - City Manager Allen R. Bush; City Attorney Donald E. Holmes; City Clerk Betsy Jordan Driggers; Finance Director Ruby Williams; Planning Director Adam Mengel; Police Chief Gary Getchell; Fire Chief Ken Venables; Public Works Director Woody Boynton; W&S Supt. Rhett McCamey; WWTP Supt. Platt Drew; WTP Supt. Mike Felton, Airport Manager Glenn Ball; Airport Empl. Donna Franklin, Airport Operations Supervisor; Main Street Manager Cathy Butler

Mayor Flagg called the Enterprise Budget Fund Workshop to order and read the following call dated June 16., 2005:

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

You are hereby notified that a special workshop meeting of the City Commission is called to be held at the regular meeting place of the City Commission at City Hall, 201 N. 2nd Street, Palatka, Florida, on Thursday, June 23, 3005, to commence immediately following the 5:30 p.m. regular meeting of the City Commission.

The purpose of the meeting is to hold an Enterprise Funds Budget Workshop for the fiscal year 2005/06.

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

We acknowledge receipt of a copy of the foregoing notice of a special meeting this 23rd day of June, 2005.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Hernan Azula
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ George E. Sanders
COMMISSIONER

Mayor Flagg noted he would be leaving shortly, and will be turning over the meeting to Vice Mayor Brown to chair in his absence.

Mr. Bush directed the Commission's attention to the proposed Enterprise Funds Budget for 2005-06. He noted these funds are fee-driven; a service is rendered for fees charged and paid. Preliminary budgets include statements from department heads and line item budgets. All department heads met with him and went over these budgets prior to this workshop. All have agreed that their budgets meet their goals and objectives for the current year. Commissioner Norwood asked what "across the board" salary increase is recommended. Mr. Bush said the Step in Grade plan calls for 5% raises for all employees. Commissioner Norwood said he is coming up with an average of 9%. Mr. Bush said after five years, some folks receive an additional adjustment, and some receive increases for taking on added responsibilities. The average increase is 5%.

AIRPORT - Glenn Ball, Airport Manger, presented his budget projections, which include revenues, expenditures, balance sheet, facility needs, and special requests (filed). Donna Franklin, business operations supervisor, was also present. Mr. Ball said projected fuel sales are way up due to airplanes diverting to this airport due to its superior reputation for service and fuel prices. They are doing a good job on marketing. As to expenditures,

salaries have increased significantly, as have hangar maintenance expenses. They need to get the facilities in order for the coming storms. Vehicle maintenance is way up as they have more vehicles to maintain. Advertising has increased 200% as they are doing a lot of advertising, which is paying off.

He presented his balance sheet and facility needs (filed). Growth is as projected in the JACIP. Roof repairs for commercial, executive and T hangars have been bid. The cost is at \$20,055, and that is included in Expenditures. Special requests include tools, a commercial ladder and scaffolding ladders, a digital camera, copy machine, barricades, and runway closure markers. Mr. Bush noted the Airport has a grant currently underway for the runway rehabilitation and lighting, and a grant is in the works for a new terminal building. Mr. Ball noted the fuel farm built last year is paying for itself. There is also a new eyewash station in place. People coming in after hours can now fuel, use the restrooms and eyewash station, if they need to.

UTILITIES - Commissioner Norwood read a passage from the 2nd paragraph of Mr. Bush's opening statement, reference taking the Plant from 3 million gallons per day (mgpd) to 3.85 mgpd capacity, and asked him if the City intends to get the Plant re-permitted or re-certified at 3.85 mgpd. Mr. Bush said the plant will be re-permitted at 3.85 mgpd. Commissioner Norwood asked if the designer will come back and re-certify the Plant at 3.85 as well, as it was designed for 3 mgpd. Mr. Platt Drew said it will be "re-rating/re-permitting" per the engineer.

WATER TREATMENT PLANT - Mr. Bush noted he has plugged in no rate increases in water or sewer for the coming year.

Mike Felton, Water Treatment Plant Supt., said they will be upgrading several high service pumps, which will give them a 25% increase in flow. They are currently running around half-capacity on average daily flows. As they refurbish the wells, at one per year, they are adding an extra stage to each well, which will help increase the output. As to major expenditures this year, they will put a residual chlorine & fluoride residual analyzer on-line to help keep track of those chemical levels. There is a unit there now which can be converted at a relatively low cost. They also would like to get a grasshopper-type riding mower, which will be especially helpful when plant expansion happens. They also have a spare chlorinator plugged in as a back-up unit. Also, the City has a contract with a company that maintains the water tower, and they have notified the City that they intend to take the maximum increase allowed under the contract. As to the five-year CIP, the various recurring expenses are mostly the well refurbishing he addressed earlier, and adding that extra stage. Also, the ultra filtration unit installation will go out for bids in September. They plan to award the bid in late October/early November. They hope to begin construction in January. They anticipate the total cost at around \$7.5 million, of which the city will be responsible for 15%, or \$1,125,000.

Per Commissioner Norwood's question, Mr. Felton said they anticipate that homeowners should see the results of the ultra filtration system by the end of Summer, 2006. According to the engineer, people will notice less chlorine smell, as they won't be adding as much chlorine as they do now. It will also make the water a little softer. Mr. Bush said they will be getting ahead of the crowd on FDEP's lowering of allowable Trihalomethanes in the water. Commissioner Brown thanked Mr. Felton for keeping the water flowing during emergencies and accidents.

Mayor Flagg excused himself and left the meeting at this time, and passed the chairmanship of the meeting to Vice Mayor Brown.

WASTE WATER TREATMENT PLANT - Platt Drew, Superintendent, presented his proposed budget revenues, expenditures and CIP (filed). As to his CIP, since the re-use project was completed, they have had two different sets of chlorination systems, and it has been difficult keeping up with both, so they plan to put them on-line with a new computer system. A new telemetry system will go on line, which will allow them to monitor the stations 24 hours a day. He is also asking for a new slab; the roll-off has eaten up the concrete on the existing one. The WWTP is permitted for 3 million gallons per day (mgpd). They average around 2.6 mgpd through it at this time. They recently put

a re-use system in operation, which takes 1/3 of the effluent out of the St. Johns River, and opens the door for them to re-permit and re-rate the plant to a total capacity of 3.85 mgpd. They are just starting on re-permitting, which will give them some breathing room. Due to anticipated growth, they are looking at expanding the Plant in 2008/09 at the very earliest. The re-rating and re-permitting will involve another capacity analysis in addition to the one they just completed, in order to allow for new growth projections. They will work with Adam Mengel on growth projections. Mr. Bush said they estimate it will cost around \$9 million for the expansion. Mr. Drew said re-use water sales are a possible source of revenues. Commissioner Norwood said, as to new construction adjacent to the WWTP, they can require new developments to tie in to the re-use system, which will save the city resources and will have a good impact on the environment. Mr. Bush said the Commission set a goal of getting 100% of effluent out of the St. Johns River. When and if development occurs around the Lundy Road area, it will present a great opportunity to sell wastewater. Commissioner Brown said the new head of DCA stated that is one of his goals. They need to contact him about getting some aid to get the City to help achieve that goal. Commissioner Norwood said the City should put an ordinance in place making this a requirement for new development. This is a win-win situation for the City, its citizens and developers.

WATER & SEWER DISTRIBUTION - Rhett McCamey, Superintendent, presented his budget revenues, expenditures, and CIP. Although the operating budget has increased since last year, this comes with no proposed rate increase. Personnel Services has increased 10.2% and the Operating Budget has increased by 12.5%. Capital outlay has decreased by 11.6% from last year due mainly to a reduction in equipment purchases. They propose Better Place Money be set aside to line several blocks of clay sewer collection lines over the next three to four years, or around 3,000 feet per year, which will stop a lot of inflow into the WWTP. They are re-evaluating the water system and are looking at replacing and upgrading water lines for fire flow needs through grant funds. Woody Boynton, Public Works Director, said the road resurfacing will be done in conjunction with line replacement needs.

Commissioner Norwood asked what type of coordination there is with meter readers when they go to a read meter and it has been covered up with dirt and mud. Currently, they just pull it up and dump it into people's yards. Either the meters should be redesigned, or when they dump the mud into people's yards, a work order should be put in to come back and clean it up. Per Commissioner Norwood's question, Mr. McCamey said the Water & Sewer and Street Departments are responsible for going back and patching roads when Water & Sewer makes cuts in the asphalt for repairs. Commissioner Norwood noted the repairs are settling and are creating a hazard, and need to be addressed. Also, there should be a system in place to assure that the hydraulic load from storm water is getting off the streets quicker. The water sits there, and the pavement is beginning to come up. They are throwing good money after bad. Mr. Bush said they are stressing compaction on road repairs. Also, they will be addressing storm water collection through CDBG grants. Commissioner Brown said the River Navigator has informed her that money is available to address storm water runoff. Mr. Bush said there is money available through SJRWMD to address storm water runoff into the River. As to the 5-year CIP, Mr. McCamey said the biggest item is the replacement of the vacuum truck. They will transfer the old truck to the Streets Dept. for their use.

WATER ADMINISTRATION - Ruby Williams, Finance Director, said they've kept costs down this year. They are in line with the budget. Next year she has added a new car for the City Manager; his is getting older. Half the cost is borne by this Fund and half by the General Fund. In 2006-07 she has plugged in upgrades to allow on-line payments and the like. In 2006-07 they will address City Hall parking; most of the time it's full, and customers have a hard time finding a place to park. Mr. Bush said he has prior addressed the subject of the long-term intent of building a new City Hall. If that happens, they plan to keep this building as a satellite office for water payments and other offices. That won't happen overnight, and probably not in the next five years. Once the intrastate system is in place, it will be even more difficult to get to this building. Once a new building is in place, the citizens will appreciate having it. This will be driven by population growth. The City will be 'forced out' of this building before they know it. It will probably mean hiring an additional three employees to staff a satellite operation at the current City Hall.

Per the question, Mrs. Williams said customers are now able to ask for automatic debit for payment of bills for their account. At this time, people can either mail in payments or come to City Hall to make payments. Commissioner Brown said this town needs to have a consistent place for telephone bill payments; the payment place jumps around all over town. Mr. Bush said he has made inquiries to Southern Bell about accepting phone bill payments at City Hall. Commissioner Brown said Southern Bell needs to straighten itself out, or the City can go out and find its own phone company. Per the question, Mrs. Williams said it takes 3 days to credit a payroll-deducted payment. If they do an automatic deposit, that goes in on Thursday; the payment comes out of the bank account on Friday, and it will be credited on Monday. Provided they can do the withdrawals in-house by 2:00 p.m. on Thursday, the payment posts on Monday. Currently, they do this by hand. If payroll runs late, it creates a big problem. Most people aren't able to access funds the next day after an automatic deposit.

MUNICIPAL GOLF CLUB - Lynn Davis, Superintendent, presented his budget revenues, expenditures and CIP. He said they tried to keep most of the expenses in line with last year's. One of the main increases was in salaries and insurance. They took out a capital loan to update equipment this year. The one big jump on building maintenance is due to a new roof; they are getting better place money for that. As to the five-year CIP, they just purchased a new fairway unit, greens mower, a tractor with rough mower attachment, a utility vehicle and attachments for greens mowers to help with promoting grass. For the next two years they won't be making any large purchases. In the third year they will be making other purchases to compliment the purchases they just made. They will be rotating out equipment to keep it current.

As to the Clubhouse, they are trying to keep costs in line, and have actually decreased some costs. One big item is electricity; it has taken a large jump due in part to the new irrigation system. He is pushing advertising this year, and has just released a flyer in the Jacksonville Times Union targeting the local and Julington Creek areas, which was very successful. They are also increasing stock for the pro-shop and stocking new pieces. It is more cost effective to stock merchandise than order it piece by piece. As to debt, the golf fund is improving. Most of the new debt is due to the purchase of the news greens maintenance equipment. As to the five-year CIP, they are concentrating on dressing up the interior and exterior of the clubhouse. The air conditioners are getting old, and he is facing rising maintenance costs. He is currently taking proposals on replacing old air conditioning equipment. As to the parking lot across the street, they want to look at getting that paved. The new cart lease is due in 2007-08; they rotate it out every three to four years. The current lease is four years with a three-year option.

To offset increases in salaries and equipment, they are meeting goals and objectives. As of the 8th month in the fiscal year, they are down slightly, but expect that to come back in line at the end of this month. Mr. Bush said over the past seven years, the Golf Fund had gone into deficits of around \$700,000; this year they are looking to break even, which is quite a turnaround. Commissioner Norwood noted that the golf course needs to support itself.

Mr. Davis said he surveyed rates for area golf courses. Palatka is lower than many. They are considering a price adjustment to bring the rates more in line with competing courses. Over the past few years, membership declined at the golf course due to declining conditions on the course, so they were forced to lower rates. At this time, he can walk in off the street and pay less than their members are paying to play golf. He has proposed lowering membership rates, which will help to get membership numbers back up. The driving range has been extremely beneficial, and they project revenues at around \$30,000 next year. They are currently offering a range membership of \$200 for members and \$250 for non-members; he proposes raising that by \$100 next year. Mr. Davis said they only open for breakfast on weekends; during the week they are open from 11:00 to 2:30 for lunch. He is advertising to draw more lunch business. They have been catering to groups having dinners, and the GP tournament was a huge success; they had to turn people away. He only has three or four weekends through the end of the year during which tournaments are not booked. Commissioners Azula and Norwood complimented Mr. Davis and Mr. Bush for turning the golf course around.

SANITATION - Ed Chandler, Foreman, presented the budget expenditures, revenues and 5-year CIP. He said they are purchasing five new vehicles beginning this year, and are meeting their goals and objectives. He noted corrections in the CIP; in 2005-06 they are actually purchasing three rear loaders. They yearly total should be just over \$602,000 instead of \$401,000. The financed amount should be \$102,000 rather than \$60,000. The budget totals are correct. Mr. Bush said the Commission has voted to move equipment purchases up to the 2005-06 year, with no increase in rates. New trucks are on the way. Commissioner Norwood said citizens pay for two garbage pick-ups and one yard trash pick-up a week. When the City can't make that schedule, they need to better communicate that to the citizens. Citizens are putting yard trash out early so it will be seen during regular garbage pick-ups.

Commissioner Norwood said they know there are increased requests coming from Public Safety departments, and they will need to set some priorities on what they will be addressing this year. Commissioner Brown said if there is money out there for Homeland Security, which was sent to Florida by the Federal Government, then they need to raise the hue and cry for some of those funds. She wants to make sure they aren't shoring up some departments at the expense of other departments. All departments need equal attention. People who are asking for more, need to tighten their belts and ask for a little less. She sees police cars sitting parked on her corner for several weeks at a time; people see those cars parked there and know there are no officers in them.

There being no further business to discuss, the meeting was adjourned at 8:09 p.m. upon a motion by Commissioner Azula, seconded by Commissioner Norwood.

CITY CLERK

MAYOR