

KARL N. FLAGG
MAYOR-COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

GEORGE E. SANDERS
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER

ALLEGRA KITCHENS
COMMISSIONER



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

ALLEN R. BUSH
CITY MANAGER
BETSY JORDAN DRIGGERS
CITY CLERK
RUBY M. WILLIAMS
FINANCE DIRECTOR
GARY S. GETCHELL
CHIEF OF POLICE
MICHAEL LAMBERT
CHIEF FIRE DEPT.
DONALD E. HOLMES
CITY ATTORNEY

MINUTES CITY OF PALATKA October 11, 2007

Proceedings of a regular meeting of the City Commission of the City of Palatka, Florida, held on the 11th day of October, 2007.

Present: Mayor Karl Flagg
Commissioner Mary Lawson Brown
Commissioner Allegra Kitchens

Absent: Commissioner James Norwood
Commissioner George Sanders

Also Present: City Manager Allen R. Bush, City Attorney Donald E. Holmes, City Clerk Betsy Jordan Driggers, Finance Director Ruby M. Williams, Police Chief Gary Getchell, Fire Chief Mike Lambert, Public Works Director Woody Boynton, Parks Supervisor Jeff Norton, Interim Planner Debbie Banks

CALL TO ORDER: Mayor Flagg called the meeting to order at 6:00 p.m.

INVOCATION – Father John Jacobs, Pastor, All Saints Anglican Church

PLEDGE OF ALLEGIANCE – led by Robert Taylor

APPROVAL OF MINUTES – 9-27-07 regular meeting – Commissioner Brown moved to approve the minutes as read. Commissioner Kitchens seconded the motion, which passed unopposed.

1. PUBLIC RECOGNITION

- a. **PROCLAMATION** – Breast Cancer Awareness Month & Mammography Day – Women’s Club of Palatka representatives received a proclamation from Mayor Flagg naming October, 2007 as Breast Cancer Awareness Month and October 19 as National Mammography Day. Yvonne Parrish said the Women’s Club is organizing a “Buddy Check 12” club in Palatka, to be sponsored by Jeannie Blalock, anchorperson for Eyewitness News Channel 12 out of Jacksonville.
- b. **PROCLAMATION** – National Make A Difference Days – October 22 - 28, 2007 - Mayor Flagg presented a proclamation to representatives from United Way of Putnam County recognizing October 21 – 28 as National Make a Difference Days.
- c. **PROCLAMATION** – Public Natural Gas Week – October 7 – 13, 2007 – Mayor Flagg read and presented a proclamation designating Public Natural Gas Week to Jud Neufeld, Chairman, Palatka Gas Authority Board.
- d. **PROCLAMATION** – Florida City Government Week – October 21 - 27, 2007 - Mayor Flagg issued the Florida City Government Week proclamation and asked those school administrators present to notify their schools that city officials will be available for classroom activities that week.

2. **PUBLIC COMMENTS** - (Speakers limited to three minutes – no action taken on items)
Daniel R. Ziem, Sr., 401 Olive Street, asked for the boil-water alert procedure for the City of Palatka. Mayor Flagg said the primary and proven method go door-to-door and make contact with citizens. There is a more modern practice of a system for telephone notification. The city also utilizes newspaper and radio media and the website. Mr. Ziem he didn't know about it until Tuesday. Mayor Flagg said he does not live in the affected area. Mr. Ziem said the newspaper and radio is not enough. There were two people on Main Street that weren't notified. Mayor Flagg said the primary method is personal contact at each affected location, whether residential or business. The secondary is media notice. A printed notice is printed and distributed.

Ruth Burke, 510 Mulholland Park, said she wasn't notified of the boil water alert. She drinks bottled water. Also, she has not had time to read through the EAR amendments. Mayor Flagg noted she will be able to discuss that item when it comes up on the agenda.

3. **CONSENT AGENDA:**
- a. **Award bid for Police Dept. Contracted Wrecker Service 2007/2008 to Johnson's Towing & Recovery** for \$25.00/tow and \$7.00 storage/day, per results of RFP
 - b. **Authorize execution of Interlocal Agreement with Putnam County BOCC** to allow the expenditure of grant funds for the renovation of the Putnam Co. Intermodal Transportation Center (Old Train Depot) for occupation by Ride Solution, Inc.
 - c. **Set Trick or Treat Hours for Wednesday, October 31** from 6:00 – 8:00 p.m.

Commissioner Kitchens requested Item (b) be pulled for discussion, and moved to approve Consent Items (a) and (c). Commissioner Brown seconded the motion, which passed unopposed.

Interlocal Agreement with Putnam County BOCC for renovation of Old Train Depot – The Clerk read correspondence from Ride Solution asking for approval of this interlocal agreement into the record. Boyd Thompson and Robert Taylor, project architect, were present for interview. Mr. Taylor said seven bids were received, the lowest bid being \$90,309.00. Once the bid is awarded, the contractor will be given 120 days for construction and an additional 15 days to complete. The entire process will take around 5 – 6 months to complete. Commissioner Kitchens said they toured the train station in June and were given an overview of the planned renovations. It has come to her attention that the railroad museum will lose part of their portion of the lobby, as changes have been made to the plans. She asked and Mr. Taylor confirmed that the museum will be losing its lobby space to offices. Commissioner Kitchens asked who has the final approval on the design. Mr. Taylor said the Commission was given the design several meetings ago and approved it then. She said she did not recall the museum had lost space, but wanted to make sure the City retains architectural control over the Depot. Commissioner Brown said whatever they lose in lobby space, they will be given other space that hasn't been utilized before. This will provide more space for travelers. The RailRodeo exhibit will remain in its present space. Mr. Holmes asked Mr. Taylor to clarify that the City Commission has approved the design and there are no changes planned. Mr. Taylor said that is correct. Commissioner Brown moved to approve consent agenda item (b). Commissioner Kitchens seconded the motion, which passed unopposed. Commissioner Brown said they've had some hard feelings on dealings with the County before. They want to work with the County, but want them to understand that they have a deep love and connection to the old Train Depot.

4. **PUBLIC HEARING** – Adoption and Transmittal of Comprehensive Plan Evaluation and Appraisal Report and transmittal of proposed EAR-based amendments to Department of Community Affairs – Guy Parola, Northeast Florida Regional Council, said the State has informed the City that, before a full-scale update to its Comprehensive Plan can be made, factual and state regulatory changes need to be made first. This action is a transmittal to the DCA, which is the State land planning agency. The commission is adopting no changes tonight, but is asking the State to look over these proposed changes, which they will have 120 days to do. Once DCA has commented on the proposed changes, the City will hold the adoption hearing, and those changes will be incorporated into the City's Comprehensive Plan. It will be at least

120 days before these proposed amendments become law. A few months ago the City began holding a series of public workshops regarding the Comp Plan revision, which will continue after this EAR-based amendment issue is settled. The reason there were no workshops for this aspect of the amendment is that these are state regulations and are factual, non-negotiable items. Once this is accomplished, the “fun” part of the plan revision will begin. He thanked the City for its time, patience and spell checking.

Debbie Banks, Interim Planner, said there are still some minor changes to be made to the final document, but they do not change the intent of the document; they were ‘computer blips’ and mainly typographical errors and a correction to a ‘levels of service’ item. Most of the corrections are in the document they received yesterday. She recommends approval of this document with corrections as noted.

Ruth Burke, 510 Mulholland Park, said she would have liked to have been able to listen during the revision meetings. In the Orange Book entitled “Comprehensive Plan – Clean Copy”, she purchased, there are incomplete sentences and other errors. Mrs. Banks said the document the Commission is now considering has been corrected; Mrs. Burke is referring to the prior, uncorrected copy. Mrs. Burke said she bought the 1998 version for \$75 and this document for \$25. She has a lot of questions. Mrs. Banks said she would be happy to sit down with her and go through it. Commissioner Kitchens said she has gone through several versions of this book and had noted several hundred corrections. All her questions and corrections were addressed.

To address Mrs. Burke’s comments about the City holding these revisions meeting in secret and not following its comprehensive plan, Commissioner Brown said in 1980s the State required every city in Florida to do a comprehensive plan, or all State funding would end. Palatka hired the Regional Planning Council to do this Plan. It was adopted February, 1992 and has been updated since then with the EAR revisions. DCA will look this document over, let the City know if it meets state regulations, and if the revisions pass the State’s review, the Commission will adopt those changes into the plan. People in Tallahassee make these regulations, and they have to find someone that can interpret those regulations and put them into their plan. Staff has gone over these changes with a fine-toothed comb. She noted Mrs. Burke will have ample opportunity to go through these changes before they are adopted. This is just housecleaning now. Mayor Flagg said this document is related to land use and future land use, and is designed to create conformity with State regulations. The revisions are being submitted to DCA for evaluation. Mrs. Burke said the City needs to stick to these revisions after they are adoption. This and the TIF fund are blatantly misused. This document talks about what you have to do with historic buildings. The City paid a lot of money for a plan that wiped her out up through 3rd Street. She is very upset about this; it is affecting her health.

- a. **RESOLUTION 8-20** Formally Adopting the Evaluation and Appraisal Report-Based Amendments into the Comprehensive Plan and Authorizing its Transmittal to the Department Of Community Affairs – Adopt – The Clerk read a resolution entitled A RESOLUTION OF THE CITY OF PALATKA, FLORIDA, TRANSMITTING TO THE FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS, PROPOSED EVALUATION AND APPRAISAL REPORT BASED AMENDMENTS TO THE COMPREHENSIVE PLAN OF THE CITY OF PALATKA. Commissioner Brown moved to pass the resolution as read. Commissioner Kitchens seconded the motion. A roll-call vote was taken, with the following results: Commissioners Brown, Kitchens and Mayor Flagg, yes. Nays, none. Resolution 8-20 was declared adopted.
5. **CONVENE COMMUNITY REDEVELOPMENT AGENCY to hear a Request to Pay Monthly Palatka Gas Authority Bill** for the South Historic District Gas Lights from South Historic District Tax Increment Funds, per request from Southside Historical Neighborhood Association – Rodney Carnes, President, SHNA – **ITEM PULLED FROM THE AGENDA at the request of applicant.**
6. **UPDATE ON CITY MANAGER SEARCH** – Paul Sharon, FLC Range Riders Program, said he was asked to make an interim report on the search for Palatka’s new city manager. He’s here to pick up the

applications received to date, as tomorrow is the deadline. They've had a very good turnout. As to logistics on how they want to proceed, Mr. Bush said they have almost 60 applications, which they have been sorting out based upon those that meet the qualifications advertised. They will narrow it down to as many as the Commission would want to interview, approximately 10 – 12. They will then hold an informal reception with department heads and the City Commission and will narrow it down to the top four or five. At that time they will meet one-on-one with the City Commission for a final interview and tally, and whoever turns out as the top choice would be the selection. Mr. Sharon said he endorses the informal meeting, as it will give them a better feel for the candidates' personalities. He and Mr. Bush will determine their respective lists of their top choices, compare notes, and afterwards merge their choices until they have a dozen or so applications to offer the Commission. Then they would want a general session with the Commission to give them a quick run-down on the top-ranked applicants.

Commissioner Kitchens said she'd like to have a copy of each and every application so she can see all of them for herself. Mr. Holmes said each commissioner should have a copy of all of them; they are all public record. There may be some resume that strikes a particular note with a commissioner that doesn't make the final 12, and that commissioner may want to ask why. He doesn't disagree with the rest of the procedure. Mr. Bush said they plan to give all members of the Commission a copy tomorrow. Mayor Flagg said the City Commission is hiring the new city manager; that is non-negotiable. They want to see every application that comes in. Furthermore, every individual that applies goes onto a matrix. Once they've established the matrix they can narrow down the applicants. The matrix will determine who is pulled from consideration. Mr. Bush said that is their plan. Mr. Sharon said he will create an Excel spreadsheet outlining all the candidates' basics and the elements of the advertisement. He will add candid notations on each candidate's qualifications. Mayor Flagg said he wants that coversheet with the applications. They all need to have the matrix prior to the top 12 candidates being recommended. This process needs to be 'above board.' He made a comment to the newspaper that the commissioners may want to appoint a professional from the public sector to have input to the candidates. This will be an open and public process; they want a new manager that is innovative and visionary. These five commissioners will make this decision, as that is what they were elected to do.

Per Commissioner Brown's question, Mr. Bush said he hopes to have someone hired by the end of November. Mr. Sharon said they find the City benefits by not having a long-term "overlap" of managers. The new manager will be enthusiastic and impatient to come in and start making changes. The new manager will chafe with having the current manager around. Commissioner Brown said a new city manager will have all five of them to look at, and she'd like to get to know him. They want to know how aggressive he will be, if he's thinking outside the box, and let him prepare for a populace that may give him a hard time at first. The new person needs a comfort zone to be able to go forth to do the work that needs to be done. Commissioner Kitchens concurred, and said if the person chafes with having Mr. Bush around, that may not be their ideal candidate. Mr. Bush has valuable information that is not on paper and a wealth of experience. Palatka doesn't take lightly to an outsider coming in and telling them how they did it elsewhere. Mr. Sharon said he understands; this comes up all the time. Sometimes it can develop into an uncomfortable situation; sometimes not. Mr. Bush said whomever comes in will be a profession; the last thing he/she will want is the old manager looking over their shoulder. He just needs enough time to bring him up to speed on project and departments, and then he can turn it over. He will still be living in Palatka and will be available for any questions.

Sam Deputy, 917 Carr Street, said he believes in the City, lives in the downtown area for a reason, and believes that the future manager should live in the City within one year from his/her hire date. The City should ask for that.

Christy Sanford, 312 Dodge, asked if they can look at the applications. Mayor Flagg said everything will be public knowledge. Mr. Bush said a list of candidates will be posted on the website.

Len Freeman, 422 River Street, said previously they'd discussed putting together a performance evaluation process, and asked if they have worked with the League of Cities to do that. He also asked if the successful candidate will know what the evaluation process will be, the probation period, etc. Mayor Flagg said that will be part of the interview process. Mr. Bush said that will be part of the contract.

Set Date for City Manager Candidate Interviews - Mayor Flagg said, with all due respect to the commissioners that are not here, he asked the Clerk to coordinate the rest of the calendar for this process. He asked for a revised calendar by Monday to be posted on the website.

7. **RESOLUTION** Requesting a Waiver in Permit Fees from SJRWMD for fiscal year 2007-08 – for adoption – The Clerk read a resolution entitled A RESOLUTION OF THE CITY OF PALATKA, FLORIDA, REQUESTING A WAIVER IN PERMIT FEES FROM ST. JOHNS RIVER WATER MANAGEMENT DISTRICT. Commissioner Brown moved to adopt the ordinance on 2nd reading as read. Commissioner Kitchen seconded the motion. A roll-call vote was taken, with the following results: Commissioners Brown, Kitchens and Mayor Flagg, yes; Nays, none. The Ordinance was declared adopted.
8. **ORDINANCE** vacating a portion of Ruth Street between Moseley Avenue & S. 18th Street - 2nd reading for adoption – The Clerk read an ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, CLOSING, VACATING AND ABANDONING THAT PORTION OF RUTH STREET LOCATED IN BURT'S SUBDIVISION LYING SOUTH OF BLOCKS 11 AND 12 AND NORTH OF BLOCKS 10 AND 13 AND RESERVING REQUIRED UTILITY EASEMENT, WITHIN THE CITY OF PALATKA, FLORIDA; AND PROVIDING AN EFFECTIVE DATE. Commissioner Brown moved to adopt the ordinance on 2nd reading as read. Commissioner Kitchen seconded the motion. A roll-call vote was taken, with the following results: Commissioners Brown, Kitchens and Mayor Flagg, yes; Nays, none. The Ordinance was declared adopted.
9. **RECOMMENDATION regarding proposal to purchase and demolish Frank George Apartment** – Mr. Bush said he provided attachments, namely a memorandum recommending funding via 50% TIF/50% Better Place Funds for this purchase. The TIF Oversight Committee met Monday evening to discuss this and voted to recommend \$100,000 TIF funds be committed to pay towards the principal and interest in FY 2007-08. This does not require a bond, as it is just a one-time payment. Mr. Livermore, the City's bond counsel, will be letting them know how the Supreme Court decision on the TIF fund referendum issue went. Mr. Bush said he believes this is something the TIF fund should pay for; if they split it between TIF and Better Place Funds, it won't hit either group very hard. His recommendation is to purchase the Highrise as soon as possible; the PHA needs to divest itself of it by January 1. It is appraised at around \$5 million by the Tax Assessor's office. A person could purchase it for \$2.2 million, put some money into it and sell it as condo housing. The City should purchase it and demolish it so that option is no longer available. They need to look at their long-range goal of bringing something to the Riverfront that will benefit everyone in the District. Allowing this Highrise to remain on this property won't accomplish that. When he speaks of a "letter of credit" for purchase, there are one or two entities that want to come talk to the City about their development ideas. They can put a memorandum of understanding together with a potential developer to get this back on track. By having a letter of credit, the City will only borrow the amount of money up front to purchase the building; afterwards, if demolition is desired, they can borrow the money for that. He is asking the Commission to allow him to begin looking for the best rate available on a loan for \$2.8 million and to obtain a letter of credit in order to purchase this building.

Ruth Burke, 510 Mulholland, said she is opposed to this purchase; she wants someone else to purchase it and build a nice hotel. This is a rush to judgment. The demolition cost will be too much as it contains asbestos. The City shouldn't give it away. Everyone knew this day would come. There is too much secrecy. Mayor Flagg said if she is aware of any meetings that violate the Sunshine Laws to please contact the Department of Ethics so they can be dealt with to the full extent of the law. Mayor Flagg said

there has been no mad rush. If she needs a time line they can look at that. They are working with a deadline. Mrs. Burke said they need a plan with goals. Nothing has been done for the Downtown. The TIF Fund hasn't been used correctly. Mr. Bush said they've followed State Statute when spending these funds. Façade grants have been continued for the coming years. This fund has only recently begun to grow at a faster rate. If someone else purchases this building, they will likely just continue it as low-rent or low-income housing.

Christy Sanford, 312 Dodge Street, said she wants to see the Frank George Apartments go, too. She doesn't see there's a payment plan for this project past the first year. Mr. Bush said he explained that in his memo in the agenda package. They will split the cost with the TIF funds, but if TIF is not available, he will use 100% Better Place funds. The amortization over 12 years is around \$319,000 per year. Mrs. Sanford asked if there is an oversight committee for Better Place funds. Mayor Flagg said the authority rests with the Commission as to any final decision on expenditures of Better Place funds. Mrs. Sanford said Mr. Bush is leaving and the new city manager's funds will be encumbered. Mr. Bush said it is the City Commission moving forward, not the city manager.

Sam Deputy, 913 Carr Street, said he'd like to see the Highrise go, but concurs with Ms. Sanford's concerns on how to pay for it the coming years. Someone knew there was a deadline on the sale of the Highrise, but no one knew until recently. Mayor Flagg said, in looking back, last year the Housing Authority was successfully working with the selected developer. No one knew the 'clock' would be reset to zero this past March. The City does not own the highrise; the PHA owns it. The City didn't make the rules. The PHA didn't need to talk about the deadline; their calendar was being followed. This was not a military secret. Either the City needs to purchase the building to control what happens there, or not. He'd rather grow grass than have another vacant building. They want the building gone. Mr. Deputy said the CRA plans don't mention the Highrise or 100 Block. His block is not mentioned. Blocks that are not in the TIF district are mentioned. He doesn't know what the plan is. They should have one. TIF expenditures should match the plan. Mr. Bush said the plans on the development of those blocks are very general. When the City pledges money for this purchase, they will pledge Better Place funds. If they can use some TIF, they will. Mr. Deputy said he is in favor of doing some of this, but they need a plan to cover the next 12 years, or until TIF sunsets. His block has only benefited from the trees, which he has to trim off his building. Other blocks didn't get trees. Mr. Bush said the City has always said the two most important blocks for the revitalization of Downtown are these two blocks in question. They contribute nothing to the tax base. They can plan all the trees they want, but they won't bring people to their doors. If this comes to fruition, the TIF will have a lot more money to work with. These people may want to look at renovating the James Hotel or other buildings downtown. Mr. Deputy said they need to tie these expenditures to a business-type plan. All they know is what they read in the newspaper. Mr. Bush said the historic districts make requests for TIF expenditures for their plans. The Downtown can do the same thing. The purchase of more downtown parking was mentioned just tonight. Mr. Deputy said they asked the City to purchase the Prosperity Bank parking lot with CDBG funds. As a member of the CRA he'd like to have a copy of the plan with those two blocks in it.

Ruth Burke, 510 Mulholland, said she can't handle this any more. She has been wondering if the City is going to invoke eminent domain or condemn her buildings and take them away from her. The old Diana Shop is sitting vacant. They need a tax abatement program. Mayor Flagg said tax abatement is a Main Street initiative. Mrs. Burke said she has asked for a letter from the City Attorney that the City won't condemn or take her buildings away. Mr. Bush said the City did one order of taking years ago. Commissioner Kitchens said the legislature passed a law stating you can't condemn property for a private developer. She can contact Joe Pickens for a copy of that legislation. Mrs. Burke said she wants a letter. She wrote the Mayor a letter on July 17 requesting a letter from the City saying they will never invoke eminent domain or condemnation proceedings on her buildings. The Commission agreed to it. Mayor Flagg said they will research it.

Commissioner Brown said all these things apply to her, too; she lives and works Downtown. They have all paid taxes for a long time. They all want to see the best happen for this City. She can't apply for a façade grant because she sits on the Commission, and she has redone her funeral home façade recently. She paid her tax increase and does what she needs to do to keep from having her buildings condemned. They are all in the same situation. They are looking into tax abatement. They hope during this coming legislative session they can get a sponsor for their proposed bill.

Len Freeman, 422 River Street, said they all agree the Frank George Apartments need to go. It is at the end of its useful life and can't be restored or reconditioned due to design features. Throughout this process he has questioned who is responsible for its removal. It is owned by the Federal government. If the same building was on a similar piece of land, would the City be seeking to do anything with it, or would they allow HUD to deal with it? As part of the acquisition process, they should be looking at a competitive bidding situation and sell it to the highest bidder. The City shouldn't spend tax money to demolish a federally-owned building they'll have to get rid of anyway just to insure it won't again become a low-income facility. It's not fair to the citizens. There is no market today, and the building is likely worth much less than \$2.2 million. The Congressional Delegation should be approached to come to the City's aid to get rid of this building that HUD is responsible for. Mr. Bush said the City must purchase it in order to control of it. If the City doesn't purchase it, HUD wouldn't demolish it; they'd just sell it to whoever will meet their price of \$2.2 million. The City can approach the Delegation for money to demolish it. Commissioner Kitchens said Palatka Housing Authority owns the title, but is receiving subsidies on the building from HUD. Mr. Holmes said it may be titled under PHA, but HUD controls what the PHA can do with the building.

John Nelson, PHA, said the PHA owns the building, but a Declaration of Trust is placed upon it by HUD, as they subsidize it. They can't do anything to or with that building without permission from HUD. They received permission to dispose of the building in May, 2005.

Linda Freeman, 422 River Street, asked if the \$2.8 million includes demolition; Mr. Bush said it does. Mrs. Freeman said the TIF Oversight Committee feels strongly they need a plan, and a motion was made to hold a joint workshop with the CRA to put that in place. Mr. Bush said he references that in his memorandum. The TIF expenditure he references is for the Fund year 2008-09.

Angela Murtogh, 726 St. Johns Avenue, asked when and why the 100 Block was purchased. Mr. Bush said the City purchased it to offer it to a developer for redevelopment of the riverfront. It was nine separate parcels. The City decided to purchase the block as there was a move afoot to put a convenience store there. The Commission decided that wasn't what they wanted people to see when they came across the Bridge. Mrs. Murtogh said this is 12 years later, and nothing worthwhile sits there. She wonders why they are spending more money to purchase another building that will just sit there. Mr. Bush said it took two years to purchase the nine parcels. The City then asked the PHA to partner in the redevelopment effort; they worked with the PHA for many years to finally receive permission in 2005 to enjoin the building to the project, as that was the recommendation from the very large real estate firm that was brought in to consult on the matter. The City received a Federal grant to put a first-class redevelopment plan together and paid over \$100,000 for it. It took over a year to hash out the details on that Plan and put an RFD/Q on the project together. After the RFD/Q went out, a developer was selected. Then the developer left, and now they are here. Mrs. Murtogh said they should put something on the 100 Block first. Mr. Bush said the Highrise is public housing; not to disparage those that live in the Highrise, they were advised it would be difficult to attract a quality developer for the 100 Block with public housing sitting across the street. Mrs. Murtogh asked how long the 100 Block would continue to sit there. She was told three years ago tax abatement would be coming shortly. The Downtown Merchants are struggling. They need advertising dollars and a tax abatement program. This is taking too long. Mayor Flagg said they have to have local and state legislators connect to sponsor and adopt a Legislative Bill to do this. If they had the authority to do it, they would.

Christy Sanford, 312 Dodge Street, said she knows they were pursuing tax abatement through the Legislature, but there is an enterprise zone program in place now. It can be put on a referendum. Rep. Pickens is working on that with the Main Street Manger. Mr. Holmes said a memo has been prepared on that measure, but it may not be what they anticipate. Mr. Bush said the City and County have put tax abatement in place based upon job creation. Mr. Holmes said they've been asked to look at tax abatement in the downtown area, which is not a historic district. There are very specific criteria involved with a business district.

Robert Griffith, 510 Mulholland Park, said this is a perfect example of not doing something correctly. He said Mr. Deputy said there needed to be a Plan for the CRA and TIF funds; Mr. Bush's response amounted to his opinion on how it is to be operated, which does not agree with State law. They know how it is done correctly. State law says the CRA is to meet each year, adopt a plan for that year, and specifically note where the money is being spent. They need to implement this correctly. They need to have a planning period. Mr. Hodge and his group have been discussing all this for 20 years. Now Mr. Hodge is on the new Main Street program. They need to do it right starting tonight. Mr. Bush said each year the TIF is audited, and that audit is published. Mr. Griffith said that is not the intent of the law.

Daniel R. Ziem, Sr., 401 Olive Street, said he worked on the highrise when it was built by a grant received by the City of Palatka. The Highrise was set up for senior citizens only as a redevelopment project. Downtown "anchor" businesses moved out, and rents now are very high. The City had a chance to sell all of the 100 Block to Mr. Ashdji, the latest developer, which would have rejuvenated downtown and created jobs, and he would have paid many millions to purchase these blocks. Commissioner Brown said he withdrew his offer; Mr. Ziem said he withdrew due to public pressure. Ruth Burke asked why the City didn't require a non-refundable deposit of \$500,000 from that developer. She met with Mr. Hahn at the Main Street conference, who gave a confusing presentation. He wants to partner with her on her buildings. Maybe she will invite him to Palatka.

At 8:20 p.m. Mayor Flagg, with commission concurrence, called for a recess.

At 8:30 p.m. Mayor Flagg reconvened the 10/11/07 City Commission meeting and continued with the Orders of the Day.

Mr. Holmes stated Commissioner Norwood is out of town on business and could not be present for this meeting tonight. He produced a letter he received from Commissioner Norwood today regarding his stand on the issue of the Highrise purchase. Mr. Holmes read his letter into the record, which stated he believes it is in the City's best interest to "stay in the driver's seat" on this property; otherwise there is a possibility that another developer will come in and continue it's present use in some way. The letter stated if he were present to vote tonight, he would vote in favor of the purchase and either use the \$100,000 in TIF funds to help fund the first year's payment, or explore whatever means the City had available to make this purchase.

Commissioner Brown said many of the things they are recommending have all been recommended or done before. Regarding the train station, CSX wanted to sell it to a private entity, but the City was able to purchase it with help from their state representative through a "turkey," but they don't have those anymore. This is now an inter-modal transportation facility; most places don't have one of those. Greyhound is coming back. It's been a success. She moved to ask Mr. Bush to move forward to locate proper funding to purchase the highrise, with or without the TIF funds. They want to make the downtown something special. The motion died for lack of a second.

Commissioner Kitchens said she had several questions for Mr. Bush, who told her he had done some research on the cost of demolition for the building, and said the cost would be around \$700,000, which includes the approved method of removal of the asbestos. Mr. Bush referred to the realtor that came in sometime around 2001 or 2002, who said the 100 block was too small a parcel to attract a serious

developer, especially with public housing across the street, and advised the City to purchase the highrise to offer with it. Commissioner Kitchens said there's been talk of bringing in low-income housing. The City owns the 100 Block and could sell it with the stipulation that no low-income housing can be placed on either block. If the Downtown Riverfront Zoning is not changed, the building would have to be brought up to code for future occupancy; if it were vacant for six months, the current grandfathered zoning would go away. At the next meeting, the Planning Department will submit a Code change to lift the first floor housing restriction. They can add a restriction for the riverfront to disallow low-rent or Section 8 housing. Because PHA is anxious to sell this by the first of the year, that gives the City only two months. She'd like to see a memorandum of understanding developed with the interested developer. She contends that whomever they sit down at the table with will have no problem dealing with Mr. Nelson. She's not ready for the City to purchase this building; they have two months to decide to whether or not to purchase this building. She wants to hear what the developer has to say. If the City were to use 100% TIF funds for this purchase, she'd be more inclined to approve this. She's not keen on committing Better Place Funds. The Legislature wants them to cut more taxes next year. They'll need their funds for other things. They don't want to lose employees. She wants to sit down with the developer first. They have time to make this decision in November or December. They don't have to decide this tonight.

Mayor Flagg said the City needs to purchase and demolish the Frank George Apartment Complex by any legal and economical means necessary as soon as possible.

Commissioner Brown moved to purchase the property if Mr. Bush can isolate a legal means to fund the purchase, and to bring that proposal back to the Commission for final approval. Commissioner Kitchens seconded the motion, clarifying she does not intend to second it if the motion is to purchase the building. Mr. Bush said he will speak with Bond Counsel on this; he needs permission to go forward to put this in place. Commissioner Kitchens said if they can get HUD to demolish the building, that would change her mind. Mr. Holmes said they don't even have an agreement with PHA to purchase the building; they can't apply for money to demolish the building without an agreement to purchase it. Someone could offer the PHA a contract for \$2.5 million tomorrow. Mayor Flagg said the PHA has demonstrated good faith in partnering with the City on Downtown Redevelopment. The City needs to take a position of control, and the City Commission needs to make it clear that they want first option for purchase. Mr. Holmes asked Mr. Nelson what would happen if someone offered him \$2.2 million tomorrow.

John Nelson, PHA, said he already has a written offer on this desk. He confirmed that his Executive Board took action in 2005 to partner with the City on this redevelopment. The offer is not from CDC. Mr. Holmes said whoever owns the highrise controls the riverfront. He asked if HUD will force him to take the highest offer made. Mr. Nelson said the criteria are based upon two things; one is the original agreement wherein they agreed to partner with the City to develop the waterfront. That is their primary goal. They are running a business, and they need to attend to business and operate like a fiscally sound business. They have a fiscal responsibility to rid themselves of that building. At this point it is causing a loss of income. If any other business in town were losing that kind of money, they'd be closing their doors. Their first obligation is to the 400 families they have to house; if they are losing income, which they are, they can't provide necessary services to their clients. Mr. Bush asked if the City is first in line to purchase it; Mr. Nelson said it is. Commissioner Kitchens asked if that is legally binding; Mr. Holmes said the PHA is not now legally bound to sell the City the Highrise. There is no contract; that's his point. Commissioner Brown withdrew her motion, and Commissioner Kitchens withdrew her second. Mr. Nelson confirmed they want a sales agreement with an appropriate deposit by January 1, 2008. Mr. Holmes suggested they enter into a contract for purchase and demolition of the highrise, contingent upon Mr. Bush's finding a secure funding source for purchase and demolition of the highrise on or before 60 days from today, so the City will have a contract with which to begin secure financing that is contingent upon the financing being approved. Commissioner Brown moved to enter into a contract for purchase of the Frank George Apartments Highrise Complex with the Palatka Housing Authority for \$2.1 million, subject to the contingency that Mr. Bush find a legitimate means of funding for purchase and demolition, and to bring back to the Commission the means of funding for final approval, in order to meet PHA's

timeframe of having a deposit and contract in place by January 1, 2008. Commissioner Kitchens seconded the motion. A roll-call vote was requested and taken, with the following results: Commissioners Brown, Kitchens and Mayor Flagg, Yes; Nays, none. The motion passed unopposed. Mr. Holmes stated he would draw up the contract.

10. **RECOMMENDATION** regarding City Manager's recommendation to surplus and sell 0.25 acre Golf Course Parcel Cut-Out. Commissioner Brown moved to surplus and sell an 0.25 acre Golf Course Parcel Cut-out, per Staff's recommendation. Commissioner Kitchens seconded the motion. A roll-call vote was requested and taken, with the following results: Commissioners Brown, Kitchens and Mayor Flagg, Yes; Nays, none. The motion passed unopposed.
11. **ADMINISTRATIVE REPORTS** – There were none.
12. **COMMISSIONER COMMENTS**
Commissioner Kitchens asked that the City move ahead on the water connection brochure, which should contain general information on general rules, such as keep your roll-out containers off the curb, keep your animals on a leash, etc. The various department heads were directed to provide information for that.
13. **ADJOURN** at 8:50 p.m. upon a motion by Commissioner Brown, seconded by Commissioner Kitchens and passed.

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