

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 CALLED MEETING
July 31, 2007 – 3:00 P.M.

PRESENT: Mayor Karl N. Flagg
Commissioner Mary Lawson Brown
Commissioner Allegra Kitchens
Commissioner James Norwood, Jr.
Commissioner George Sanders

Also Present: City Manager Allen R. Bush, City Attorney Donald E. Holmes, City Clerk Betsy Jordan Driggers, Assistant Clerk Karen Venables, Police Chief Gary Getchell, Fire Chief Mike Lambert, Public Works Director Woody Boynton, Water Plant Supt. Melvin Register, WWTP Supt. Platt Drew, Water & Sewer Supt. Rhett McCamey, Parks & Cemeteries Supt. Jeff Norton, General Service Director Ken Venables, Interim Planning Dir. Debbie Banks, Golf Pro Mike "Spanky" Aaron, and Airport Manger Glenn Ball

Mayor Flagg called the meeting to order at 3:05 p.m. and read the following call dated July 24, 2007:

TO MESSRS: MARY LAWSON BROWN, JAMES NORWOOD, GEORGE SANDERS AND ALLEGRA KITCHENS:

You are hereby notified that a special called meeting of the Palatka City Commission is called to be held on July 31, 2007, at the regular meeting place of the Palatka City Commission at City Hall, 201 N. 2nd Street, Palatka, Florida, to commence at 3:00 p.m.

The purpose of the meeting is to consider items on a Consent Agenda, Hold a Budget Workshop, and Set the Tentative Millage Rate for the 2007 TRIM calendar.

/s/ Karl N. Flagg , Mayor

We acknowledge receipt of a copy of the foregoing notice of a special meeting on the 24th day of June, 2007.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ George E. Sanders
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ Allegra Kitchens
COMMISSIONER

INVOCATION - The Reverend Keith Altman, Chaplain; Palatka Police Department

PLEDGE OF ALLEGIANCE – As a group

1. **CONSENT AGENDA:**

- a. **Authorize the Mayor to execute a Statewide Mutual Aid Agreement** with Florida Dept. of Community Affairs, Div. Of Emergency Management, per request of Putnam County EMS – Ken Venables, General Services Director
- b. **Authorize the Mayor and Police Chief to execute a Combined Voluntary Cooperation & Assistance Law Enforcement Mutual Aid Agreement** with Putnam County Sheriff's Office and all Putnam County municipalities, per PCSO request
- c. **Authorize execution of Addendum #1 for \$31,570 to Ayres & Associates Contract for Engineering Design** for the Moseley/Crill Avenue Intersection drainage improvements (grant funded) per recommendation of Woody Boynton, Public Works Director
- d. **Appoint Vicki Mast as North Historic District Property Owner to the Palatka Historic Preservation Board** for a three-year term to expire June, 2010 (sole applicant).

Commissioner Sanders moved to approve the Consent Agenda as read. Commissioner Brown seconded the motion, which passed unanimously. Vicki Mast was present for introduction.

2. **CONVENE 2007/2008 FISCAL YEAR BUDGET WORKSHOP:** Mayor Flagg recessed the Regular City Commission Meeting and convened the 2007/2008 Fiscal Year Budget Workshop.

GENERAL FUND PROPOSED BUDGET - Mr. Bush briefly ran through the revenue side of the General Fund. The ad valorem revenue was held to almost the same level of the previous year. The final budget is slightly more than the previous year due to some of the revenues derived from new construction. When the legislature came out with their final requirements, they changed the method of computing the rolled-back rate by removing tax increment values from the rolled-back computation. This was never done in the past and worked to the City's advantage. In computing the rolled-back rate, he found that last year's millage rate of 8.65 actually rolled forward to 8.6534 under the new guidelines. He had already put together a budget based on a lesser figure, so he prepared the final budget with a figure lower than the rolled-back rate and higher than the anticipated rate. This rolled-back rate is not 3%, as anticipated, but a minus 1.77%, which rounds off to 8.5 mills. You have to look at increased operating costs each year; even with the cuts already in place, the budget increase is approximately \$300,000.00. Much of that increase was funded through increases in revenues from the Communication Service Tax, which has increased somewhat in the last few years. As to increases for the current year, the Fire Department budget increased by approximately \$150,000, Police Dept. budget increased around \$110,000, and Streets' budget is up by \$30,000, which accounts for the \$300,000 they had to make up. Parks & Cemeteries, Building & Zoning and Administration are about the same.

Commissioner Norwood asked what area the increases were in for the fire and police departments? Mr. Bush stated normal personnel costs; they have a step-in-grade plan for salary increases, plus increases in vehicle lease and operating costs. Mr. Bush noted the current year's budget shows personnel costs at \$1,249,805 and next year's estimated at \$1,401,750, which is where the majority of it is coming from. The Fire Department had a big increase in their pension contribution, which made a big difference. The rest of the funds required a lesser contribution. Life & health insurance is also very expensive.

Mr. Bush noted all the departments within the City did an excellent job of holding down their budgets. Two positions were eliminated: a part time alarm coordinator in the police department and a GIS position in general admin. They believe eliminating these positions would not impact the services to the public. Commissioner Sanders said he thinks the GIS position is an important one. If these services are contracted out, there is a time element to consider; it may not be kept up to date without a GIS person on site. This is an important position and a lot of consideration should be given before eliminating it. Mr. Bush stated he has given it a lot of consideration; they are looking into just one GIS position to cover the entire City. The City has a very good GIS program, which he is trying to upgrade.

Commissioner Norwood stated he sees nothing in the budget for building acquisition, and hasn't seen a needs assessment. They need to get the Clerk out of the hallway. The City Lot needs larger facilities. Building & Zoning facilities need a lot of work. They need to show there will be funds available for these needs in future budgets. Mr. Bush stated the department heads have made it clear to him what their needs are concerning physical facilities improvements. It cannot be done all at once. They added a police facility in this budget, shown under Better Place expenditures. It is a very tight budget this year. As to any Better Place funds left over in this budget year, those funds are kept separate, and those expenditures can be found in the in Better Place funds handout. Commissioner Kitchens noted Better Place Funds could only be used for certain things. Mr. Bush stated they can be used for Capitol Improvements. Commissioner Kitchens noted she had suggested buying the building next to B&Z to alleviate some of the space issues, but that idea was not acted upon, as Mr. Bush said there was no money to do it. Mr. Bush said, as noted on page 80, Better Place Funds are already encumbered in the upcoming budget year.

Commissioner Norwood stressed the need for a "needs assessment." Mr. Bush stated the City has plans on top of plans; the Comp Plan that is being revised has a capitol improvement element in it that goes out a minimum of five years, and in some cases longer, that demonstrates the needs and how the City intends to pay for them. Commissioner Norwood noted overtime allocations are exceeded significantly in prior years. There have also been significant purchases made by some departments that were not budgeted. They find funds to do what they want to do. They need to put a plan in place. Mr. Bush referenced page 9 of the Preliminary Budget 07/08 as an example.

GENERAL ADMINISTRATION - Commissioner Norwood asked if there were Capitol Improvements under General Admin. Mr. Bush said just computer purchases. The mainframe software has been pushed back a year. If next year's budget is even worse, it will be pushed back another year. When there is only a certain amount of revenue to work with, you do what you can. The Finance Director has stated she can get by with the operating system the City currently has. Mr. Bush noted a change on page 10 under Current Year Budget Executive Salaries & Retirement. The figure should be \$16,572 instead of \$12,936. The \$990 should be \$1,264 and the Retirement should be \$2,478, which is something he discussed with the City Attorney some time ago.

Commissioner Kitchens noted under last year's budget, actual Social Services were \$5,070.53 and current year budget shows \$11,000.00, which includes things such as Putnam Behavioral and Conlee House. Mr. Bush said what was budgeted at \$11,000 this year will be budgeted at \$6,000 next year. Commissioner Norwood inquired as to what Social Services the City was going to support. Mr. Bush said they will try to support them all at a lesser percentage of what they requested. When the requests come in they will be brought before the Commission. Commissioner Kitchens suggested taking \$1,000 from the Chamber and \$1,000 from the Arts Council Concert Program and at least give Social Services \$8,000. Mr. Bush noted a larger portion of the \$6,000 could be given to what they consider more important of the Social Services. Commissioner Kitchens wanted to know what the Riverfront Program was. Mr. Bush stated this is the summer concert program put

on at the amphitheater, which three or four years ago was \$10,000; it was cut to \$5,000 a few years ago. The General Services Department's budget is shown on Page 12, which he recommends for approval.

PLANNING, BUILDING & ZONING DEPARTMENT - Mr. Bush noted there was one change to the Building Dept. on page 18 under rentals and leases. The \$2,000 should be \$2,571, which includes a contractual lease amount on the copy machine that Ms. Banks brought to his attention. As to the Contingency Fund on page 11, where it was \$75,271.00, it is now \$70,330.00. These are things that either he overlooked or were brought to his attention that needed to be changed.

Debbie Banks, Interim Planning Director, stated she was fine with the budget as is. Mr. Bush noted Ms. Banks would be leaving in January, which was common knowledge. She was planning to leave the end of October, but she's agreed to stay on until January. The new Planning Director starts September 3rd.

Commissioner Norwood questioned if there is anything left over from last year's budget, and if so, what happens to those funds. Mr. Bush said if anything is left over, it goes back into the General Fund budget and they start all over for the coming year. Commissioner Norwood asked if the Commission could set up a contingency fund for buildings from that overage. Mr. Bush stated they could, but he had a tough time balancing this year's budget. Commissioner Kitchens stated no one is certain as to what the Legislature will do. The intent of the legislature this year was to lower taxes and Mr. Bush dropped the millage rate to 8.5, saving just over \$66,000.00 in taxes, which will help people a little bit. Next year the buildings may be the least of the City's budget problems. They may be fighting to keep police and fire. If the new Super Homestead passes the City is going to have to cut down to the basics. She is thankful only two positions had to be cut this year. If the voters are unwise enough to pass the Super Homestead exemption, it is going to be bad.

POLICE DEPARTMENT - Gary Getchell, Police Chief, stated he prepared his budget based upon two assumptions. One was the tax initiative, which they believed was going to pass, so they prepared a very streamlined budget that won't affect public safety issues. The second was an increase in starting salaries in order to be competitive with neighboring agencies. Starting salaries aren't increased every year. This is a problem for all positions. He cannot find qualified people to fill civilian positions with what they offer as starting pay. Mr. Bush noted they do a salary survey each year, and the bottom line has increased several times. Chief Getchell said they do that for the sworn officers; for civilian positions, the starting salaries have been the same for six years. He would like the Commission to look at this citywide. His budget is \$13,500 less than what he had asked for. To make this up they've cut a part-time position; however, they are still reassessing and this may change somewhat, but the cut will be made. This is not going to affect public safety and the efficiency of the Agency. They have increased their volunteer force significantly over the last year. They are moving forward as a police department and planning for the tax reform package to pass in January. They don't want to have to come before the Commission next year asking what they want them to do, so they will have a package ready for the new City Manager to look at, should this pass, outlining proposed cuts. Mr. Bush stated the bottom grades are raised frequently; he thought the clerical side had also been addressed. Chief Getchell stated the \$16,000/year starting pay for a records clerk is not much. In terms of public safety calls for services are down and crime last year was at a 27-year low, but they are seeing an increase in property crime and violent crime. The murder rate is up all over the County. He is not asking for any new personnel unless the City wants to increase the service level.

Mr. Bush stated Chief Getchell did a very good job of holding his budget down, given the constraints on the revenues this year. Services were kept in place, as were the number of sworn officers and the Weed & Seed program. Commissioner Brown commented the police dept. has some fringe benefits that keep them with the City. Chief Getchell said the officers

being able to take their cars home is an added benefit to both the employee and City, as it aids in response times. This is the only added benefit. Commissioner Brown suggested Chief Getchell get with Mr. Boynton regarding putting police officers in affordable homes to encourage them to live inside the city limits. She'd like this done in all departments. Chief Getchell stated he has already talked with Mr. Boynton about this; several of his officers are interested.

As to the debt fund, Mr. Bush noted the debt is distributed through the General Fund. The debt on the sweeper is listed in the Street Dept. because it has a couple of more years' debt on it. The 20-year debt on the new Sutphen fire truck lease is listed in the Fire Dept. budget.

Mayor Flagg called for a recess, and called the meeting back to order at 4:14 p.m.

FIRE DEPARTMENT – Fire Chief Mike Lambert stated the fire department took some pretty big cuts across the board on most of their operating costs. They are working diligently on establishing other service fees, such as fire inspection fees and plan review fees. They have increased the contracted fire response fees, which helped. They got pretty much what they asked for, but took cuts in just about every line item. Commissioner Kitchens asked Chief Lambert if the department had everything they needed to run their dept. for the coming year efficiently and effectively? Chief Lambert stated no, but they have what they need to maintain the services they've provided for the last few years. Like every year, they've wanted more manpower to cover the "two in/two out" rule. Commissioner Norwood inquired if there was any way to show details on Fire, Police and Parks grants. When they work overtime on grant-funded projects, it skews overtime figures. Mr. Bush stated they do not plug in grants until they know that the grant is there. The auditors require the City to plug them in so some of the items will run over, but generally there is an explanation and the budget will be amended, and the grant will show up on the revenue side offsetting the expense. At Mr. Bush's request, Chief Lambert explained increases in personnel costs. Chief Lambert stated they are not over-budget on anything and will be in the black by the end of the year. The State's contribution for pension should be higher than last year, but that does not show until later in the year.

Commissioner Brown said the City has a rescue truck that goes out when there are calls in the City, but the City has never received any reimbursement. The County ambulance service charges so much a mile for their service. She asked if the County could be approached about reimbursing the City, because the City makes the same run. Chief Lambert stated the work relationship with the County EMS is a lot stronger than it has ever been, and this has been discussed before. City residents don't pay the same taxes as County residents do, but the City is providing a service that is probably better than anywhere else in the county. They discussed it, but it has never gone anywhere.

PUBLIC WORKS DEPARTMENT - Transportation – Woody Boynton, Public Works Director, said he is comfortable with the Street Department's budget as proposed. He cautioned the Commission as they look at the Capitol Improvement Budget when they do the needs assessment. They approve the Capitol Improvement Budgets over a 5-year period, and various dept. heads take that into account when they start to program the next year's budget. His Capitol Improvement Budget line item, which is in the Better Place Plan and doesn't come under this budget, does get cut. As told at the needs assessment meeting, they will not be doing any street resurfacing this year. There were other nominal changes to their Capitol Improvement Plan. He noted the 5-year work plan does impact their budget and affects how they operate.

Mayor Flagg asked if there was anything the Commission should be in anticipation of or surprises that are on the horizon. Mr. Boynton said there are no surprises on the horizon, but the Street Dept. or any department that has people on the streets are subject to liability

claims. The liability claim line item is low. If a department was to have a large claim made against them, after the City pays its share, that claim can conceivably eat up 25% of that operating supply budget, so this is one thing the Commission may want to look at as a whole as a contingency. Mr. Boynton stated there are two other items within the Street Dept. that affect them, making them cut back in various ways. That is railroad crossings and traffic lights & signals. They have no control over these budget line items. The railroad does their work, submits an invoice to the City and the City pays it. The City does not have the ability to review it or not to see where they work or what they did. As for traffic lights and signals, the City does a good job of budgeting for routine maintenance, but again this year there were significant problems with the bridge lighting system. That line item is going to be lower this year, and there is nothing the City can do within the other line items to make up a several-thousand-dollar difference. As with other departments, there are things in their budget they have no control over. In the three years he has been here doing budgets, he has never had to carry a deficit forward. Mr. Bush noted on page 16 under Better Place Funds, they can see portion of what the Street Dept. budget shows up there. There is the street-sweeper payment, of which there are two left; sidewalks accounts for \$100,000, street paving for \$60,000, drainage pipe for \$20,000. All told it comes out to about \$453,000.

Mayor Flagg inquired if it would be practical to establish a pool for City-wide liability? Mr. Bush stated the City has carried a reserve for that purpose for years. It may be very low right now, but without the Finance Director here he could not pull the figure; however, such a thing already exists.

Commissioner Sanders asked whose responsibility it is to replace the light at St. Johns & Moseley Avenues? Mr. Bush answered the County. The City has not agreed to any cooperative effort on that particular light. Mr. Boynton stated he knows people have talked about it but the City has never taken this to Putnam County's Transportation Board to ask them to consider adding a left hand turn signal at Moseley. Commissioner Sanders stated the light ties up traffic. He has made call after call on this. Mr. Bush stated there have been several letters sent to them stressing the importance of this. Mr. Boynton stated he would follow through with this and bring it before the Transportation Committee.

Cemeteries/Cultural/Community Centers/Parks - Jeff Norton, Supt., said there was a slight increase to both West Oak Hill and East Oak Hill Cemeteries due to changes, cost of overtime and number of funerals. There is a price increase effective 10/1 with this budget. They also are looking into providing vaults at a competitive price. By the City providing vaults, it will make their job more efficient. Adult lots increased from \$450 to \$550. He plans to submit a revised ordinance regarding restricted cemetery funds for Mr. Holmes to review. A gravesite price change will also require an ordinance. Mayor Flagg noted advertising deadlines for this have to be met to be effective October 1. He noted the improvements that were made on the east side have enhanced the facility for staff as well as the public areas. Mr. Norton stated all of those improvements were done with Better Place Funds. The gate improvements were made with restricted cemetery funds.

As to Parks, Mr. Norton said there are ongoing improvements at Booker, Fred Green and Hank Bryan Parks. A pavilion was installed at Hank Bryan with the help of contributions from the Pilot Club. Improvements are planned for the Bronson House. The Special Events Committee is putting together changes to the special events ordinance to include a new fee schedule. As to the Bronson House, the Commission stated it wanted the House open during specific times. Mr. Bush said he has taken this up with the Docent, who was to take this up with the Historical Society. The Docent has told him he has a hard time recruiting volunteers. Mayor Flagg said this is not the Historical Society's facility, it is a City facility, and the Docent falls under City Hall, and with or without volunteers, it falls upon him to open the House when the City wants it opened. Mr. Sanders said volunteers for the Bronson House and Museum are unreliable, and many times the Docent is there by himself.

Mr. Bush said the Historical Society has set hours for the facility and those are the hours they adhere to. The Commission said at the walk through that they'd like to see expanded hours and that is what is being pursued. Mayor Flagg said the property's operation reflects back upon the City of Palatka. They need to advertise set hours. Mr. Sanders said he will bring this to the Historical Society at the next meeting. Mayor Flagg said the City is an equal partner in this facility and needs to have a more aggressive dialogue with the Society. Commissioner Kitchens said it is open during its posted hours, but they need more flexibility during off hours, or not close it during Festivals. Mayor Flagg said facility hours should be posted in all public places and the facility should be open when it says it is open.

TAX INCREMENT FUNDS – Mr. Bush noted the proposed budget contains anticipated revenues for all three TIF funds. Expenditures are listed on page 82. Mayor Flagg inquired as to the major changes in the TIF funds from last year's budget to this year's budget. Mr. Bush said as taxable values on these properties go up, it brings in more revenue. 100% of the money collected goes into the respective funds. The respective districts make recommendations on expenditures and the City Commission plus two other members as the CRA has the final say on expenditures. The funds shown transferred to the Chamber are for the Main Street Manager.

CDBG – The N43 Madison St. Drainage Project is essentially complete and 90% of that fund should be spent in the current budget year. The remaining funds will be spent in the 2007-08 budget year. As to "spin off" projects, Mr. Boynton said they don't have anything planned. They are able to extend sidewalks in a few areas as the project came under bid cost. The Housing Authority will piggyback on this contract for sidewalks in their communities. This project area was well defined. They do need to be thinking about the next CDBG budget cycle. This project will close out by the end of this fiscal year, September-October, and the next application cycle will begin in January. They have some projects in the works for utility expansion. Any grant will require \$350,000 set-aside from Better Place funds. Mr. Bush noted the required match has increased from \$150,000 in order to get maximum funding and points. Commissioner Brown said they need to get started on a housing grant. Mayor Flagg said they need to look at the City's priorities based upon the likelihood of an award. Economic Development equates with water & sewer. They can't wait on new businesses to apply for a grant. Commissioner Brown said CDBG is targeting workforce housing tied with transportation; housing is their current focus. Mr. Bush said they have historically concentrated grants on a project that has the highest and best benefit to the City overall.

Mayor Flagg said downtown redevelopment will be tied with TIF funds; he understands there are few responses to the new request for proposals, and the PHA may suffer for that. Mr. Bush used the highrise as an example and said the price tag on the highrise is \$2.3 million; it will take another ¾ of a million dollars to demolish it. If the City was to step in and purchase the property, they can arrange for a developer to come in and reimburse the City for its cost. The City needs to bring to the table whatever it can to make the project feasible. The real estate market is very depressed. Commissioner Kitchens noted the real estate market is very bad right now. Mr. Bush said allowing a developer to purchase the land 'on time' will ease the pain of the up-front costs, and would help the project along. Mayor Flagg said this needs to be put on the agenda so the Commission can take action on it. Mr. Bush said if the City purchases the highrise, the PHA can go ahead and begin work on replacement housing, and the City can begin preparing the lot for development through demolition. The PHA is losing money every day they sit there with this building half empty. Commissioner Kitchens requested it be placed on the agenda for discussion for the 2nd meeting in August.

ENTERPRISE FUNDS: Mr. Bush said these budgets stayed essentially the same. There are some proposed fee increases associated with the budget in order to balance it. He has proposed to raise both water and wastewater rates by \$1.00 per month each. A reconnect and transfer fee will go from \$10 to \$20, and late penalty from \$2 to \$4.

PUBLIC WORKS DEPARTMENTS:

Water Treatment Plant – Melvin Register, WTP Supt., said there are small increases mostly due to salary increases and electrical and chemical cost increases. In Capital Outlay/Improvements, there are funds set aside for a new vehicle and for well refurbishment and cleaning, which is critical. They have a maintenance schedule and try to do one well per year. There are 8 wells total. As to the new plant, construction will commence on August 13th. They have 440 days to complete the project, and anticipate essential completion in October and final completion in December 2008. They will hold a groundbreaking ceremony around the end of August or first part of September.

Wastewater Treatment Plant – Platt Drew said they are fairly satisfied with their budget. They were able to decrease some operating costs. As to capital outlay, they need two pumps at Station 3; he plans to put one in this year and one next year. As to the re-use 100% discharge project, they received around \$300,000 for engineering and \$1,000,000 for construction. The permit alone will cost around \$60,000. Mr. Boynton said the Commission will be seeing an engineering contract on an upcoming agenda for this project. They received a grant for \$1 million from DEP and an additional \$1 million from St. Johns Water Management District. For irrigation projects through out the City, they've received approximately 75% of the grant monies, and are applying for additional federal money next year to complete the funding. Once these improvements are completed, they can look at re-rating the Plant. All these things have to come together by 2009.

Water & Sewer Distribution – Rhett McCamey, Supt., said they are satisfied overall with the budget, but have concerns with increases in costs for maintenance supplies for meters, pipes, fittings, etc., and would like an increase there. The prices for these items have increased substantially in the last few years. He asked for \$20,000 for meters and received \$15,000. Mr. Bush said there is a contingency in the utility fund, and when the time comes that he needs more meters or fittings, he can come and make his case, and the funds will be transferred into these line items. Mr. Boynton said these are two items of critical concern. There has been some tightening on the WTP and WWTP funds. They are finding the small things like electricity and communications are going up. There are things they have been used to doing that are going to be cut back. They've made cuts across the board in Public Works and moved money around where they could, but meters and piping are required in order to do business. Mayor Flagg said they'd like to have a visual of the current distribution system and where future expansions are anticipated for a presentation and discussion at a future meeting. They'd also like ages of current infrastructure noted on the map.

WATER ADMINISTRATION – Mr. Bush said there are no major changes, personnel costs are being held, and the budget contains new office equipment. The largest debt in the City is in the utility fund, and there is almost none or little to speak of.

MUNICIPAL GOLF COURSE GROUNDS MAINTENANCE & GOLF CLUB - Spanky Aaron said the budget remains the same with little or no increases. They've eliminated one position in the snack bar and are maintaining course personnel. They budgeted rate increase across the board. Usage fee is going from \$3 to \$4. Daily green fees for non-members will increase \$7 during the week and \$8 during the weekend; the \$1 increase in usage fee is included. Pre-paid green fees, which essentially is membership, will go from \$191 to \$233 per quarter. Cart rentals will increase by \$1. Most courses require a cart for players on weekends, but Palatka allows walking. Next year golfers teeing off before 1:00 will be required to rent a cart. Cart rentals are the biggest revenue. Seasonal memberships are offered for a partial year a rate almost double that of a regular membership. Driving range

prices will go up \$1. Membership rates will remain the same. Food and alcohol prices will go up in the Snack Bar. The clubhouse will pay out its debt next year, and with that, the Course will begin making money. The PMGA supports these changes and are willing to pay the higher fee. Mr. Bush stated he requested a "letter of support" from them because of the significant increases in the fees and dues, so everyone knows they are on board with them and they understand what the goals are. The Course is in the best shape it has been in for many years. Gina Williams has brought the greens back up to top-notch conditions, which warrants more changes. This has gone before the Advisory Committee Board, and they are also in support of it. Members don't have to pay the daily greens fees. If you play golf more than twice a week, it benefits you to become a member.

Commissioner Norwood asked if these fee increases would balance the Golf Course budget; it has been losing money for many years. Mr. Bush said this budget is balanced as it stands. The course has improved 100% since Ms. Williams has been there. Mr. Aaron said play has increased. They anticipate a very good winter season. Commissioner Brown said in the past the City has asked the County to participate in the cost of keeping the golf course open, but that has never happened. The City has taken on the responsibility of taking care of this course, and inherited some problems that warranted expensive solutions. They anticipate increased play. The problems were created by people who benefit from it's being here, but don't support it financially. She believes the bottom line is it will improve in the future. Mr. Bush noted many courses have been opened in close proximity to Palatka, and that drew play away. The proposed condos coming in on the south side of the course should help tremendously. Mr. Aaron noted the golf club advertises in the State's two major golf publications and the yellow pages in Putnam and St. Johns Counties. Mr. Bush said the Commission should see marked improvements in revenues versus expenses next year. As to how the course compares to other courses, Mr. Aaron said they will be higher than St. Augustine Shores, which is a small, public course, but will be lower or more in line with other more typical North Florida courses. They've looked at other courses' rates, but haven't done a technical analysis. The #1 competitor is the St. Johns County golf course located on Hwy 207, which offers lower winter rates to "snowbirds." Mayor Flagg said he doesn't want to create another reason for people not to play here by raising rates. Mr. Homes said he is no golf expert but enjoys the game, and seconds what Mr. Aaron said concerning the condition of the course contributing to the heavy loss of play; golfers would rather drive elsewhere to play on good greens. He concurs that the course is tremendously better now than it has been and there are a lot of positive things being said by golfers regarding the condition of the golf course. Mr. Aaron said, going back to the Mayor's question, Palatka's prices will still be less than St. Johns County courses. He doesn't know when prices were last raised, but they were reduced about a year ago because of course condition. Commissioner Norwood said he keeps hearing 'lets give it another year,' but they can't continue to pour money into this course. He's not in favor of continuing down this path. Mr. Bush said they have almost reached the 'summit' on this course; they are just about to 'crest the hill' and begin a profit era. Mayor Flagg congratulated Ms. Williams and her staff on what she has been able to do with the course. He asked if the City has enough time to wait on this bottom-line improvement.

Mr. Bush said the golf course has continued to operate at a deficit since the mid 1990's and this year the amount owed the City will exceed one million dollars. He is looking for increased play from population growth in the area. This may not be felt for a year or two, but the proposed development on the south side of the golf course could add enough members to allow the course to break even. The Club House will pay off in 2010, making \$65,000 of debt payment available for other things. The course conditions were good until this spring, when the rye grass died out and the Bermuda grass had algae from too much watering. Ms. Williams recognized this and addressed the problem. Low play at the course has placed the City at a disadvantage. They are aware of some improvements that are needed on the greens and fairways, rather than the clubhouse, in an attempt to boost play.

Mr. Bush invited the Commission to speak to golfers to substantiate these statements on the condition of the course. The condition of the course can no longer be used as an excuse for the low play numbers. It is unfortunate that the proposed development just south of the course was forced to wait six months, while the EAR/Comprehensive Plan was brought up to date. This will place the development too far off to effect next year's revenues. He laid out options in his accompanying memorandum. First is to accept the budget as is, which is his recommendation. Second is to look at leasing the course out to a private owner, who will face the same problems the City faces now. Third is to sell the course, which will more than re-pay the City for its investment, but the risk is that it may no longer operate as a golf course. The City won't be in a position to subsidize the course if the legislature's cuts come through. If that is the case, he recommends closing the course.

Commissioner Brown moved to go with the first option, saying the City needs to keep this course for its citizens and business people. They need to give this one more opportunity to turn the corner. Commissioner Sanders seconded the motion.

Commissioner Kitchens concurred and said she's also heard positive comments from golfers. The course is an asset to the City, and they don't need to give up on it now. Mr. Bush said the Course is in the hole, but not beyond its assessed value. They can always sell it to recoup the losses. Mayor Flagg asked if there is a plan to make a profit; they can't continue to keep saying 'one more year.' Mr. Bush said they've increased rates and told the golfers they are going to have to support the course, which they've agreed to do. If this doesn't happen, he's amenable to other options. Mayor Flagg said they should have a quarterly review of the golf course's situation so they know what direction things are going in. He is not doubting the faith and confidence placed in Mr. Aaron and Ms. Williams; these problems pre-date current management. Mr. Bush said revenue projections are in the budget; they can receive updates on these projections monthly. They can meet after the winter season is over to see if they are on track. Commissioner Norwood said he has friends that golf, but the City can't afford to continue to subsidize the course at the current rate. Mr. Bush concurred, and said they all agree the course is in better playing condition. Mayor Flagg said they need to set rates so as not to run play away; they haven't based this rate increase on an analysis of other courses. Mr. Holmes said these rates are the same as Live Oak and under those of St. Johns County and Marsh Creek by quite a bit. Commissioner Norwood said he's heard these optimistic comments before, and they are still in the same predicament they were in three years ago. Commissioner Kitchens said they put money into the 100 Block some years ago, and they've not seen any recoup on that. This is no different. Commissioner Norwood said the two don't compare; he was told three years ago that things would improve for the same reasons. They need to closely evaluate the course's progress and then make a decision on the future of the golf course. Mr. Bush asked Mr. Aaron to break out projected revenues and expenses by the month so they can be monitored.

There being no further discussion, the motion passed unopposed.

Sanitation & Maintenance – Mr. Boynton said they are satisfied with the budget as proposed. The new fleet is holding up well. Members of the Commission concurred that it looks good. Mr. Boynton said they've realized a savings in operating costs of \$75,000/year, which helps to offset the cost of the new fleet. Mayor Flagg asked if the City has ever explored providing sanitation service to people outside the city limits. Mr. Boynton said if any of the proposed developments come to fruition, they will require more crews and equipment, but serving an area in close proximity would likely be profitable. They can explore this with Waste Pro and the County. It could be easily accomplished with outside water customers, especially those in enclaves that crews pass on their routes. Mr. Boynton said they will bring that up at the next quarterly meeting they have with the County. Mayor Flagg said he is looking at the benefit to the citizens. Mr. Bush said they have some leverage regarding roll-offs with Waste Pro.

MUNICIPAL AIRPORT – Glenn Ball, Manager, passed out proposed new hangar rates, which have been lower than market for some time. They also now require a deposit from people who want to remain on the ‘hangar list.’ There are two new businesses coming in to the airport. As to capital improvements, everything from 2006 has been completed. There have been some revisions and refinements to the Plan as recently as yesterday. They are short of hangar space, and have plans to build two sets of T-hangars, two corporate hangars and a new terminal building designed to withstand a category 5 hurricane. Mr. Bush noted the budget looks small because the capital improvements projects are not listed; they total around \$1.5 million from FAA and FDOT grants, and local revenues going into those projects. Mayor Flagg asked if the rate increases have been considered by the Advisory Board. Mr. Ball said they have, and feed back on the increases was positive. They start Oct. 1. New rates will apply as leases come up for renewal. Corporate leases are 5 years, and the new rates will hold for the length of the leases. Mr. Holmes asked if there is a price index adjustment; Mr. Ball said there is not. The price remains the same. Commissioner Norwood asked if there was a turn-over in leases. Mr. Ball said they have a waiting list even with the increases. The deposit is one month’s lease price. They are currently holding 15 deposits, which are held in a non-interest bearing account. There is no cap on how many deposits they accept. They have had some people on the list in excess of three years. Mr. Holmes said they need to assure there is a proper accounting for the deposits. Mr. Bush said the deposits come to City Hall for accounting. No department has its own bank account. They have various deposit accounts, such as for water deposits. Mr. Ball said people who did not pay the deposit came off the list. Everyone was notified by letter of the new requirement. Deposits have only been required in the last six months. Prior to that, one just needed to come to the airport and fill out a form. Per Mayor Flagg’s question, Mr. Ball said the list is not posted, but they hold it in the file. Commissioner Brown thanked Mr. Ball for his work at the Airport.

CLOSING REMARKS

Commissioner Kitchens commended department heads, employees and Mr. Bush for their work on the budget. Commissioners Brown, Sanders and Norwood concurred. Commissioner Norwood said he also appreciates that people are here past their normal working hours. He commended Mr. Bush on his work. He is concerned they will still be faced with cuts next year, and need to be prepared for those. They need to bring areas with deficits up to acceptable levels; he is speaking of overtime and the like. They see the needs of the various departments, but there is no plan in this budget to meet those needs. There should be a plan to generate revenue to meet those needs.

Mr. Bush thanked the department heads and noted the budget process was easier than anticipated, but departments made cuts in good faith. There were some positions eliminated and no new positions were funded. This was a tight budget.

Mayor Flagg said they know the legislature intended there be budget cuts, and while they want to honor that intent, they need to be efficient in what they need to be proficient in. The City’s team has worked well and hard, and they can celebrate their efficiencies. He does want to suggest the requirement of a bi-monthly variance report for all departments with an explanation of those variances. It is the Commission’s business to know that line items are being changed to coincide with the dynamics that happen during the year. They don’t need to wait until the end of the year to discover these changes.

Mayor Flagg adjourned the Budget Workshop and reconvened the Regular Meeting. Commissioner Kitchens moved to direct the department heads to submit to the Commission a quarterly budget variance report. Commissioner Norwood seconded the motion, which passed unopposed.

3. **TRIM CALENDAR** – Set Tentative Millage Rate for 2007/08 Budget Year – 8.5 mills proposed – Mr. Bush said the four forms, which take the place of the one form required in years past, are in the agenda package. They now have to break out the TIF funds and the form entitled Certification of Taxable Value, DR420, is revised from prior years. This year they were required to break out the TIF funds separately. The rolled back rate is 8.6534, but he has recommended adopting a millage rate of 8.5 mills, which is the budget the Commission just went through; this figure represents a decrease of – 1.77% below the actual rolled-back rate.

Commissioner Norwood moved to set the tentative millage rate at 8.5 mills. Commissioner Kitchens seconded the motion. A roll call vote was taken with the following results: Commissioners Kitchens, Norwood, Sanders, Brown and Mayor Flagg, yes. Nays, none. Motion passed.

4. **CLOSING REMARKS** – There were none.
5. **ADJOURN** at 6:49 p.m. upon a motion by Commissioner Brown, seconded by Commissioner Kitchens.

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

PERSONS WITH DISABILITIES REQUIRING ACCOMMODATIONS IN ORDER TO PARTICIPATE IN THIS MEETING SHOULD CONTACT THE CITY CLERK'S OFFICE AT 329-0100 AT LEAST 24 HOURS IN ADVANCE TO REQUEST ACCOMMODATIONS.