

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 September 13, 2007

Proceedings of a regular meeting of the City Commission of the City of Palatka, Florida, held on the 13th day of September, 2007.

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

Also Present: Allen R. Bush City Manager, Donald E. Holmes, City Attorney; Betsy Jordan Driggers, City Clerk; Karen Venables, Asst. City Clerk; Gary Getchell, Police Chief; Mike Lambert, Fire Chief; Woody Boynton, Public Works Director; Jeff Norton Parks & Cemeteries Supt., Ken Venables, General Services Director; Debbie Banks, Interim Planner;

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

INVOCATION – Given by Commissioner Allegra Kitchens

PLEDGE OF ALLEGIANCE – Led by Commissioner Norwood

APPROVAL OF MINUTES – 7-31-07 Budget Workshop; 8-9-07 regular mgt; 8-30-07 called mgt. - Commission Brown moved to approve the minutes as read. Commissioner Sanders seconded the motion, which passed unopposed.

1. PUBLIC COMMENTS:

Mr. Bob Hunter, AJAX Construction, Jacksonville, said AJAX Construction feels they were treated unfairly regarding the design/build terminal project at the Palatka Municipal Airport. They did everything that was asked of them. This was a new process, which they were selected for as the result of an RFQ. They put together a set of plans at a cost of around \$50,000. They distributed at least 15 sets of those plans to subcontractors, which was a very expensive process. They thought they had been awarded a contract and were just waiting for the paperwork to come through, and were being pushed to get everything done. He provided a packet for the Commission supporting their position (filed).

Mr. Hunter said he was told his firm was selected, but their price was too high. They never received a budget, but submitted another proposal, and were told it was also too high. They were asked to sign a contract stating everything would be built for \$2.2 million, even though they submitted a budget of \$5 million for everything the City asked for. They sent in several revisions to the contract and never

got a contract back from Passero Engineering with any other wording in it. On August 21st they sent Passero a final proposal stating they would provide a design for \$107,000 and if they did not get the project cost within the budget, there would be no fee due them, but if they did and the GMP was \$1,250,000.00, then they would still get the design fee, even if Palatka or FDOT decided not to proceed. They were never given anything telling them that if they provided the design, they still had the project to construct.

Mr. Hunter said Passero Associates and the Airport engineers came back and said they wouldn't give them a GMP, and said Passero would do the design for \$120,000, which is more than what they were asking to do the design. Even with this, they were told the City wouldn't give them a GMP, but would put the Passero design out for bids. There's no telling what price it would come in at. In four months of work they put out three designs and three pricings, and are left 'holding the bag.' He is scheduled to present his case to the Commission at their September 27th meeting, and they intend to again offer that contract to the City for the \$107,000.00 design of the \$1.25 million project for the actual GMP. Mr. Hunter passed out copies of a summary of events (filed) recapping these events. Mayor Flagg noted the City Attorney would follow up with the City Manager after going over the summary prior to the next meeting. Mayor Flagg noted the City does not negotiate in bad faith, and they to correct anything that may be out of order. He asked Mr. Bush to share the concerns with the Commission in memo form so that they can be addressed, and thanked Mr. Hunter for sharing his concerns.

Christy Sanford, 312 Dodge St., read an excerpt from Palatka City Commission minutes dated 9-28-95. In them Mr. Bush advised there would be revenue from rentals in the 100 Block purchased by the City and suggested the Commission could allocate those funds to the Main Street Design Committee using the same criteria in order to continue the grant process to make improvements downtown. He advised that the City was acquiring the 100 Block, including the investor to maintain those historic buildings, but felt putting them under the auspices of the Historic Preservation Board could limit development of the block. Ms. Sanford stated from 1995 to at least 2006 it was an "up" real estate market. It was quite a shock to read that the estimate of the 100 Block has gone from \$750,000 down to \$335 thousand, which is a loss of \$400,000. Now the City wants to purchase more property. She sees buildings such as the Tilghman House and Larimer Arts Center in need of major repairs, not to mention the Old Water Works and Bronson House failing. She does not feel the City should buy any more property until it can bring all of its historic buildings up to Code.

3. **CONSENT AGENDA:**

- a. Authorize the execution of a Community Partner Memorandum of Agreement with FEMA to work together to produce an updated, digital flood map for Palatka, FL – FEMA Request
- b. Authorize the Mayor to execute a contract with Florida Div. of Emergency Management for FEMA Proj. #1561-138-R for Downtown Fire Station Wind Retrofit (Federal Share \$41,250; City Share \$13,750; Administrative Fee up to \$1,100) – Ken Venables, General Services Director
- c. Award bid for Building & Zoning/City Hall Annex Code Compliance Project to Armstrong Contracting Services, Inc. for an amount not to exceed \$44,080, per results of Request for Proposals – funds to be appropriated from contingency – Ken Venables, General Services Director
- d. Award a contract to Ayres Associates in the amount of \$318,685 for engineering the WWTP modifications and reuse system, per results of RFQ – Woody Boynton, Public Works Director
- e. Authorize execution of a SRF Loan/Grant with FDEP for R.C. Willis Water Treatment Plan Upgrades (85% grant, or \$2,550,000/15%loan, or \$450,000); - application authorized per Commission action on July 12, 2007 – Woody Boynton, Public Works Director
- f. Authorize renewal of contract with Davis, Monk & Company for audits for fiscal years ending September 30, 2007, 2008 and 2009, for a fee not to exceed \$57,500, \$64,500 and \$66,500 respectively – Ruby M. Williams, Finance Director and Allen Bush, City Manager
- g. Authorize Transfer of \$1,500 in Funds from Police Forfeiture Account to Police Expense Account for drug investigations – Police Chief Gary Getchell

- h. Reappoint Pat A. Wilson as Member with Professional Real Estate experience to the Code Enforcement Board for a three-year term to expire September, 2010 – sole applicant, incumbent
- i. Appoint James P. Culbreth, Esquire, as alternate member of the Code Enforcement Board for a partial term to expire September, 2009 – sole applicant (former Palatka Code Enforcement officer)

Commissioner Sanders moved to approve the Consent Agenda as read. Commissioner Brown seconded the motion, which passed unopposed.

4. **PUBLIC HEARING** – TRIM Calendar - Tentative Budget and Proposed Millage Rate (8.5) - Mayor Flagg opened the Public Hearing. Mr. Bush noted the Grants have been included in the Budget and the actual proposed millage rate of 8.5 comes in at –1.77 below the rolled-back rate, which is less the rolled back rate. The budgets have been on file in the Clerk’s office for the public’s perusal.

Levy Ordinance No. 07 - 13 – 2007/08 budget year – 1st Reading - The Clerk read an Ordinance entitled AN ORDINANCE LEVYING TAXES FOR THE YEAR 2007 TO RAISE THE NECESSARY REVENUE TO DEFRAY THE EXPENSES OF THE CITY OF PALATKA FOR THE FISCAL YEAR 2007-08 in its entirety. Commissioner Norwood moved to pass the Ordinance on first reading. Commissioner Kitchens seconded the motion. A roll call vote was taken with the following results: Commissioners Brown, Kitchens, Norwood, Sanders and Mayor Flagg, Yes. Nays, none. Ordinance No. 07-13 was declared passed on first reading.

Appropriation Ordinance No. 07 – 14 – 2007/08 budget year – 1st Reading - The Clerk read an Ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, MAKING AN APPROPRIATION OF MONIES FOR THE OPERATING EXPENSES OF THE CITY OF PALATKA FOR GENERAL ADMINISTRATION OF THE SEVERAL GOVERNMENTAL DEPARTMENTS OF THE CITY, AND FOR CONTRIBUTING TO THE SEVERAL SINKING FUNDS OF THE CITY TO PAY INTEREST ON AND PROVIDE FOR THE RETIREMENT OF THE OUTSTANDING BONDS AND OTHER FIXED OBLIGATIONS OF THE CITY, AND FOR PALATKA GAS AUTHORITY, FOR AND DURING THE FISCAL YEAR A.D. 2007-08. Commissioner Brown moved to pass the Ordinance on first reading. 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. Ordinance No. 07-14 was declared passed on first reading.

5. **RIVERBOAT OPERATION PROPOSAL** – Commissioner Brown said one of the items listed in the 1994 Empowerment Zone application for economic development was a riverboat operation. She was given permission to move forward with this project, with a goal of bringing a riverboat operation to Palatka. With each new Commission, she was told it was fine to move ahead if she could find money for the boat and a way to operate it without the City having to spend any money on the project. In 2000 she found funds through grants. Once the money was secured, she started looking for a source to help operate the boat. Mr. John Evans of Festival Cruise Lines has come to her with a proposal to pull this project together, and has done a lot of work putting together a package, which was presented to the Riverboat Committee. They looked it over and are now presenting it to the City Commission in hopes of receiving the Commission’s approval to proceed.

Mr. John Evans, Festival Cruise Lines, said he and Mr. Bob Hopkins, Captain and Director of Operations of Festival Cruises and Romance Cruise Lines, have been involved with the operations of river trip “Romance,” which has been running on the St. Johns River out of Sanford for 25 years. He is aware of Vice Mayor Brown’s riverboat efforts, which have been going on since 1994. Earlier this year he and Mr. Hopkins deemed that the boat that they have been operating on the Halifax River in Daytona Beach was not ideally suited for the coastal confines of the Halifax Marina, where it is based, because of wind conditions, and is better suited for operation in a location like Palatka. They contacted Mr. Bush, thinking this would be an outstanding boat for Palatka’s needs. They were directed to General Services Director Ken Venables, who put them in touch with Vice Mayor Brown.

They recognize the attractions on the river and the historical features of the City. They can use Palatka's historic attractions to attract people here. A hands-on living environment could be created at Murphy Island. New roads and road improvements have made Palatka more accessible. They plan to fund the operation to run the river ferry for the City through the non-profit Pride of Palatka organization; he is confident it can be done and looks forward to becoming a productive partner.

Commissioner Brown said Mr. Evans is willing to operate the boat with no expense to the City or its taxpayers. This is an economic development tool for the City. If people come to Palatka, it is up to the City to provide them activities, so they will come and stay more than one day, tour and see all the murals, Bronson House and all the lovely things that Palatka has to offer. There is a plan to incorporate the river tours, local & County festivals, etc. The State has said when they start developing Dunn's Creek they would include a dock for this boat. Mr. Green has a copy of this proposal, and said the dock was put there for the use of a riverboat, so they are 'on board.' They would like permission to move forward, and for the Commission to direct the City Manager, City Attorney, City Staff, and someone from the Riverboat Committee to get to the "nuts and bolts" of putting this operation together. The project's State Discretionary Ferryboat Funds have been moved around some. Congressman Mica's office has been looking for them and believes they will be available to purchase the boat and make some renovations and modifications to the waterfront. She doesn't want this money to get away.

Commissioner Brown recognized the Pride of Palatka Committee and thanked them for their support. She thanked both Congresswoman Brown and Congressman Mica and the Dept. of Transportation, all of whom had a hand in getting the funds. Commissioner Brown noted the Committee needed letters of support, saying Senator Nelson was so excited about the project he wrote two letters of support. She would like congress to designate funds to the City of Palatka to implement the ferry service. She offered a written motion that will have the Commission direct the Riverboat Committee to move forward to work with the concept that has been started by their non-profit group and by the group working with them for the operation of the boat, and provide that staff be available to do whatever is needed to capture the funds, pay for the boat and get it here.

Commissioner Brown moved to vote on the following motion, offered in writing, and read aloud by the City Clerk: "I would like to move, with this explanation made part of the motion so that the record is clear, that since 1994 citizens of Palatka have sought to bring a riverboat to the City's waterfront to serve and support the tourism and economic development of the City and Putnam County. That effort was recognized by Representatives John Mica and Corrine Brown as consistent with his work through the House Transportation Committee of the U. S. Congress to revive and expand the use of our waterways as transportation conduits, to enhance the movement of goods and people, and to open areas of historical and ecological interest for the benefit of students, residents and visitors. As a result, congressionally directed funds were awarded the City for the implementation of a ferry service consistent with the Ferry Boat Discretionary Program (1991 ISTEA Section 1064; 23 U.S.C. 129(c) TEA-21 Section 1207), which have since been held in abeyance pending development of a plan for operation. A conceptual business plan has now been developed on behalf of Pride of Palatka, Inc., the not-for-profit organization that will undertake operation of the ferry without risk or expenditure of local tax funds by the City, and so I move that this Commission authorize its staff to participate with Pride of Palatka, Inc.'s designated representatives to meet with representatives of the office of Congressman Mica and Congresswoman Brown, the Federal Highway Administration, Florida Department of Transportation and other appropriate agencies to implement the project conceptually outlines in the Business Plan dated July 18, 2007 at the earliest possible date, and that the Mayor and City Manager be authorized to execute such documentation as may arise in that connection, subject to final approval by the City Commission." Commissioner Sanders seconded the motion.

Don Holmes, City Attorney, said the Commission should be clear as to what they are voting on. The discussion tonight does not conform to everything in the written motion in all respects. Once it is voted on, he wants to make sure somewhere down the road someone doesn't come back and say the

Commission voted to adopt something the Commission hasn't voted to adopt, or the commission adopted something that they didn't attend to. He understands the intent of Commissioner Brown's motion is that the City Commission authorize City representatives, City Manager, City Attorney and whomever else needs to get involved, to meet with both the Congressman and Pride of Palatka's designated representatives to iron out an agreement. Commissioner Brown said that was correct. Mr. Holmes stated Vice Mayor Brown's motion is to move forward to get an agreement in place. Commissioner Brown stated that was correct. Mr. Holmes stated, technically, the written motion states the Commission is moving to have the staff implement the project that is outlined in the Business Plan dated July 18, 2007 at the earliest possible date, and he did not know if the Commission had the Business Plan in front of them or was familiar with what the Business Plan said, or if they had even read it. He asked if that Business Plan contemplates that there is going to be an agreement between the City and Pride of Palatka with regards to the lease of the boat, and if it has all the details of what that agreement is to provide, or is it just a conceptual plan? Commissioner Kitchens stated it talks about the lease but she could not remember word for word what it said. It is a conceptual plan and that is why it was included in the motion. Mr. Holmes asked if the Commission would be better off if they were directed to get with Pride of Palatka to work out an agreement to be brought back to the Commission for approval.

Mayor Flagg said the business plan in question is Pride of Palatka's business plan and not the City of Palatka's. The Business Plan needs to be taken to the next level by creating a proposal; however, he thought the motion tonight was to get the City of Palatka and other parties together to work out a proposal that can be moved forward. Commissioner Kitchens stated the motion states it is a conceptual business plan, and doesn't say to adopt a business plan. Commissioner Brown clarified it is her intent that the City purchase the boat and lease it to the Pride of Palatka. The price still needs to be negotiated. This motion will pull all the funding back in so they'll know what they have to work with. Mr. Holmes said they need to take these steps in an orderly fashion, beginning with the boat price and survey. Commissioner Brown stated Mr. Evans is getting ready to have it surveyed.

Mr. Evans clarified they referenced the business plan because in 2004 Representative Mica expressed a need for a satisfactory business plan. They worked on a plan with the idea that it would have to be something that would meet his approval. Now they find that the money that originally appropriated back in 2002, 2004 and he thinks 2005 is now, according to Washington, somewhere between the Federal Highway Administration and the Intermodal Transportation Sub-Committee of the House Transportation Committee, all of which has to be pulled together. Palatka is going to have to do a considerable amount of documentation, which would amount to a reapplication for that money. Congressman Mica has become attached to the plan, and his office asked that a reference the existence of this plan be placed in tonight's motion. The Plan then becomes the basis for the discussions and negotiations from here. The details of the Plan will have to be reviewed, and there will have to be an Agreement entered into between the City and Pride of Palatka regarding handling the lease of the Boat to Pride of Palatka. There also needs to be an agreement between the Pride of Palatka and the people that represent it to set out the details of that relationship. This is very much a "starter" kind of motion, but there has to be reference to the fact that there was a business plan. They were told it was very important to have it in the motion.

Mr. Bush said he assumed Pride of Palatka would have a separate contract with Festival Cruises. Mr. Evans said it would be handled however Mr. Holmes and the Commission would like. Whatever Festival Cruises rolls into it would be covered in their relationship with Pride of Palatka and the City's oversight. Whatever else that would go with it would be in the agreement between the City and Pride of Palatka. Mr. Bush said he has discussed with Mr. Evans the matter of Festival Cruises being able to guarantee their continued participation. Commissioner Brown said Mr. Evans has agreed to 5 years with the option for another 5 years. Mr. Evans stated agreements have to be crafted on both ends to spell out all the details. This motion is very much a first step.

Mayor Flagg said he wants to know precisely what the "first step" accomplishes, because in the motion it says the Mayor and City Manager will be authorized to execute such documentation as may

arise in that “connection,” which is obviously Pride of Palatka, congressional representatives, FHA, DOT, etc. It doesn’t address the relationship with Festival Cruises, LLC, which won’t have a direct relationship with the City; however, there will be an indirect relationship if the City owns the boat. Mr. Evans said that was correct; they will look at that. What is contemplated in this motion is the City would be authorized, if necessary, to sign off on the new application to get the funds that have already been appropriated “turned loose.” These are congressionally directed allocations from the ferryboat discretionary funds. Because of the lapse in time and personnel changes, the Federal Highway Administration is having trouble finding the funds. They are suggesting they lump all the money together to get Palatka one large amount, and then reallocate it. The idea is to empower the Commission, Congressman Mica and Congresswoman Brown to get all parties together in the same room with the FDOT and Federal Highway Administration to say this can be done. They don’t want to lose another month or so trying to get this done. This motion, in essence, constitutes a ‘reapplication.’ The 2002 grant money that sat in the FDOT Lake City regional office for several years has now gone back to Washington somewhere. The other two or maybe three grants never came to the FDOT and are still sitting in some fund that is controlled through the Federal Highway Administration by the Congressional Committee. The object is to get Congressman Mica to agree to take the ‘lead’ in sorting it all out, so they know what arrangements will be needed and how to proceed. If the Commission will use the conceptual plan that has been developed for Pride of Palatka, he thinks that would satisfy the folks in Washington.

Mr. Holmes stated he feels much more comfortable with Mr. Evans’ explanation, and understands the purpose for citing the Pride of Palatka Business Plan, after hearing Mr. Evan’s explanation that Congressman Mica specifically wanted reference to a plan in whatever motion the City made. It is his understanding that he wanted to make sure the City had a plan and approved a plan as a predicate to them trying to move forward to use Federal money. The motion implies the Commission is implementing something, but the Commission is not implementing anything at this stage. He understands the Vice Mayor wants it to move forward, and everyone else wants it to move either one way or another because they have been talking about it for so long that it is time to do something with it. If the motion is as Mr. Evans explained, to approve this conceptual plan that has been put forward as being the plan that would be utilized if the money is found again, after which they would then successfully negotiate the purchase of a boat, he understands and has no problem with that. That is all a little bit different than implementing the motion that’s on the floor, which makes a pretty broad authorization.

Commissioner Brown stated she has been asked to sit on a committee for transportation by JTA, which is doing a study for eight counties on land travel and water-bourn travel. The riverboat is part of that; this Committee has looked at it and thinks it is a terrific idea. Things are falling into place and the pieces of the puzzle that had “fallen on the ground” have been found. No money is coming from the taxpayers. Part of the money can be use for dock infrastructure improvements.

Mr. Holmes recommended leaving the entire first page of the motion as is, which honors Mr. Evans’ request to site the statutory authorization for the funding. On the second page, he recommended leaving the first sentence in place in full to the word “Commission” on the second line; then add a semi colon, and the following: (1) “approve the concept outlined in the Business Plan dated July 18, 2007 and (2) authorize its staff to participate with Pride of Palatka, Inc.’s designated representatives to meet with representatives of the office of Congressman Mica and Congresswoman Brown, the Federal Highway Administration, Florida Department of Transportation and other appropriate agencies to implement the Plan.” Mr. Evans and Commissioner Brown concurred with that re-wording.

Len Freeman, 422 River Street and President of River Adventures Inc., stated he is happy to see a movement forward toward an actuation of a boat that could serve the City. He is in that business and looks at this two ways. Sometimes competition is helpful, and sometimes competition isn’t what you want to see. Certainly this vessel will create some competition for his business, but from that standpoint he highly encourages the City to move forward and seek the funds that Vice Mayor

Brown has worked so hard to get. He is familiar with this proposal and believes this to be a very suitable vessel for the use intended here. The design meets the general criteria for operation in places that other vessels of that type don't, so that is a good thing. He'd like it clarified as to the relationship between Pride of Palatka and the City, and who will actually own the boat, and how that arrangement is set up to provide Pride of Palatka with the ability to negotiate a lease or arrangement with another party. Since public funds are involved, River Adventures would like to be involved and/or participate in all of the activities, including that River Adventures be allowed to actually participate in bidding on the operation of the boat, if it is actually going to be but together in the form that seems like it was suggested tonight. As substantial taxpayer funds are to be involved, they should open this up to all companies that might be qualified to operate it, so this seems to be a little unfair to him. He would like to participate in the process. He encourages the Commission to go forward as stated to reassemble the funds. Congressman Mica did indicate that he felt there was a potential to be able to bring the money back and he hopes that can be done. This is a good thing and he would like the opportunity to participate in a bid process that would allow them to at least have a chance at the operation of the boat on equal footing, as any other operator that is qualified to do so.

Commissioner Sanders moved to amend the original motion to substitute the language as stated by Mr. Holmes, so that the motion will read as follows: "I would like to move, with this explanation made part of the motion so that the record is clear, that since 1994 citizens of Palatka have sought to bring a river boat to the City's waterfront to serve to support the tourism and economic development of the city and Putnam County. That effort was recognized by Representatives John Mica and Corrine Brown as consistent with his work through the House Transportation Committee of the U.S. Congress to revive and expand the use of our water ways as transportation conduits, to enhance the movement of goods and people, and to open areas of historical and ecological interest for the benefit of students, residents and visitors. As a result, congressionally directed funds were awarded the City for the implementation of a ferry service consistent with the Ferry Boat Discretionary Program (1991 ISTEA Section 1064; 23 U.S.C. 129(c) TEA-21 Section 1207), which have since been held in abeyance pending development of a plan for operation. A conceptual business plan has now been developed on behalf of Pride of Palatka, Inc., the not-for-profit organization that will undertake operation of the ferry without risk or expenditure of local tax funds by the City, and so I move that this Commission (1) approve the concept outlined in the Business Plan dated July 18, 2007; and (2) authorize its staff to participate with Pride of Palatka, Inc.'s designated representatives to meet with representatives of the office of Congressman Mica and Congresswoman Brown, the Federal Highway Administration, Florida Department of Transportation and other appropriate agencies to implement the plan." Commissioner Kitchens seconded the motion, which passed unopposed.

There being no further discussion, a vote was taken on the main motion, which passed unopposed. Mayor Flagg noted per Mr. Freeman's comments, this does not constitute an agreement for actuation or operation, but it does move things closer to that point.

6. **REQUEST FOR DONATION OF SURPLUS REAL PROPERTY** – Palatka Housing Authority – John Nelson, Executive Director, Palatka Housing Authority, said in September of 2006 the Housing Authority made application to the Federal Home Loan Bank of Atlanta for a grant to assist with the construction of affordable housing in the City of Palatka and Putnam County. In April of 2007 they were awarded a half-million dollar grant with which they were to provide subsidy for the construction and sale of 12 single-family homes. One of the conditions of the grant is that they use every means to insure that the properties remain affordable. Mr. Nelson stated they have requested the County and its municipalities review their inventory of surplus real property and, if possible, provide properties to the PHA where available. They made a search of Palatka's properties and have located several suitable building lots. One of these parcels is on 9th Street across from Booker Park. They'd like to construct two (2) 3-bedroom/2bath/double-car garage single-family homes at this location. The United States Department of Agriculture would provide home mortgages for eligible families at between 1 – 5 percent interest, and the Housing Authority will provide the subsidy, which would be somewhere between \$30,000 and \$35,000 per home, which will make these homes

affordable. He is asking the City to allow them to take possession of this surplus property; these houses will be constructed within a minimum of two years.

Commissioner Brown stated the City has been in the process of looking for property to help City employees within the medium income bracket, which has been done in other parts of the State. She'd like some consideration to help City employees to get into these homes. They need help or training in home ownership. The City cannot write a check to cover this, such as what has been done by other cities. Other cities are covering the down payment and closing costs. Commissioner Brown said Mr. Boynton has been working with his staff people on home ownership, and she has asked if there were employees from other departments who would qualify for affordable homes. Mr. Nelson said City employees can certainly apply for these homes; this is an open process. He has spoken with Mr. Boynton regarding City employees and they will make the application process available to them.

Regarding Commissioner Kitchens' question, Mr. Nelson said these homes will only be available to Palatka or Putnam County residents. They plan to construct twelve units; they propose to put six inside the various Cities' limits and six within the county. Crescent City has notified them of their interest in the program.

Commissioner Kitchens moved to declare as surplus the real property described as Parcel #42-10-27-6850-0820-0000. Commissioner Sanders seconded the motion, which passed unopposed.

Commissioner Brown then moved to donate the two lots described as Parcel #42-10-27-6850-0820-0000 to the Palatka Housing Authority for use as building lots for their affordable housing project. Commissioner Norwood seconded the motion, which passed unopposed.

6. **REQUEST FOR 1-YEAR EXTENSION TO COMMENCE CONSTRUCTION – Cypress Mills PUD, Phase I – LAN Associates, Inc. on behalf of Anastasia Square, LLC - Guy Van Dorn** was present on behalf of Anastasia Square, LLC and Normand Jutras, Developer. They are seeking approval of their request for a one-year extension of commencement of construction on Cypress Mills PUD Phase I. Mr. Van Dorn presented a power-point presentation, outlining the events that have taken place since they received initial approval. They are proud of the fact that they have been able to take buildings down and recover recyclable materials. It was a slow process, but one that they believe has benefited the environment as well as the community. Historic preservation of the site will be maintained. The Historic main building will be preserved and maintained as a community center. They have used local contractors. Throughout the past two years they have worked closely with SJRWMD and the City of Palatka regarding the use of this property to treat stormwater runoff and alleviation of flooding in the surrounding areas, which they agreed to do as part of their development, as for many years stormwater runoff has run across this site with no treatment whatsoever. Their design diverts the water, which will percolate into the ground, and will become groundwater. This will handle the 95% of the overflow that is the City's and the 5% that is theirs. This comprises two projects, which will be funded by SJRWMD and DEP, so the City reaps the benefit of the treatment with no cost associated with it. A grant application was submitted to SJRWMD on August 10, 2007. They will receive an "Environmental Resource Permit" to cover both of these projects. The purchase of the adjacent "radio station" property was made in January, so they can deal with the project and get on with the application process. The City Commission has approved the concept of utilizing city property for stormwater treatment. The area just to the south of the property is a pump station and property that can be used as a pond area. They have identified funding mechanisms and will move forward with the City to develop and submit the necessary plans and applications in order to receive the necessary permits and funding. As with any project of this type, there are many steps involved. Today the site is primarily cleared except for some rubble removal and the historic building, which will remain. They plan to have permit approval in 2 – 3 months, and afterward the final drawings will be submitted to the City for approval, and the project can then proceed.

Christy Sanford 312 Dodge Street, asked what will happen to the Creek at the “Palatka Heights” park. Mr. Van Dorn said that is on the south side of the RR tracks; it will be treated in the pond. It is not now treated. As to cleaning out the pond, that’s City property. They won’t block the waterway.

Scott Lagasse, 135 Middlepoint Lane, E. Palatka; owner, Boat house Marina, said he is in favor of the project and believes it will be an asset to the Community.

Commissioner Kitchens said when Mr. Van Dorn was asked at a prior meeting why they were proceeding with Phase II before they did Phase I, his reply was that Phase II would sell Phase I. Mr. Van Dorn said, from a stormwater perspective, Phase I and II are really one project. What he said was they would be able to get going on the project sooner. Commissioner Norwood said inasmuch as SJRWMD, LAN Associates and the City of Palatka are still developing the stormwater treatment project, he moved to enact Municipal Code section 94-239, which allows the City to extend the commencement of construction on a Planned Unit Development for one year. Commissioner Sanders seconded the motion. A roll-call vote was requested, with the following results: Commissioners Brown, Norwood, Sanders and Mayor Flagg, yes; Commissioner Kitchens, No. The motion was declared passed.

RESOLUTION to amend the Capital Improvement Plan to include improving and upgrading the Old Palatka Water Works – Adopt – Mayor Flagg noted this was not on the agenda and was given to them tonight; it will have to be added as an emergency item. Commissioner Norwood moved to send the item back to staff directing this be placed on the next meeting’s agenda. The motion died for lack of a second.

Ken Venables, General Services Director, said this \$200,000 Florida Recreational Development Assistance Grant has a postmark deadline of 5:00 p.m. tomorrow. If this resolution is executed and submitted with the application, the City will receive an additional 10 points. These are very competitive grants. In the past, and in his experience, this could be done when the 5-year capital improvement plan is adopted with the budget and could be sent in when that is adopted. He was informed this morning that this resolution agreeing to an amendment should be submitted with the grant application. This grant requires no match. That is why he submitted this item for consideration tonight.

Commissioner Sanders moved to add consideration of a resolution amending the capital improvement plan to the 9-13-07 Orders of the Day as an emergency item. Commissioner Kitchens seconded the motion, which passed unopposed.

Mayor Flagg said he does not take it lightly that they’ve not had an opportunity to study this information. He wants adequate time to review anything they have to make application on. He asked why this wasn’t contemplated when the application was being developed. Mr. Venables said this is his first grant application of this type and he wasn’t aware of the stipulation until today. He will know this for future grants and this shouldn’t happen again. Commissioner Norwood said he has a serious concern with items not being in their agenda packages. They’ve set deadlines on agenda items they need to adhere to. This does not constitute an emergency. Commissioner Brown said she understands this was not submitted within the deadline, but grant money is going to be scarce going forward; they don’t need to pass this up. She personally doesn’t want to read every grant application, although she knows they do. Anything that will help them provide better services is an emergency as far as she is concerned. Commissioner Brown said the resolution states the City will amend its capital improvement plan “should” the state award the grant. If the grant is not awarded, no amendment is necessary. This is not a harmful thing and will give the City a better chance at this money.

Christy Sanford, 312 Dodge, said she has worked with Sandy Kokernoot and Mr. Venables on this grant. The Commission approved the grant application at an earlier meeting. They’ve all worked very hard at putting this together. Commissioner Norwood said this is not about the grant, but about

following procedures the Commission has put in place. Commissioner Kitchens said they've followed the procedure for adding this item to the agenda as an emergency item, and now they are discussing the merits of the resolution. Mr. Venables confirmed the resolution states the City will amend its plan if the grant is awarded; this is worth an additional 10 points. He has worked with other state agencies on grants, but this is the first agency he's encountered that requires a commitment to amend the CIP with the grant application. Two years ago the City made application for this same grant, but at that time they only required a letter from the City Manager stating the amendment would be made at the time the grant was awarded. This is a new requirement. Commissioner Sanders said he doesn't want to lose the opportunity over a technicality.

The Clerk was directed to read an resolution entitled A RESOLUTION OF THE CITY OF PALATKA, FLORIDA, AMENDING ITS CAPITAL IMPROVEMENT PLAN TO INCLUDE IMPROVING AND UPGRADING THE OLD PALATKA WATERWORKS SHOULD THE STATE OF FLORIDA APPROVE ITS FLORIDA RECREATIONAL DEVELOPMENT ASSISTANCE PROGRAM GRANT APPLICATION. Commissioner Brown moved to adopt the resolution as read. Commissioner Kitchens seconded the motion. A roll-call vote was taken, with the following results: Commissioners Brown, Kitchens, Norwood, Sanders and Mayor Flagg, yes; nays, none. The resolution was declared adopted. Mayor Flagg said they've had a number of discussions concerning grant applications, and he believed the procedure for applications was in place. Mr. Bush said Mr. Venables was surprised by the requirement; it caught him totally unawares. The grant was put together correctly by a team and this was just something they missed. Mr. Venables said he called the State this morning regarding this grant, and they informed him of this then. Mayor Flagg noted if he needs some assistance in putting these grants together, there are plenty of people in the community with that experience. Mr. Venables said he receives assistance from volunteers when he needs it. This was a learning process and shouldn't happen again.

Mayor Flagg received Commission consensus to call a recess at 8:00 p.m.

Mayor Flagg reconvened the 9-27-07 City Commission meeting at 8:15 and proceeded with the Orders of the Day.

8. **ORDINANCE** setting forth new water rates both inside and outside the city limits – 1st Reading – the Clerk read an ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, PROVIDING THAT THE CODE OF ORDINANCES OF THE CITY OF PALATKA, FLORIDA BE AMENDED BY REVISING APPENDIX “A” TO SECTION 86-314 AND APPENDIX “A” TO SECTION 86-315 THEREOF, PROVIDING NEW WATER RATE SCHEDULES EFFECTIVE OCTOBER 1, 2007, BOTH INSIDE AND OUTSIDE THE CITY LIMITS RESPECTIVELY; AND PROVIDING AN EFFECTIVE DATE. Commissioner Sanders moved to pass the ordinance on 1st reading as read. Commissioner Norwood seconded the motion. A roll-call vote was taken, with the following results: Commissioners Brown, Norwood, Sanders and Mayor Flagg, yes; Commissioner Kitchens, no. The ordinance was passed on first reading.
9. **ORDINANCE** setting forth new sewer rates both inside and outside the city limits – 1st Reading – The Clerk read an ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, PROVIDING THAT THE CODE OF ORDINANCES OF THE CITY OF PALATKA, FLORIDA BE AMENDED BY REVISING APPENDIX “A” TO SECTION 86-344 AND APPENDIX “A” TO SECTION 86-345 THEREOF, PROVIDING NEW SEWER CHARGES EFFECTIVE OCTOBER 1, 2007, BOTH INSIDE AND OUTSIDE THE CITY LIMITS RESPECTIVELY; AND PROVIDING AN EFFECTIVE DATE. Commissioner Sanders moved to pass the ordinance on 1st reading as read. Commissioner Norwood seconded the motion. A roll-call vote was taken, with the following results: Commissioners Brown, Norwood, Sanders and Mayor Flagg, yes; Commissioner Kitchens, no. The ordinance was passed on first reading. To answer the question, Mr. Bush said this adds \$1.00 to the base sewer rate, and the earlier ordinance adds \$1.00 to the base water rate.

10. **ORDINANCE** setting forth new utility fees – 1st Reading - The clerk read an ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, PROVIDING THAT THE CODE OF ORDINANCES OF THE CITY OF PALATKA, FLORIDA BE AMENDED BY REVISING APPENDIX “A” TO SECTION 86-285 AND APPENDIX “A” TO SECTION 86-312(3) THEREOF, PROVIDING NEW UTILITY LATE PAYMENT FEES, RECONNECTION FEES, AND SERVICE CHARGES EFFECTIVE OCTOBER 1, 2007, BOTH INSIDE AND OUTSIDE THE CITY LIMITS RESPECTIVELY; AND PROVIDING AN EFFECTIVE DATE. Commissioner Kitchens moved to pass the ordinance on 1st reading as read. Commissioner Brown seconded the motion.

Mayor Flagg asked if the \$15.00 “meter accuracy” service charge was charged to customers whose meter is faulty. Mr. Bush said if a person requests a check, this is the charge. There should be no charge if the meter is faulty. Mayor Flagg said a clear policy should be in place. The Clerk said many customers call in stating their meter is broken for one reason or another, usually for a high bill. She believes this is charged when the City performs a customer-requested meter check, but the meter isn’t broken. They actually pull the meter and take it to the Lot, where it is tested for accuracy. If it is faulty, a new meter is installed and the person is not charged. If the meter is not broken, the old meter is reinstalled and the customer is charged. She will confirm that a policy is in place, and if not, she will pass along the Mayor’s request for a policy. There being no further discussion on the motion, a roll-call vote was taken, with the following results: Commissioners Brown, Kitchens, Norwood, Sanders and Mayor Flagg, yes; nays, none. The ordinance was passed on first reading.

11. **ORDINANCE** setting forth new cemetery fees – 1st Reading – The clerk read an ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, AMENDING CHAPTER 22, CEMETERIES, SECTION 2, CEMETERY FUND, AMENDING THE AMOUNT OF FUNDS FROM THE SALE OF EACH ADULT GRAVE SPACE TO BE SET ASIDE INTO THE SPECIAL CEMETERY FUND; AMENDING APPENDIX A (FEE SCHEDULE) OF THE MUNICIPAL CODE OF THE CITY OF PALATKA AS IT PERTAINS TO FEES AND OTHER CHARGES RELATING TO CHAPTER 22, CEMETERIES; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE. Commissioner Norwood moved to pass the ordinance on first reading as read. Commissioner Sanders seconded the motion. Per Mayor Flagg’s question, Jeff Norton, Cemeteries Superintendent, said plot prices have not increased since 1995. There being no further discussion on the motion, a roll-call vote was taken, with the following results: Commissioners Brown, Kitchens, Norwood, Sanders and Mayor Flagg, yes; nays, none. The ordinance was passed on first reading.
12. **ORDINANCE** amending Chapter 34, Fire Protection, to change Occupational License to Business Tax Receipt; setting inspection requirements, and abolishing the Fire Self-Inspection Program – 1st Reading - The Clerk read an ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, AMENDING THE CODE OF ORDINANCES OF THE CITY OF PALATKA, FLORIDA, CHAPTER 34, FIRE PREVENTION AND PROTECTION, BY AMENDING ARTICLE II, SECTION 34-33(d), FIRE MARSHAL, APPROVAL OF LICENSES AND PERMITS; AMENDING ARTICLE III, FIRE CODES, BY DELETING SECTION 34-65 IN ITS ENTIRETY TO ABOLISH THE FIRE SELF-INSPECTION PROGRAM ESTABLISHED BY ORDINANCE 04-23 ON 9-9-04; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE. Commissioner Brown moved to pass the ordinance on first reading. Commissioner Sanders seconded the motion.

Fire Chief Mike Lambert said they are asking the Commission to abolish the Fire Self Inspection Program as it was not cost effective and produced few results. They have restructured the fee schedule to include inspections by fire personnel, which gives them more control over the process. There being no further discussion on the motion, a roll-call vote was taken, with the following results: Commissioners Brown, Kitchens, Norwood, Sanders and Mayor Flagg, yes; nays, none. The ordinance was passed on first reading.

13. **DISCUSSION** regarding proposed purchase of PHA Frank George Apartments - Mr. Bush spoke to his memorandum dated September 6, 2007 regarding the PHA's request of the City to purchase the Frank George Apartments Highrise (filed). The Highrise has been at half occupancy or less for some time. As a result, the PHA is losing subsidies and revenues every month, and the amount of loss increases monthly. At this time the PHA is absorbing losses of around \$11,000 per month. The City has bid this project out twice and has a third RFQ out now. In speaking with developers, they find that the up-front cost of the high rise, its demolition and 100 Block is prohibitive. Then, they have to wait until the PHA constructs the replacement housing before they can take possession of the property. Or, they can choose the option of building 47 suitable units for the highrise tenants; once built they still had to go through the relocation process. They are now discussing the City purchasing the highrise in order to simplify and speed the process along. Under this proposal, the City would purchase the highrise, which would enable the PHA to use the money from the sale to begin construction of the replacement housing. The property would be available for development if the replacement housing and relocation were to be completed by the time a development contract is in place. The developer will benefit by having only the city to deal with. HUD has set a purchase price of \$2,000,000 minimum for the site. The PHA has presented him with an appraisal listing the value of the property at \$2,200,000. Were the City to purchase the property at the appraised price, the amortization comes to \$222,778 per year using a 6% interest rate for 15 years. He had a meeting with the TIF Oversight Committee yesterday, and their concern was they did not want TIF funds to be used to purchase the building. Mr. Bush read their recommendation from the minutes, which was to use creative financing to get the cost of the loan down, and to consider other options for funding the purchase besides TIF funds. They also want to include the cost of demolition in the loan amount.

Mr. John Nelson, Palatka Housing Authority, said in 2004 the Commission again requested the Housing Authority to make a request to HUD to release the property for sale. He did so, and HUD approved it. Since receiving permission from HUD to sell the property, they have not asked anyone to leave the building. The tenants that have left did so on their own. In 2006 they had their first relocation; this started the HUD "time clock." They had one year before they would start losing subsidies for the building. As result they have been suffering a loss of income, and a loss of subsidies since January 2007. This is an enormous amount of money. The PHA's operating budget is only at 84% of its original budget, which is devastating to them. They are taking a hit across the board. They are pleading for cooperation in good faith. Mr. Bush said the TIF Committee asked if HUD would reduce the price for the Highrise, and asked how this would impact the construction of the new units. Mr. Nelson said there are 100 units in that building; \$2 million would only pay for 1/3 of the cost to replace all 100 units. Even with the proceeds from the sale, they'd have to take out a loan in excess of \$1 million to construct 44 - 47 replacement units, which is what they intend to do. They'd have to take out a loan against their capital funds, which is what they use to fix up their units.

Commissioner Kitchens asked how much they are receiving for the rented units from the government. Mr. Nelson said in terms of the growing rental loss, that's not a subsidy; that's direct income loss from rent. For example, In August they had an income loss of around \$11,000 and received around \$11,000 in rents. Commissioner Kitchens asked him if they basically broke even; Mr. Nelson responded no, that's only half of what they should have gotten. They are also losing the subsidies for the rented units. Commissioner Kitchens asked why they can't rent the units as general rental units. Mr. Nelson stated HUD will not allow them to be rented as general rentals; the building has been 'disposed' of. HUD is allowing them to keep these 44 units rented because they have no place else to put those people. Mayor Flagg said it's to their favor to only have to find housing for half the population. Mr. Nelson said within 1 year of the first relocation, HUD starts cutting subsidies; right now they are losing \$13,651 per month. Added to the income loss, they are losing in excess of \$22,000 per month. Per Commissioner Kitchens' question on who will be responsible for building the replacement housing, Mr. Nelson said HUD has not subsidized new developments since 1989. They have relocation dollars to pay the relocation expenses, but there is no housing built to relocate people to. The entity that purchases the building will give the money to the PHA, who in turn will use it to build the replacement housing to relocate the tenants into.

Lynda Crabill, 609 S. 14th Street, asked, if the 100 block is now appraised at less than half what the City paid for it, why is the City is paying the PHA's appraisal price, which was done when the real estate market was in an upswing? Mr. Bush said appraisals are only good for so long. He was instructed to go get an appraisal when the market was down; it doesn't mean much. They can get another appraisal when the market goes back up.

Christy Sanford, 212 Dodge Street, asked how much would the city lose on this purchase? The housing market is not going up; it's going down. This City can't maintain the buildings it has, so why would they contemplate spending another \$2 million for another building it can't maintain? Mr. Bush stated that markets go up as well as down.

Sam Deputy, 917 Carr Street, Downtown Palatka president, stated it is his understanding from Angela Murtoth, who attended the TIF Committee meeting, that the TIF Committee tabled its motion; it wasn't voted on. The Chairman confirmed that. They have not seen the appraisal. Business downtown are concerned with this. Some have been there for up to 100 years and have faithfully paid taxes. They forget that the TIF funds are to revitalize the entire 33 blocks. Businesses are currently suffering, and this fund could solve those problems. They are only concentrating on two blocks. There are a lot of people being left out. This has not worked in other cities – Church Street Station and Jacksonville Landing didn't work. He would like to see the CRA hold a workshop. They only have 12 years left on the TIF unless it is renewed, which limits the life of any loan. They need to look at the long term and listen to the businesses downtown. They are all being taxed at 98% of the current assessed values; they all took a hit this year. He puts \$600 aside each month just to pay his taxes.

Mr. Bush stated the TIF Committee recessed the meeting to allow time to look at other financing options so the TIF money can be used for other purposes. Hopefully it won't take 20 years from a developer to come along; once that happens, the loan will be retired. The consensus from the TIF committee was that the worst thing they could put on these two blocks is public housing. They also want to include the demolition cost within the loan.

Mayor Flagg said they don't want the record to show that they are doing this just to do PHA a favor. Opting out and doing nothing is not an option. They have market conditions to consider; they have to invest to protect what they have so they can present a package to a potential developer. Mr. Deputy said people in the 900 block have been paying into the fund for 18 years and have seen nothing; they want to know what they can expect in the 12 years this fund has left.

Normand Jutras, Mulholland Park, said he comes from a town in Massachusetts that had a quasi-governing board like the CRA that acted as a redevelopment agency; it was not the City Commission. They had to have a redevelopment plan. Their downtown was much worse than the 100 Block. Those buildings were sold for \$1, \$2, etc. to someone with a plan and money to redevelop them. The developer spent their money redeveloping those buildings, and they are quite valuable now. If the 100 Block were sold for \$1 to someone who could put \$5 million into it to redevelop it, it would be worth it. Mr. Bush said that's what they've been saying all along. Mr. Jutras said the commission hasn't made this happen; they aren't the ones to make this happen. They need to get other people involved to make it move forward.

John Lyon, owner, Lemon Street Station/Steamboat Willie's, stated he contributes to the TIF and cannot borrow out of it. The City can't guarantee they can get the TIF money back out of this development. They've lost money on the 100 Block. It needs to be used within the 33 blocks it is intended for. Mr. Bush said when you sit down with the developer, you're not looking at selling a piece of property to make a profit. You want someone to put a nice development on it that will bring in tax dollars. He's been saying for years they need to sell the 100 Block for \$1 to a developer. When Mr. Lyon states he hasn't seen any benefit from TIF funds, he is wrong; they've purchased parking lots and made other infrastructure improvements. If they can make this project more attractive to a developer, that's what they need to do. Redevelopment is the purpose of the CRA.

Mr. Lyon asked how they would make this purchase if they didn't have TIF funds. Mr. Bush said they couldn't. Mr. Lyon said this money is to go to benefit all 33 blocks.

Commissioner Kitchens stated one and maybe more positions have been cut because of State mandated tax cuts. There is a severe lack of space for employees. When she asked if the City could purchase the building next to Building & Zoning, she was told there was no money available. Both developers that replied to the last RFP wanted to incorporate the Highrise into their development. If the City purchases that building, they'll just have another vacant building that won't be kept maintained. Mr. Bush told her they could hire a caretaker to live there, but that costs money, too. They are headed into a recession. The citizens will have to pay the loan back through a bond issue or service fee. She's sorry for the PHA's problems, but she cannot see putting out this money. It could come from TIF funds, but if it doesn't, it's coming from taxpayer funds. It's not financially feasible. HUD needs to take it off the Demo list and fill it back up; those people shop and eat downtown, and kept McCrory's going even after the chain went bankrupt.

Mayor Flagg said anyone who says they can remodel the highrise is a magician. He doesn't want anyone to think they are doing the PHA a favor. They didn't come to the City with their Highrise; the City called them to the table and they cooperated and got on board with this redevelopment project. The highrise has outlived its usefulness; its time has come. It needs to be torn down as soon as it comes into the City's possession; no caretaker is needed. This Commission needs to take the helm of leadership and move this project forward.

Christy Sanford asked what happened with the last two proposals received. Mr. Bush reiterated that the City asked for conceptual designs, but only received qualifications, so they've put it back out asking other firms for qualifications. Also, both wanted to build affordable housing on the sites. If the City has asked for RFQs to begin with, they'd likely had a better response. Both proposals are still in the running.

Commissioner Norwood said the City asked the Housing Authority to participate in the project; not the other way around. They need to take care of downtown as well as this project. There is a lot going on now downtown with TIF. Commissioner Norwood asked if this purchase would still allow those programs to continue. Mr. Bush said they intend to restructure the loan to see how far they can get the cost down. Regarding the façade grants, they intend to fund 10 more grants next year. Everyone had an opportunity to apply.

Sam Deputy, Carr Street, disagreed and said the grants were walked around to all the business, but he insisted they use a mailing list from the property appraiser's office so everyone that gets a tax letter also gets a façade grant letter, but this was not done. No one that has a business in his or her home was offered the grant. When David Church remodeled his building, which is next door to his building, his taxes went up because of David Church's improvements. Mayor Flagg asked if this dialogue should take place with the tax appraiser's office, as the City doesn't control that. Mr. Holmes asked if he is saying they shouldn't make improvements to Downtown because someone's taxes will go up. Mr. Deputy said he is not saying that. Mayor Flagg said they have some brilliant minds in Palatka. They can all pull together in the same direction to make something happen downtown. They all have the right motives and need to act as a team. Other people with ulterior motives are trying to pull in the exact opposite direction from the Commission just to do so. Mr. Deputy said they need a plan that includes everyone. A group is looking to bring a proposal to the Commission to put 'pocket parks' on 11th Street to be funded through TIF funds.

Commissioner Kitchens stated the only reason taxes go up when a building is rehabilitated is because of sales in the area; that is a state statute. They don't go up because a building was rehabbed. Mr. Bush stated if Mr. Deputy wants to change the structure of the façade program, he needs to see the new Main Street Manager. Mr. Deputy stated the façade grant is a good program; the Commission concurred.

Leonard Freeman, 422 River Street, said he has two businesses downtown and likes being downtown. They need to expand the use of the TIF funds to include the entire 33 blocks through a strategic plan. The TIF Committee said they'd like to reserve \$150,000 per year for programs, which is not enough. As to the highrise property, he concurs with Commissioner Kitchens and Mayor Flagg. There isn't much probability that anyone could use that building for something else. He strongly doubts that the building is worth \$2 million. He'd like the City to stop and reevaluate its position. It is his opinion that one property is not a key catalyst for redevelopment; it is only one piece. The TIF's income has increased due to the 'false' market. There is only 12 years left of guaranteed revenue. The facade grants have certainly helped the looks of St. Johns Ave. A themed approach to retail sales brings people to the area, but requires landlords to buy into the concept. They need to encourage mixed-use residential. He is not in support of buying the highrise. The City has led the Housing Authority down this road. Mayor Flagg stated he does not think the PHA has been led astray, but they are at a critical impasse. They are a partner in this project. Tough decisions are needed, but those won't be made tonight. They need to make decisions to progressively move the City towards the redevelopment of Downtown Palatka with mixed-use residential. They can't compare the economy of the days of McCrory's, when the highrise was sitting full but not generating any ad valorem tax dollars, with today's economy. They need a progressive commission that is not afraid to move them forward. They have many realities to deal with. They are remiss to allow folks to believe that the City of Palatka is the reason downtown businesses are not booming. Some businesses do well, while another across the street doesn't, for a variety of reasons. Everyone needs to take responsibility and help move this project along. It is wrong to place the total blame on the City. Mr. Bush said the professional planners the City hired looked at the total picture, and said these two blocks are the key to redevelopment. They are experts in their fields. Commissioner Norwood noted the answer is not to stand back and stand still.

Mr. Holmes pointed out the highrise is not going to stay as it is today. Mr. Nelson cannot leave things the way they are. PHA can always market the building on its own. Mr. Nelson can either sell it or go back to HUD to change the process and try to find a way to re-fill it. They can't let this asset just sit there. They need to ponder that the highrise won't be sitting there forever, waiting for the City to do something. The PHA's budget can't continue to take the hit. There's no doubt they needed a plan, and they made a plan, but there's a lot to be said for putting your plan in place, instead of continually second-guessing it and changing it forevermore. When he came to Palatka there was a jail on the riverfront, and there were some who objected to moving it off the riverfront. No one would take that stand now. The highrise is another use that is now inappropriate for the riverfront. Regarding the "loss" on the 100 Block, four months ago, Mr. Ashdji was going to pay the City \$1 million for the 100 Block, which is \$600,000 more than the appraised value. Many people in this room said \$1 million was too cheap; in fact, Mr. Freeman's house, which was and is for sale at just under \$1 million, was used as an example for why it was going too cheap. You are never going to please everyone, which is why the Commission was elected to make these decisions. This is representative government. People demanded an appraisal because they thought the City was selling too cheap; an appraisal was done, and now the appraisal isn't right. This is the time to go ahead with the plan. If they decide in the end that this plan isn't the one they want to go with, make another plan. Many folks in Palatka agree the Riverfront is the key to redevelopment, and are frustrated that the City isn't going forward with the Plan. If the highrise is the 'key' then the City needs to find a way to acquire it.

Commissioner Brown said in the 1980's the University of Florida did a plan for redevelopment, which said residential space over retail is the way to go. They have not moved forward since then. They even looked at a plan for revitalizing 11th Street. They do plans and then do nothing with them. A few people come to these meetings and talk to them, but they can't go anywhere without hearing from many other people in the community. She brings information back to Mr. Deputy, who says they are going to do this and that, but they don't. The Downtown merchants need to stop sitting back and waiting on the Commission to save their businesses. They have to do things for themselves. Everyone one needs to do their job.

Mr. Freeman stated he doesn't disagree with waterfront revitalization, but doesn't believe they need to purchase the Highrise. Any revitalization of any thing like this is going to be market-driven. It has to be economically feasible. That's why he urged the Commission to order 2 MAI appraisals. No MAI appraisal was done. The appraisal that came back was a surprise. The highrise is not worth \$2.2 million. They won't get that money back. TIF funds should be utilized to help more than just these two blocks. Keep the current programs going and get mixed use residential and tax abatement going. He'd like he, the Mayor and Mr. Nelson to go to Washington DC and see whomever they need to see about getting this blight removed from their waterfront. He'll pay for the plane tickets. The loss the PHA is experiencing is unconscionable. Commissioner Brown said the PHA needs to build the housing so they can move the residents, and that's why they need the money. Mr. Freeman said he doesn't know what the solution would be, but he agrees the highrise needs to go.

Commissioner Kitchens said the appraisal on the 100 Block didn't include the buildings, but also included a 'guessed-at' deduction for demolition of the buildings. They'll have to have the buildings appraised again. Last year the tax appraiser had that block listed on the tax rolls valued at over \$780,000. Mr. Bush said the reason the appraiser included no value on the buildings was because he felt they had no value, but were instead a liability. He was told to obtain an appraisal, and he did. Commissioner Kitchens stated the appraiser was at fault. She cited Mr. Jutras' comments regarding his hometown, who said when they couldn't get a developer to come in and redevelop their downtown, they did it themselves. She does not think there is anyone who doesn't want the downtown redeveloped. She is concerned with the City getting itself into a 'hole.'

Mr. Bush said he needs some time to look for financing options. He also needs to meet with the TIF Committee, and then will bring it to the CRA Committee. He believes he can do this by the first meeting in October. Mayor Flagg said they need plenty of advance notice on this, and asked for input from Congress. Mr. Nelson isn't pushing anything, but is a partner in this and also wants to see a revitalized Downtown Palatka. He hopes Mr. Nelson knows that this Commission understands his motivation.

13. **DISCUSSION** regarding merits of Code Enforcement Board vs. Special Magistrate – Mayor Flagg noted the lateness of the hour and asked if the commission would consider tabling this. Commissioner Kitchens moved to table the discussion on the merits of the Code Enforcement Board vs. Special Magistrate. Commissioner Brown seconded the motion, which passed unopposed.

15. **ADMINISTRATIVE REPORTS**

Betsy Driggers, City Clerk – Board Appointment Policy - The Clerk distributed information packets regarding board appointment policy, and said the Commission has been discussing revising its Board Appointment policy. She noted the recent Board & Committee workshop held at the Price Martin Center, saying she has had nothing but positive feedback from all who attended it. One of the things they heard during the workshop is that they should go back and re-evaluate the boards they currently have. The City currently appoints 19 boards and committees, which seems to be a lot, according to the workshop facilitator; there are around 120 board seats to keep filled. As to absenteeism, they are taking a two-pronged approach to address board member absenteeism, as several boards have been unable to meet quorum lately due to vacancies and member absences. At their District Clerks meeting, held just prior to the Workshop, they heard from many cities regarding their board appointment policies. Some had much success with an Advisory Board Review Committee or Board. One of their tasks is to consider whether or not a board or committee should be sun-setted or abolished. She noted the Commission's present board policy is included in the packet she passed out. She also included information on Jacksonville and Atlantic Beach's policies and applications, both of which involve a board review committee or board. These Cities only have 5 and 6 boards/committees respectively. Finally, she attached a list of all the City's boards and committees and a list of current board openings, noting Palatka is having a tough time recruiting board members for various reasons noted in her memorandum (filed). Ms. Driggers stated she likes the idea of the review committee. She'd like input on this, and will meet with other staff on this.

They can discuss recommendations at the next Commission meeting. Mayor Flagg asked her to place the issue on the next agenda for discussion.

Lynda Crabill, S. 15th Street, stated the City needs to address absenteeism, and needs to hold a class to train new board members so they will know what they should be doing. Commissioner Norwood said it is frustrating to people when quorums are not met. Commissioner Sanders said sometimes discussions get out of hand. Ms. Driggers noted they plan to address absenteeism, as noted in her memorandum

16. **COMMISSIONER COMMENT**

Commissioner Brown stated she will not be able to attend the next meeting, as she will be attending a FLC Insurance Trust meeting.

Commissioner Kitchens thanked everyone who attends these meetings and speaks up; she applauds them and encourages them to continue to do so. Many people stay home because they don't want to be insulted. It takes a lot of nerve to stand up and speak out, and she will fight for their right to do so.

Commissioner Sanders noted Palatka hosts the Florida League of Cities meeting next Thursday, and they have a Mural tour planned. They'll meet at the Golf Course at 3:45 and will complete the tour by 6:00. Also, the Battle of Horse Landing mural on S. 3rd Street will be dedicated next Saturday, the 22nd, at 11:00 a.m., to be followed by a reception at the Bronson Mulholland House.

17. **ADJOURN** at 10:00 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