

CITY OF ST. AUGUSTINE

FY 2003/2004 Budget Workshop Meeting
September 4, 2003

The City Commission met in a workshop session Thursday, September 4, 2003, at 9:00 a.m. in the de Aviles room at City Hall. The meeting was called to order by Mayor Gardner, and the following were present:

1. Roll Call:

George Gardner, Mayor/City Commissioner
Susan Burk, City Commissioner
Donald A. Crichlow, City Commissioner
Errol D. Jones, City Commissioner
William Lennon, City Commissioner

William B. Harriss, City Manager
Jack E. Cubbedge, Assistant City Manager
James P. Wilson, City Attorney
Martha V. (Nell) Porter, City Clerk
James Whitehouse, Staff Attorney
Timothy A. Burchfield, Chief Administrative Officer
Mark Litzinger, City Comptroller
Mark Simpson, Financial Services Group Manager
Paul Williamson, Director, Public Affairs
Dr. William Adams, Director, Heritage Tourism
John Regan, Chief Operations Officer
Jason Sheffield, Administrative Services Group Manager
James Owens, Fire Chief
Karen Rogers, Recording Secretary

Also Present:

Shawna Sundin, Florida Times Union
Gina Burrell

**2. REVIEW OF THE FY 2003/2004
CITY OF ST. AUGUSTINE BUDGET.**

William B. Harriss, City Manager, stated that normally the meeting would have taken place in August; however, time conflicts had necessitated postponing the meeting. He stated that the largest part of the budget was conducted by Tim Burchfield and Mark Litzinger. He explained that the budget was a monitoring process throughout the year, but it was formalized from May

to September. He pointed out that it was the Commission's responsibility to establish the level of service appropriate for the City in every aspect. He said that it was staff's responsibility to accomplish the Commission's wishes and prepare a budget. He said that the budget review team consisted of Messrs. Burchfield, Litzinger, Simpson and Sheffield. He said that the team reviewed the budget philosophically; whereupon, the budget was summarized and a revenue projection

was drafted to establish a surplus of deficit. He said at that time they would deal with the financial aspects and cut, move or make changes.

Mr. Harriss stated that the budget had been difficult, as they were beginning to feel the state revenue sharing decrease. He added that there had been an increase in ad valorem taxes due to increased assessments and increased construction, which had helped, but the loss of revenue in areas along with fixed increased costs had not left much surplus for the Commission's "wish list". He noted that not all department heads were present for the meeting, but they had been integral in preparing the budget.

General Fund ¹

Mark Litzinger explained that the budget was a year round process of constant monitoring and updating. He said the process that was most familiar encompassed five months beginning in May with staff meetings to distribute schedules, materials, and assumptions to the directors. He said that in June the directors submitted expenditure and revenue estimates, whereupon the finance department did a philosophical review of the budget. He stated that in July the tax roll was certified, departmental expense reviews were completed, and a tentative millage resolution was adopted. He said that in August the budget was balanced and City Commission workshops conducted, and in September the budget was finalized with two public hearings.

Mr. Litzinger referred to the page in the power point presentation listing the departments within the General Fund. He stated that the projection indicated that 2003/2004 revenues

would exceed expenditures by \$312,468 because of ad valorem taxes, sales and use taxes, franchise fees, and communications services taxes.

Mr. Harriss stated that the surplus was more revenue and not less expense, as the previous year budget had been good and they spent what they had intended, but they had received more revenue than expected which provided the surplus. He said that the surplus went into the rainy day fund for emergency.

Mr. Litzinger explained that a reserve fund prevented lay-offs and program cuts. He continued that highlights of the 2002/2003 year were as follows:

- Expanded summer concert series
- Expanded fireworks
- Completion of Fire Station No. 1
- Completed repairs to the seawall caused by tropical storm Gabriel and would be reimbursed by FEMA
- Completed the public participation portion of the seawall project
- Received the Florida Landscape and Architect Award for research and communication in the seawall project

Mr. Litzinger added that they were in the design and permitting phase for the seawall project. He stated that some of the major developments during the previous year were as follows:

- 312 Office Condos
- Lyons Building
- May Street/ San Marco Avenue Development
- Hilton Garden Inn
- AmSouth Bank building
- 231 San Marco Motel
- Sunset Point duplexes

¹ Hard copy of the power point presentation attached to the original minutes

Mr. Litzinger stated that the City had been awarded Federal Grant and assistance a follows:

- Career Criminal Program Grant in the amount of \$39,000 to work in conjunction with the State Attorney's Office to target habitual offenders within City limits
- Local Law Enforcement Block Grant to purchase the Chase boat
- A 50/50 matching vest Grant
- FEMA Grant in the amount of \$124,000 for the Fire Department with a 10% match to purchase safety apparatus

Mr. Litzinger stated that throughout the year the City had been working on existing grants as follows:

- Florida Fish and Wildlife Conservation Commission Grant to move three more derelict vessels from the Intracoastal Waterway
- Department of State Grant for Alcazar Hotel window restoration program in the amount of \$327,000 to place modern windows that looked like 1888 windows

Mr. Harriss said that some of the windows had been replaced on the second floor of the building, and they were good windows that were termite resistant. He said that after testing the windows staff had moved forward with the grant to replace the rest, although to replace all the windows would cost \$600,000; therefore, staff would request another grant in the future.

- Santo Domingo Redoubt was near completion as the result of a \$300,000 grant from the Department of State
- A \$50,000 non-matching passive recreation grant from the Florida Recreation for Lighthouse Park

Mr. Litzinger stated that some of the other activities during 2002/2003 were as follows:

- Installed fixed asset system
- Expanded the handicap accessibility program
- Installed an occupational licensing system
- Received the 10th consecutive CAFR Award
- Expanded the Nights of Light
- Implemented GASB 34
- Purchased a new fire truck
- Created a Historic Preservation Planner position
- Adopted guidelines for the entry corridors

Mr. Litzinger displayed a series of pie charts indicating the proposed revenue sources, intergovernmental revenue details, licenses, permits and fees revenue details, proposed expenditure categories, general government expenditure details, physical environment expenditure details, and public safety expenditure details.

Mr. Harriss clarified that the categories were established by the state for purposes of review.

Mr. Litzinger stated that the staff had provided the same level of service and millage rate with an excess of \$134,228. He said that there was a wish list with seventeen items for the Commissioners to discuss at the end of the presentation.

UTILITES

John Regan explained that the Utility Fund was comprised of the following divisions:

- Administration
- Water Treatment
- Meter Maintenance

- Wastewater Treatment
- Transmission & Distribution
- Pump Stations

Mr. Regan indicated that in the next year there would be an expansion of the water treatment plant. He indicated another photo of City forces working on a catastrophic failure of two pipes in the treatment plant, in which 7,000 gallons a minute of raw sewage was showering on them in their effort to repair the failure. He said that when there was a break it was considered a public health emergency. He added that everyone involved had received baseline blood monitoring programs, hepatitis inoculations, and tetanus shots to prevent any health problems. He indicated the equipment used to minimize the workers contact with raw sewage. He noted that when there was a break environmental samples had to be taken, because a decision had to be made whether to close the beaches; however, the impact had not been detectible a day after the event.

Mr. Regan explained that central water and sewer had expanded the life span of humanity by eliminating water born disease; however, the working situation was considered dangerous.

Mr. Regan reported that last year the Utility Department responded to 1,482 independent work efforts.

Mr. Regan stated that the City had a reclaimed water system that was used within the plant site, and the solid waste facility was next to the treatment plant so they could wash garbage trucks with reclaimed water. He indicated St. George (south of King Street), Aviles and Charlotte Streets where the sewer systems had been completely rebuilt during the previous

fiscal year from within using slip-lining.

Mr. Harriss stated that Charlotte and Aviles Streets needed rebuilding, but the total cost was prohibitive.

Mr. Regan stated that utility work was divided between rebuilding systems and building new systems. He indicated the rebuilding of an old sewer system on Orange Street prior to building a new sidewalk and the construction of a 12-inch water loop into an area of West Augustine that never had central water.

Mr. Regan referred to growth and development with affordable housing at Vista Cove Phase IV and Whispering Woods. He stated that the City was tightly integrated with the County regarding affordable housing programs. He said that the City worked with affordable housing developers offering concessions for utilities to score higher points to acquire awards for development.

Mr. Harriss said that the City's bond covenants were strict about giving away service, but the City found ways to provide concessions that were pointable to enable developers to apply for affordable grants.

Mr. Regan indicated projects for the next fiscal year at Vista Cove Phase V and Sunset Point, development on SR 16 with the Bank of St. Augustine, and Heritage Park.

Mr. Regan said that they were opening the bids for construction of two wells at well site #13, which would enhance the City's reliability and provide additional capacity. He said that much of the work identified in the bond was designed to increase the network and develop the Red House Branch expansion using a 16-inch

water main along Holmes Boulevard to provide a backbone for everything in the City, which improved hydraulic ability. He added that last year the City and the Fire department had improved the ISO rating that affected everyone's insurance. He said the other big project was the expansion of the water treatment plant and upgrades at the wastewater treatment plant.

Mr. Regan referred to the pie chart for the proposed revenue sources indicating that water and sewage were approximately 50%. He said that proposed expense categories were debt service at 38% which was low, sewer expenses at 32.1%, 3.5% on administration, and water expenses at 26.4%. He said the expenses for the previous year were \$10,785,946 and the proposed expenses for the 2003/2004 fiscal year were \$10,842,704. He said that development had slowed; therefore, revenue for new connections would be down, consequently he proposed a rate adjustment linked with the consumer price index and effective in October. He noted that the City had not raised rates since 1997, and in fact, they had been lowered since that time. He said that the City had not adjusted connection fees; therefore, an adjustment would begin in December.

A discussion determined that the adjustment in connection fees could begin by October 1, 2003.

Commissioner Lennon stated that he was not happy with an increase. He stated that he needed to understand why.

Mr. Regan replied that the increase to the utility rate represented \$1.12 total a month to the customer and the blended increase was approximately 2.4% or approximately \$270,000. He

said that the key issue was that the City had been significantly reducing the rates since 1998, but growth was slowing representing less income for connection fees, but at the same time the City had to satisfy the power, chemical and labor bills.

Commissioner Lennon argued that there was no increase in those bills.

Mr. Regan replied that there was the Cost of Living Adjustments to the employee's salaries, and the chemical industry was volatile.

Mr. Harriss stated that even if everything stayed the same the developments had not come online.

Commissioner Lennon objected that the development had not stopped they slowed. He added that the City's projection was not based on the future of development.

Mr. Harriss replied that currently there was no new growth, which there had been for the past 7-8 years; therefore the City did not have the same revenues, and to keep the service at the same level an increase would be necessary.

Commissioner Lennon stated that they had kept the rate that was affordable to the City, and he questioned what the change was.

Mr. Harriss responded that development paid a lot of revenue and it did not cost the City a lot to service them, and that money went to pay debts, so without the revenue the City could not pay its debts.

A discussion referred to page 50 of the budget summary for 2003 and 2004 for the Utility Fund indicating a drop in revenue.

Mr. Litzinger said that the rating agency for the bond had questioned the utilities rates, because the City had not raised rates for some time.

Mr. Harriss stated that they wanted to see small raises and small fee increases when the cost of living had increased, because otherwise they would imagine the City was keeping the rates low artificially.

Commissioner Burk stated that she had no problem with raising connection fees, but she was not happy about raising utility rates; however, the rates had not been raised since 1997, plus they had been reduced in 1999.

Mr. Regan said that development issues had been the reason for reduced rates. He said that the City had also implemented significant management, systems, and process changes throughout utilities; such as phasing-out the small treatment plant on Anastasia Island. He stated that normally the City carried five construction crews in the Transmission and Distribution Division, but the current budget trimmed the division to four construction crews. He said that they went to great lengths to control operation maintenance costs, but the reality was that, with the drop in growth and without substantial cuts into operation maintenance, adjustment was necessary. He noted that the City's combined rates were less expensive than the county. He stressed that staff did not take the issue of increased rates lightly.

Commissioner Burk questioned whether the total percentage of the decreases made in the past years would offset the proposed 2.4% increase.

Mr. Regan suggested that staff regroup and get back to the Commissioner with that answer.

Commissioner Crichlow described a situation in which a business owner had complained to him that he wished his business was not within City limits, because everything was higher. He questioned whether that was a true statement.

Mr. Harriss explained that the bill for commercial solid waste was higher in the City. He stated that commercial properties subsidized residential properties, which had been the posture of the past fourteen Commissions, but the City could raise the residential rates to lower the commercial rates. He pointed out that if a business person was not within City limits he would pay a 25% premium on water and sewer. He said analysis revealed that businesses in the City would pay more for solid waste and taxes, but less for water/sewer, but the increased taxes and solid waste were offset by the water/sewer.

Mr. Regan said that with the proposed increase connection fees would be \$3,300 for water/sewer, but the county service cost \$3,800.

Commissioner Burk questioned why the City would not charge a comparable rate to the county.

Mr. Regan offered that the topic could be discussed.

Mr. Harriss stated that taping fees were determined by how much was spent for a connection, but connection fees were related to treatment plants installation and costs; therefore the fees paid for the cost of building the plant had to be justified.

Mr. Regan stated that rates really boiled down to a question of geography. He said that the county treatment plant was inland incurring an addition \$5 million expense for a pipeline for the reject water conveyance to the wastewater plant. He said the City reject water was more manageable with minimal cost. He said that all those things were reflected in the cost.

Mr. Burchfield informed Commissioner Burk that in the fiscal year 1998/1999 the minimum water and sewer bill was \$36.14 and for 2003/2004 the budget proposal the amount was \$33.17 indicating a drop of 8.2%.

STORMWATER FUND

Mr. Regan stated that the Stormwater Fund had the financial critical mass to take on some big projects. He pointed out that the City always revisited the 1992/1993 master plan to gauge accomplishments. He said that during the past year they had completed the Lemon Street reconstruction, Palmer Street box culvert, Atlantic Street drainage improvements, and the Oviedo Street improvements. He noted that they were projecting a small surplus of \$3,732 for the current fiscal year, there would be no rate increases, and the proposed budget for 2003/2004 was \$711,250. He said that any money not spent in the fiscal year was accumulated, which had provided the financial critical mass for large projects.

Commissioner Lennon questioned which documents regarding stormwater had to be sent to Tallahassee.

Mr. Regan replied that in the future the City would have to be permitted by

MDDS Phase II Permitting for the stormwater system, similar to a wastewater system. He said that fortunately the City had begun documenting in early 1990's, which would facilitate the permitting process. He said there would be a mandate to reduce pollution discharge into the environment, but all the City projects had strategic elements related to that accomplishment. He stated that the City was in good shape for the future due to the work completed in the early 90's.

Solid Waste Fund

Mr. Regan referred to the photograph of the solid waste facility and said the 15,000 square foot building had been engineered and built by City Staff for approximately \$325,000. He said that the entire site was insured for one million dollars reflecting the true appraised value. He explained that it was the type of building that would be used at the water plant site.

Mr. Regan stated that revenues had exceeded expenses by approximately \$8,641 for 2002/2003, and some of the 2002/2003 activities were as follows:

- Collected over 223,000 tons of solid waste
- Recycled approximately 14% of solid waste collected
- Expanded the semi-automated collection system to approximately 2/3's of all residential can customers
- Expanded compactor service to commercial customers

Mr. Regan listed the proposed continued activities for fiscal year 2003/2004 as follows:

- Expansion of semi-automatic collection for commercial customers
- Expansion of semi-automatic collection for residential customers
- Expansion of compactor service for large developments

Mr. Regan referred to the photograph of the compactor at Harbor Isle and pointed out the architectural features.

Commissioner Lennon questioned whether the compactors functioned on a timer.

Mr. Harriss explained that maintenance personnel operated the compactor.

Mr. Regan referred to the fund summary and stated that in 2002/2003 there had been a surplus of \$8,641, and the budget for 2003/2004 was \$2,797,698. He said that the slight increase in solid waste rate adjustments reflected the history of solid waste.

Mr. Harriss explained that rates had not been raised in 10-years, but the City required a 2.4% increase in order to balance the budget. He said that the City had saved a great deal of money in the past by shipping waste to Georgia, as the rates had been lower than the county's tipping rates. He said that currently the City was with the county, and the county bid the process out. He stated that the City was frugal and did not ask for a rate increase easily.

Municipal Marina Fund

Mr. Burchfield referred to the photograph of the marina and said that the marina had 88 slips. He said that boaters loved to visit St. Augustine, as they stepped from the marina into the historic City.

Mr. Burchfield reported that for the fiscal year 2002/2003 the marina was projecting a surplus in excess of \$44,375. He said that in 1999 the marina had suffered some damage from Hurricanes, at which time the north dock had been decimated. He said that prior to the aforementioned damage the City had been ranked as the number one destination on the east coast from the Carolinas to Brownsville, Texas, and including the Bahamas by Southeast Waterway Magazine. He said that the editors had also ranked the City as the number three port destination, and the new dock master was striving to regain that designation.

Mr. Burchfield stated that the activities for 2002/2003 were as follows:

- Staged the annual Blessing of the Fleet
- Hosted the 11th annual King Buster Classic Fishing Tournament
- Hosted the 9th annual King Fish Challenge Fishing Tournament
- Conducted first "Program of Work" workshop to set goals and objectives for the Marina
- Initiate upgraded marketing and promotion campaign for the Marina
- Installed new electronic lock system to improve security for Marina customers

Mr. Burchfield noted that the tournaments were currently under contract.

Mayor Gardner questioned the yearly occupancy for the marina.

Mr. Burchfield replied that it was approximately 75%, which was high for transient, and during the non-transient season they used the slips

for semi-long term dockage of up to a month.

Mr. Burchfield said the proposed activities for the fiscal year 2003/2004 were as follows:

- Continue development of five year infrastructure maintenance plan
- Continue improvement to strengthen both north and south docks

Mr. Burchfield stated that to save money the City had built the docks without all the flew rods; therefore, over time the City was installing the rods to achieve maximum strength.

- Continue efforts to attract and host major events

Mr. Burchfield noted that the new dock master was trying to attract more boating clubs during the non-transient season.

- Fuel tank replacement and trash compactor installation
- Replace gasoline pumps

Commissioner Lennon stated that the City had made that replacement about five years earlier.

Mr. Harriss replied that they had replaced fuel lines.

Mr. Burchfield explained that the existing tanks were single walled, but state regulation demanded that type of tank be removed from the ground by 2009, so the City was replacing the existing tanks with larger double walled tanks. He said they would replace the pumps also, as they were breaking down from the salt air.

- Continue marketing program to increase dockage utilization

Mr. Burchfield stated that when the new tanks were installed the City planned to build a trash compactor for the commercial businesses in the area. He added that, after comparison with the surrounding marinas, the City was proposing a slight increase for dockage rates, but the rates would still be lower than the surrounding areas. He said that the electrical rates would be adjusted slightly to be less for monthly rates than weekly rates, but monetarily the same amount would be collected. ²

Commissioner Lennon questioned whether the marina had cable TV.

Mr. Burchfield replied that there was cable TV on the north dock, but they were trying to find something more reliable, as the cable broke consistently.

Commissioner Lennon recommended two electric scooters to help the dock staff haul things, such as ice, to the far docks.

A discussion determined that staff would look into the matter.

Mayor Gardner suggested that something of that nature could be built in as an administrative cost on the renewed contracts for the tournaments.

Mr. Burchfield noted that people could register for the marina on line through the City website.

Mr. Burchfield said the Visitor Information Fund and the Heritage Tourism Fund had been merged since the City had received the 5-year contract extension with the State for the preservation properties.

Heritage Tourism Fund

² End of audio tape one

Dr. William Adams, Director, Heritage Tourism reported that there were six divisions in the Heritage Tourism Fund as follows:

- ❖ Administration
- ❖ Facilities Maintenance
- ❖ Spanish Quarter Museum
- ❖ Museum Store
- ❖ Support Organization
- ❖ Visitor Information Center

Dr. Adams reviewed the Heritage Tourism activities for 2002/2003 as follows:

- ❖ Obtained agreement renewal to administer the State of Florida's program and properties
- ❖ Maintained buildings and services that hosted over one million visitors annually
- ❖ In conjunction with the Menendez Birthday Festival, developed and published a commemorative book
- ❖ Created a St. Augustine National Register Map for public sale and distribution
- ❖ Completed construction of a cooper's shop, and added two gardens to the Spanish Quarter Museum
- ❖ Initiated regular operation of a 18th century tavern
- ❖ Initiated discussions with a local foundation and the Castillo to establish a joint interpretive program

Dr. Adams stated that the activities proposed for the fiscal year 2003/2004 were as follows:

- ❖ Convert Government House into meeting room facility
- ❖ Restructure interior of the VIC, removing theaters and replacing with improved visitors services facility

- ❖ Relocate Government House Museum to the VIC
- ❖ Expand Menendez Festival to include delegation from Minorca
- ❖ Continue cooperative efforts with the Colonial St. Augustine Preservation Foundation and the National Park Service to develop an orientation center for the Castillo de San Marcos (which would benefit the Spanish Quarter Museum and restoration area)
- ❖ Remove Mary Peck House and create new entrance to the Spanish Quarter Museum

Mayor Gardner questioned whether the interior restructuring of the VIC coordinated with the CRA funding for parking and traffic.

Mr. Harriss stated that the question was based on the total cost for the garage, multi-modal facility and transit system, and if there was anything left over it could be used.

Commissioner Crichlow questioned the point of the proposed new visitor center for the Castillo.

Dr. Adams stated that the facility would be an orientation center for the Castillo, because visitors were generally unprepared for the experience. He pointed out that any national park in the United States had some sort of orientation center to relate history. He added that they never had one, because it could not be built on the Castillo grounds. He said that the merge of interpretive programs would develop the Colonial Spanish Quarter, and the VIC offered visitors orientation of the entire City.

Commissioner Burk questioned whether the National Park Service was offering funding for the orientation center.

Dr. Adams replied that Congressman Mica had introduced a bill to Congress in the amount of \$4 million for that purpose. He said that the City had to match the funds in kind and funds; therefore, the St. Augustine Preservation Foundation intended to raise \$2 million.

Mr. Harriss said that the Mary Peck House was City property valued at \$2 million, which would be the City's contribution to the program. Commissioner Lennon questioned the timeline for the purchase of the building.

Dr. Adams replied that they hoped for Congressional authorization in 2003, appropriation the funds in 2004, and if funded, the money should be available early in 2005. He said that hopefully by that time the Colonial St. Augustine Foundation would have made progress on matching funds.

Commissioner Lennon questioned when the City planned to move the museum.

Dr. Adams replied that the move depended on the plans for the garage construction and development of the VIC. He said they had a \$130,000 grant to dismantle the museum and in part move to the VIC.

Commissioner Crichlow questioned whether they had to contract out for the exhibit design for the VIC. He clarified that the move was in the budget for the 2003/2004 fiscal year.

Dr. Adams said that the design was part of the contract for the VIC.

Mr. Harriss clarified that it was part of the grant program and not part of the operating budget.

Commissioner Crichlow questioned the cost of including a delegation from Minorca.

Dr. Adams said the cost was \$60,000, which was covered by a grant.

Commissioner Crichlow questioned whether the Menendez Birthday Celebration was funded from the general fund.

Mr. Harriss replied that theoretically it was a fundraising portion of the general fund. He pointed out that it was a fun event and did not cost that much.

Commissioner Crichlow stated that at the Florida League of Cities conference Glenda Hood had expressed interest in attending the event. He said it would be a real coup to have her in attendance, plus the Governor had appointed her to the international trade effort.

Dr. Adams added that the City had also extended an invitation to Congressman Mica and the Director of the National Park Service. He pointed out that since 1935 the City had received no federal funding for the restoration or preservation of City properties; therefore, Congressman Mica's attention was commendable.

Dr. Adams referred to the pie chart indicating the proposed revenue sources and stated that Heritage Tourism had a lot of different fund sources. He pointed out that state funding was less than one percent. He added that the Colonial Spanish Tavern made more yearly than the state funding.

Mayor Gardner questioned the situation regarding state grants.

Dr. Adams replied that the museum operating grant had amounted to between \$50-\$75,000, but currently it had been reduced to \$16,000. He stated that the legislative auditor had recommended that the City be funded by direct appropriations process through the legislature. He suggested that the Department of State was derelict in its responsibilities.

A brief discussion resulted regarding grants and the pie chart.

Commissioner Lennon questioned whether the City was up to date regarding the maintenance and rehabilitation of the preservation properties.

Mr. Harriss stated that the City had spent \$400,000 five years earlier but even with the aid of grants the City still had crucial needs.

Dr. Adams stated that the City had inherited a lot of deferred maintenance, which they were currently paying for. He said that in the eight years that he was director of the Preservation Board the City had not received any funding in capital outlay funding from the legislature. He said that the projected deficit for 2003/2004 was caused by the absence of state grant funding or support and the urgent repair of five leaking roofs.

Mr. Harriss said there were six options for handling the deficit as follows:

1. Return the program and building to the State of Florida
2. Close the Museum and convert the building to commercial rentals
3. Convert from a "living history" to a static museum
4. Lease the museum to a private operator

5. Subsidize the operation with ad valorem tax dollars
6. Subsidize the operation with an interfund loan from the General Fund

Mayor Gardner suggested investigating a method of taxing visitors.

Mr. Burchfield stated that the City intended to investigate that possibility during the upcoming year; however, the existing problems could not wait.

Commissioner Burk said she had requested that the City Attorney find a way to tax visitors, but he kept saying that it was not possible, but she was not willing to accept that answer.

A discussion ensued regarding the break down of maintenance costs.

Commissioner Lennon stated that if the museum was removed from Government House the City could rent the building to the Casa Monica Hotel.

Mr. Harriss agreed and added that the building would have to be renovated prior to such an arrangement.

Dr. Adams pointed out that the Government House Museum did not function at a loss; it generated a \$40,000 profit yearly. He said that the sustained loss was with the Spanish Quarter Museum.

A brief discussion resulted regarding the Casa Monica Hotel using the Government House.

Commissioner Lennon questioned whether all the rental contracts had been signed.

Mr. Wilson replied that three contract holders had hired an attorney, but the

issues in question were not substantial.

Commissioner Burk stated that the City had controlled the preservation properties for seven years with a state contribution of \$1.5 million; moreover, it was commendable that the City had converted the properties with a deficit of only \$100,000. She suggested handling the deficit by subsidizing the operation with an interfund loan from the General Fund. She said that by the following year she expected the program to be self sufficient.

A brief discussion resulted regarding increasing the parking meter fees twenty five cents and increasing VIC parking ticket prices to six dollars to help pay the deficit.

Community Redevelopment Agency Fund

Jason Sheffield, Administrative Services Group Manager, referred to the projection indicating the historic transportation and parking Community Redevelopment Agency (CRA) area, and explained that the CRA had been created for the parking and transportation blight. He said that to have a blight the City had to develop a plan to resolve the blighted area. He said the improvement plan included the following:

- Construct and maintain parking garages at strategic locations
- Maintain and improve existing sidewalks
- Enhance pedestrian areas and streetscapes
- Study changes to traffic patterns and implement as appropriate
- Implement Heritage Tourism Signage Program
- Encourage and enhance bicycle usage
- Periodically evaluate transit need

- Implement transit system(s) when practical

Mr. Sheffield stated that the activities for the 2002/2003 fiscal year were as follows:

- Continue to accumulate funds to be used within the CRA district
- Moved forward with plans for intermodal facility at the City's Visitor Information Center to be funded in part by the CRA

Mr. Sheffield stated that the intermodal facility would be partially funded through the tax increment financing generated by the CRA.

Commissioner Crichlow questioned how much the City was currently receiving and whether it was paying the debt service on the bond.

Mr. Sheffield replied that for the forthcoming year the amount would be approximately \$313,000, and it would pay the debt service, which was approximately \$250,000.

Commissioner Lennon questioned the amount of the interest on the bond.

Mr. Burchfield replied that amount was the interest as they had postponed principal for 3-4 years.

Commissioner Lennon questioned the amount the City paid monthly on interest.

Mr. Burchfield replied that it was approximately \$21,000 monthly.

Mr. Sheffield stated that the projected activities for the 2003/2004 fiscal year were as follows:

- Begin construction of the VIC parking facility

- Further assess feasibility of additional parking structures
- Initiate Implementation of a Trolley System
- Implement the St. Augustine Heritage Tourism Signage Program

Mr. Sheffield noted that any money derived through the CRA had to be spent within the boundaries of the CRA.

Mr. Sheffield said that the budget for the coming year was \$312,870. He said that money leftover after the debt service was paid would go into a trust fund for the CRA. He said that there was approximately \$250,000 in the trust currently, which had accumulated over the past two-years.

A brief discussion was held regarding the boundaries of the CRA. ³

Long-term Major Capital Improvement Plan

Mr. Harriss said that the long-term major capital improvement plan was composed of the following:

- Warehouse/Fleet Maintenance Compound
- Marina Improvements
- Trolley system
- Water Plant improvements
- Transmission & distribution line extension
- VIC intermodal facility
- Sebastian Inland Harbor parking structure

Mr. Harriss stated that it was necessary to establish a trolley system before the VIC garage was built.

Mayor Gardner questioned whether the City could work with Cathy Brown and the COA transit system.

Mr. Harriss replied that Ms. Brown wanted to participate in the program, but he believed the City should purchase the type vehicle that would be appropriate for the system and either the City would operate the system or allow private enterprise to operate it.

Commissioner Crichlow clarified that the federal money for a transit system would have to go to the COA, and the City would have to contract to operate with the COA.

Mr. Harriss recommended that the City have control over the transit system rather than having to follow federal or another organizations' guidelines.

A discussion ensued regarding the viability of working with the Council on Aging regarding a transit system, and it was determined that the City was better off being in control even though the COA was designated for all federal money for transit in St. Johns County; however, the City could get federal funding for an intermodal system.

Mr. Harriss continued that there were additional necessary water plant improvements and wastewater plant improvements dictated by the Federal Government and the City's desire to put clean water into the river. He said that the Transmission & Distribution Lines were expansion for redundancy and expansion on SR 16 to protect the service area. He said that the wide range for the VIC intermodal facility would be determined by the size of the parking garage. He pointed out that Flagler College was anxious to facilitate a parking structure at the Sebastian Inland Harbor. He also

³ A lunch recess from 11:45 a.m. until 12:25 p.m.

pointed out the dates for the improvement plans.

Mr. Harriss said that the funding sources for the parking structure had a time limit which they had reached; therefore, they had to start spending the money. He proposed that they start using the money for the aforementioned three items. He said that the \$8 million for the utility bond would be in a separate issue and addressed within the next month. He said the VIC intermodal facility would be a separate issue.

Commissioner Crichlow questioned whether the CRA funds could be used for the trolley system.

Mr. Harriss stated that they could, but the funds could not be used for the marina.

Mr. Litzinger said that with the other bond issue the City would reimburse the CRA money when the bond issue came through. He said that the funds would essentially be used for a trolley system.

Mr. Harriss said they needed to spend the money and currently they had a good reason. He added that they could not build the water plant until they moved the garage; therefore, he proposed initiating the project. He said that he needed to commit the money within three months.

Commissioner Crichlow questioned what would happen if the City did not use the funds.

Mr. Harriss replied that technically they would default, which would affect the City the next time they tried to borrow money. He said if the City engaged 75-80% of the money they would be okay.

Mr. Litzinger stated that the situation was fine currently; however, if the money sat for a couple more years it would affect the City's ratings. ⁴

Mr. Harriss said that there would be a substantial engineering architectural fee for the VIC that would have to be paid and the money could be used in that way to be compliant.

Commissioner Lennon stated that the in a bond issue the City had to guarantee the money; therefore, if they did not spend it the appearance was that the City did not know what it was doing.

Mr. Harriss stated that the money was for the fire station and the parking garage and the fire station had been built. He said that he had written the CRA to be flexible.

City Commission Wish List: Fiscal Year 03/04

Mr. Harriss pointed out the seventeen items on the wish list and \$134,000 surplus funds. He stated that some of the items were not General Fund items, but the General Fund could make a contribution to the necessary fund. He noted that because of the way the motion had been made the Neighborhood Council Office would sunset at the end of September. He said the Commission would have to address the matter should they want the office to continue.

1. Review and Rewrite City Zoning Code - \$75,000

Commissioner Lennon stated that the City could not afford \$75,000 to review and rewrite the City Zoning Code. He suggested reviewing as the need arose.

⁴ End of audio tape two

After a brief discussion, consensus was not to make the investment at that time but address the item as soon as possible.

Mr. Harriss stated that he was tired of Mark Knight getting bashed by people who read part of the Zoning Code and found fault. He pointed out that Mr. Knight had inherited the Zoning Code, and it was continually updated. He said that he hoped to find the funding for the review and rewrite by mid 2004.

Commissioner Lennon stated that even with a rewrite the City might face the same type of conflicts in the Code. He added that it would be a time consuming project.

Mr. Harriss stated that the Code had been written in the 1970's with periodic updates, and when they rewrote it the City would work closely with the consultant to eliminate conflicts.

Commissioner Burk questioned whether the City Attorney could work with staff to try to identify the major conflicts within the Code. She suggested that they could clear up conflicts without outside help.

Mr. Harriss stated that it would take considerable time and expertise; therefore, he believed that the City required help for the revision.

Commissioner Jones added that it was not just conflict it was a matter of updating with public hearings and workshops. He agreed that there was no money in the budget for the 2003/2004 fiscal year.

The consensus was that the subject would be readdressed for the next budget year.

2. Development Consultant: San Sebastian and Ponce Projects - \$25,000

Commissioner Lennon questioned the need for a consultant for the Ponce.

Mr. Harriss explained that the Commissioners had created the list. He said that the consultant would offer ideas of what could and could not work. He added that the situation was being handled without costing \$25,000.

The Commission agreed to strike the item.

3. Neighborhood Council Office Coordinator - \$66,500

4. Neighborhood Council Office Coordinator with Clerk - \$90,000

Mayor Gardner questioned whether it was a good idea to have a receptionist.

Commissioner Burk questioned whether the situation could survive without a receptionist, and she was informed that the office could.

The consensus was to adopt item three and strike item four.

Mr. Burchfield itemized the \$66,500 as follows:

- Salary and benefits - \$39,400
- Operating cost - 27,000

Mr. Burchfield said that the operating costs included \$2,000 in grants for local associations.

Commissioner Crichlow questioned the \$2,000 in grants to the associations.

Commissioner Jones stated that he wanted to strike the \$2,000 for grants

until there had been further discussion regarding that situation. He suggested that the office required another year to mature.

Commissioner Burk suggested that they budget \$56,500 for the Neighborhood Council Office and coordinator, and the Commissioners agreed.

5. Museum Curator - \$34,000

Dr. Adams explained that the City had a substantial collection of artifacts and none of the collection had been given the attention of a curator. He said that there were numerous artifacts outside of his department that required the attention of a professional on an annual basis. He said there was also Carl Halbirt's archeological collection, which included thousands of artifacts annually, which were stored without treatment or professional care.

Commissioner Burk stated that there was so much change taking place in Dr. Adams' department that she suggested postponing the item until it was determined where to put the collections.

Dr. Adams pointed out that the City had inherited numerous state buildings but City maintenance crews were not historians, and they had no one to instruct them in the proper repair to the buildings.

Commissioner Jones pointed out that the budget for a curator was less than the NCO coordinator, and he questioned whether the City could obtain a curator for that salary.

Dr. Adams agreed that generally the salary should be higher, but he knew of some retired members of the

community that would accept the position at that salary.

A discussion determined that they would hold the item out until the end of the discussion.

Mayor Gardner noted that items 5., 6. 10.a., 10.b., 12. and 13. were all historic items, which he believed the visitors should be financing through some sort of fees.

6. Spanish Quarter Museum: Additional Personnel (Per FT Employee) - \$21,846

Mr. Harriss stated that the item was not for one employee but additional employees and each full time employee would cost \$21,846.

7. Police Department Resident Employees: Take-Home Police Car Program - \$9,800

Commissioner Burk stated that regarding Items 7. and 9. it was her opinion that the more employees they could get to live in the City the better. She said that the purpose of having take-home cars for City Police residents was to have the cars parked in neighborhoods providing a sense of security.

Commissioner Crichlow questioned why the item cost money.

Mr. Burchfield replied that it was the result of increased liability on cars and repair and maintenance.

Commissioner Burk stated that the idea was an incentive for Police Officers to live in the City.

Mr. Burchfield stated that currently there were six eligible employees and the Chief had developed a policy that if cars were available the eligible

officers would be able to take them home.

Commissioner Jones questioned whether the City was able to pay the law enforcement officers enough to live within the City of St. Augustine.

Mr. Burchfield replied that Bella Vista and other areas offered police officers reduced rent to have a police vehicle on the premises.

Mr. Harriss stated that the incentive and reduced rent would probably increase the number of officers living within the City. He clarified that the vehicle would not be for the officer's personal use. He stated that the downside was that the union would probably decide that the practice was unfair and the incentive would turn into a conflict.

A discussion determined that that they would try the program for one year.

8. City Resident Employees Incentive Program - \$19,172

Commissioner Burk said the item went hand-in-hand with item seven, as she believed it would be a benefit to the City to have employees live within City limits. She said employees felt they could not afford to live within the City; therefore, she suggested the benefit of a reduction in their utility fee as an incentive.

A discussion determined that they would put the item aside until the end of the discussion.

9. Maria Sanchez Lake: Bank Stabilization (Rip Rap) - \$106,000

Commissioner Lennon stated that he supported the item.

Mr. Regan said the item was a cross over into aesthetic improvement while preserving the land and preventing erosion.

Commissioner Crichlow stated that he did not believe that using rip rap would stabilize the bank, nor was the neighborhood interested in that method.

Mr. Regan replied that the problem could be solved through other methods.

Commissioner Crichlow suggested bringing the item up for the subsequent budget year.

Mr. Regan suggested applying for grants that would target the problem.

10. St. George Street:

10.a. Street Sweeper/Information Guide in Period Costume - \$40,000

Commissioner Crichlow stated that the item was his idea for a full time person cleaning the street in period costume while being a goodwill ambassador simultaneously.

Commissioner Burk suggested combining items 10.a. and 6.

Mr. Harriss stated that he needed to know the level of service while simultaneously having a Disney character in historical costume.

A discussion determined that the Commission would return to the item.

10.b. St. George Street Beautification - \$15,000

Mr. Harriss said the item was intended to increase the number of benches and beautify the street with more plants.

Commissioner Burk stated that she would not want to limit the proposal to St. George Street, but extend it to all of St. Augustine.

Commissioner Jones suggested that the budget stretch the item to Aviles Street.

A discussion determined that the beautification would include all of downtown St. Augustine.

11. Orientation Program for Citizens Boards - \$1,000

Discussion determined that the item was necessary.

12. Aviles Street: Underground Power and Light Poles - \$210,000

All of the Commissioners agreed that the item was necessary; however, the cost was prohibitive; therefore, they would revisit the item for the 2004/2005 budget.

Commissioner Jones suggested putting money aside for the project.

13. Restoration of Brick Streets \$22,000

Commissioner Burk suggested tying Item 12. and 13. together for further discussion.

14. Increase Funding of Neighborhood Streets & Sidewalks - \$50,000

A discussion determined that there was already \$150,000 in the general budget for the item; therefore, they could not afford more money for it.

15. Willie Galimore Center: Parking Lot Improvements - \$12,000

A discussion determined that the Commission supported the improvement of paving the parking lot to prevent flooding.

16. Amphitheater: Pump Station & Force Main \$55,000

After discussion it was determined that the Commission did not support funding the project.

17. Reduce City Millage Rate by 1. Mills (6,500 Millage Rate) - \$93,345

The Commission discussed the viability of reducing the millage rate, but decided against.

Non Agenda Item

Mr. Harriss stated that Cathy Brown had asked that the City contribute \$1,000 for the connection fees from the Utility Fund. He said they could not waive the fee; they would have to write a check from the General Fund to pay for the connection. He pointed out that once the City started paying for social programs out of the General Fund it would set a precedent, which concerned him.

A discussion ensued, and it was determined that the City would exchange rental of the Council on Aging facility as a meeting hall for the \$1,000 for connection fees.

Commissioner Burk summarized that the Commission had agreed to Items 3. in the amount of \$56,500, Item 7. in the amount of \$9,800, Item 10.b. in the amount of \$15,000 (expanded to the downtown area), Item 11. in the amount of for \$1,000, Item 15. in the amount of \$12,000, and they kept Items 5., 6., 8., 10.a., and whatever was left would go into a fund for Items 12. and 13.

Mr. Burchfield stated that there was \$40,000 remaining.

Commissioner Burk suggested hiring one person for the Spanish Quarter on a part time basis to cover Items 6. and 10.a. in the amount of \$25,000, and after discussion it was agreed.

Commissioner Burk stated that Items 8., 12., and 15. remained.

Mr. Harriss recommended putting the remaining \$15,000 in a fund for future beautification of brick streets or underground wiring, and it was agreed.

Commissioner Lennon recommended that purchase of a small cleaning machine to clean St. George Street be included in the 2004/2005 budget.

Non Agenda Item

Commissioner Crichlow questioned whether the City could provide cost of living increases for retired employees.

Mr. Harriss replied that the Police and Firefighter Unions had negotiated with the State to provide a source of funds to enhance their pensions. He said they received a cost of living improvement, which the general employees did not receive. He clarified that the cost of living increase was only given to the Police and Firefighters' if the City did not have to pay more money into their fund. He said that they had done a study for the provision for the general employees, which determined that it would cost approximately \$400,000 annually to provide that benefit; therefore, prohibitive. He said that if the City could afford to provide the benefit he would not provide it to the currently retirees; it would be a benefit for future retirees.

Mr. Burchfield stated that few general employee individual plans in the State of Florida provided a COLA.

3. Adjournment

There being no further business, the meeting was adjourned at 2:08 a.m. ⁵

MAYOR

CITY CLERK

⁵ Transcribed by Karen Rogers, Recording Secretary