

CITY OF ST. AUGUSTINE

FY 2007/2008 Budget Workshop Meeting
August 23, 2007

The City Commission met in a formal session Thursday, August 23, 2007 at 9:00 a.m. in the Conference Room at Financial Services Building. The meeting was called to order by Mayor Boles, and the following were present:

Roll Call:

Joe Boles, Mayor/City Commissioner
Donald A. Crichlow, Vice Mayor/City Commissioner
Susan Burk, City Commissioner
George Gardner, City Commissioner
Errol D. Jones, City Commissioner

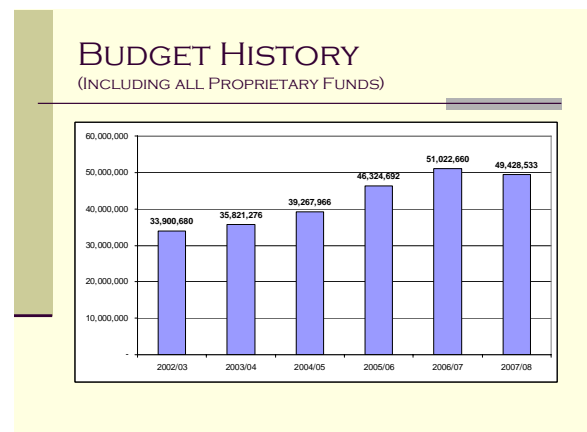
William B. Harriss, City Manager
Ron Brown, City Attorney
Karen Rogers, City Clerk
Timothy A. Burchfield, Chief Administrative Officer
John Regan, Chief Operations Officer
Jim Piggott, General Services Director
Mark Litzinger, City Comptroller
Meredith Breidenstein, Financial Services Group Manager
Dr. William Adams, Director, Heritage Tourism
Sam Lansdale, Deputy Director Public Works
Paul K. Williamson, Director, Public Affairs
Michael Arnold, Fire Chief
Loran Lueders, Police Chief
Susan Goins, Recording Secretary

2. Presentation and discussion regarding the FY 2007/2008 City of St. Augustine Budget.¹

William B. Harriss, City Manager, stated that due to the reduction in property taxes, the outlook for cities and counties was gloomy. He explained that approximately \$1.6 million had been cut from the budget and there was a reduction in the overall General Fund and budget. He added that there would be a minor reduction in services that would not be felt by the public.

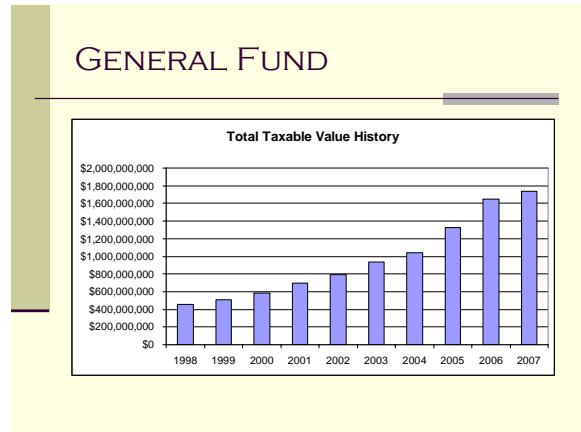
Mark Litzinger, City Comptroller, stated that the total city budget had declined \$1.6

million dollars for the first time in many years.

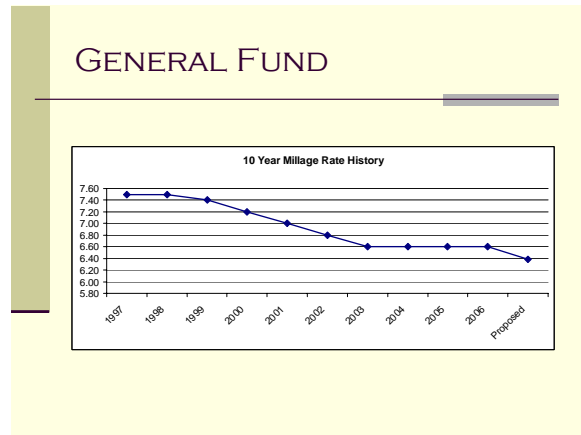


¹ Hard copy of power point presentation attached to original minutes

Mr. Litzinger referred to a graph for the total taxable value and stated that it had increased.



Mr. Litzinger displayed the ten year millage history and stated that the proposed millage was below the roll-back at 6.3864.



General Fund

Offices and Departments

- City Commission
- City Manager
- City Clerk
- City Attorney
- Finance, Budget and Management
- Fire
- General Services
- Planning and Building
- Police
- Public Affairs
- Public Works

- *Projections indicate that 2006/2007 revenues would exceed expenditures by approximately \$186,909 or by .75% and the key reasons were by state statute the budget 95% in ad valorem tax and interests earning were better.*

FY 2006/2007 Expenditures

Fleet Operations and Warehouse Facility

- Construction of the new facility had been completed

Completed Construction of the Fuente De Los Canos De San Francisco

- Dedicated fountain and honored Santiago Rodriguez Y Vega during the Spanish delegation's visit to St. Augustine

Francis Field Improvements

- Anticipate completion by the end of 2007

Federal Grants and Assistance

- Justice assistance grant
- Jag grant
- Federal Firefighters Grant – FEMA
- DHS Fire Assistance Grant - FEMA

St. Augustine Port, Waterway & Beach Authority

- Derelict vessels
- Overtime for patrol of waterways

State Grants and Assistance

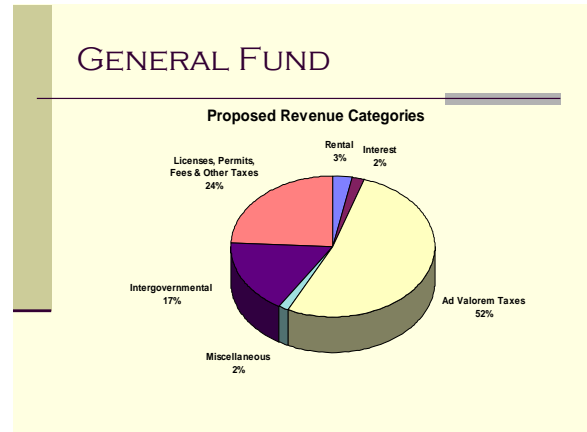
- Florida Department of State, Division of Historical resources grant for the Alcazar Hotel Window restoration/replacement project

Other FY 2006/2007 Activities

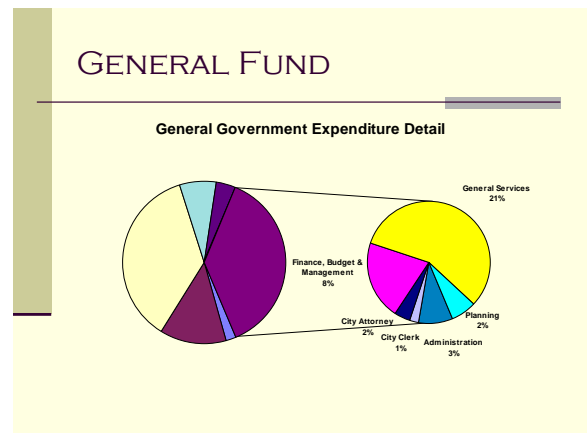
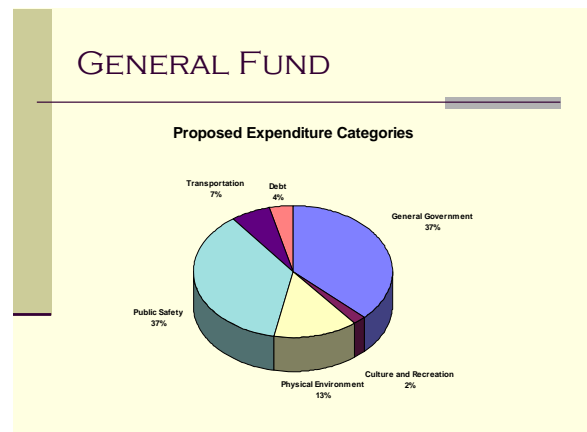
- Received 14th consecutive CAFR award
- Poured 7,234 LF of sidewalks
- Paved 5,034 LF of streets
- Conducted second annual City Employees' Health Fair

- Assisted with State legislation transferring management of historic properties to UF
- Began Planning for the city's 450th anniversary
- Hosted Florida League of Cities, Successful Citizen Advisory Board Training Session
- Completed property value review of insurance
- Negotiated a reduction in the proposed 24% increase to a 13% increase in health insurance premiums
- Expanded "The Nights of Lights" program for the 13th consecutive year
- Completed a comprehensive fixed asset audit of the city's assets
- Completed upgrades to the Willie Galimore Center
- Completed Alcazar Hotel 1st floor retail renovations
- Completed Alcazar Hotel 2nd floor FNG renovations
- Completed Alcazar Hotel 4th floor General Services and Planning & Building renovations
- Completed Lightner Building roof repairs
- Implemented a new parking management system
- Replaced benches city-wide with newly constructed benches
- Contracted for dredging & bank stabilization of Maria Sanchez Lake
- Expanded 17th season of concerts in the Plaza by 50%
- Completed construction of Baas Cab parking lot
- Completed trailer train stop on San Marco Avenue
- Developed sidewalk and street inventory assessment program
- Reduced overall crime rate by 10%

Mr. Litzinger discussed the general fund proposed revenue categories and referred to the following pie chart. He pointed out that ad valorem taxes were the majority of revenue.

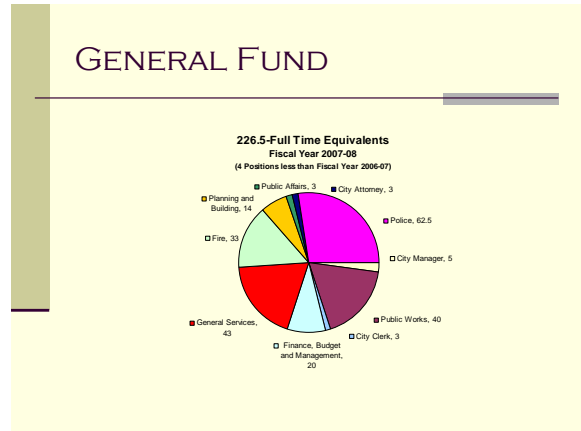


Mr. Litzinger detailed the proposed expenditure categories and the general government expenditure details and referred to the following pie charts.

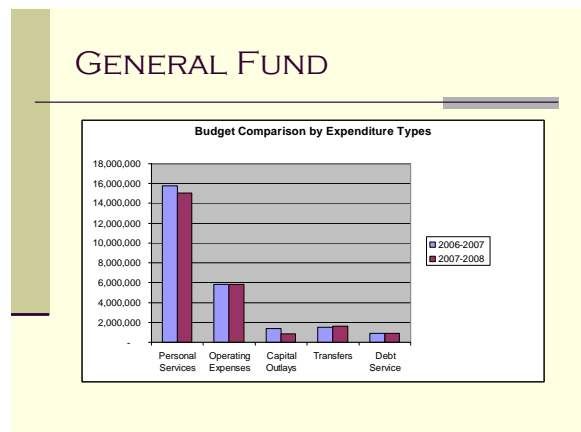


Mr. Litzinger stated that the total full-time equivalents had been reduced by four

positions and referred to the following pie chart.



Mr. Litzinger referred to the chart for the budget comparison by expenditure types.



Mr. Litzinger stated that the following cuts had been made for FY 2007/2008:

- Personnel Expenditures - \$455,692
- Operating Expenditures - \$606,079
- Capital Expenditures - \$538,450
- Total Cuts - \$1,600,221

Mr. Litzinger stated that they had anticipated further budget cuts for next year, and the level of service would be reduced.

Following a discussion regarding the Community Redevelopment Agency Fund, Commissioner Crichlow questioned whether street improvements would be completed under the CRA, and the response was affirmative.

Mr. Harriss stated that the primary purpose of the CRA was to pay a portion of the parking garage.

Commissioner Jones suggested that money from the CRA fund be used for street improvements on Riberia Street between King and Bridge Streets.

Mr. Litzinger stated that the following year the city would implement the heritage tourism signage program and multi-space metering and single space meters. He added that the shuttle had been funded by the CRA money; however, last year the Commission requested a discussion whether they should continue with the shuttle for FY 2007/2008.

Mr. Harriss stated that \$300,000 of CRA money could be used for improvements on Riberia Street or bricking other streets if they discontinued the shuttle.

Commissioner Crichlow stated that he liked the shuttle; however, they could decrease costs with smaller vehicles.

Mr. Litzinger stated that the cost of running the shuttle was approximately \$269,000. He pointed out that there were approximately 47,000 riders the first ten months of the fiscal year and averaged approximately five dollars per ride.

Commissioner Gardner stated that the signage and meter system would increase occupancy of the parking facility, which would increase rider ship of the shuttle.

Following a brief discussion regarding the shuttle, it was determined that they would discontinue the shuttle except for special events and review the matter the following year.

Commissioner Jones recommended that staff obtain the cost to run the shuttle for special events and provide the information to the Commission.

Mr. Harriss said he would discuss the matter with the provider of the service including the fees and times of the service.

John Regan, Chief Operations Officer, delivered the presentation for the Utility, Stormwater and Solid Waste Funds and referred to the following:

Projections indicate 2006-07 revenues will exceed expenditures this year by \$91,067 or by .71%

Key Reasons

1. Revenues

- Sales outside the city were more than budgeted
- Income from connection fees was lower than budgeted
- Interest rates were more than budgeted

2. Expenses

- Expenses are less than budgeted due to fewer water and sewer connections

Water Treatment Plant

- Began construction of water treatment plant
- Total construction cost \$11.8 million
- Treated and distributed in excess of 1.0 billion gallons of water
- Completed installation of new mechanical bar screen and grit removal equipment
- Repaired 24-inch outfall line
- Treated in excess of 1.35 billion gallons of wastewater

Northwest force main and pumping station

- Installation of 7.5 miles of 12-inch through 16-inch pipe
- Triplex pumping station capable of pumping a total of 3,000 gallons per minute
- Project total cost \$6.5 million
- Completion date: September 28, 2007

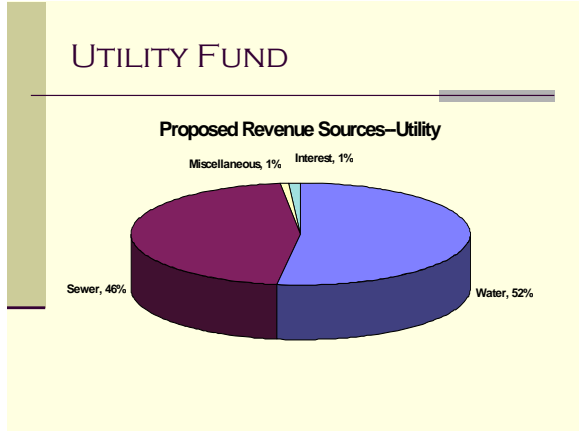
FY 2006/2007 Activities

- Reused approximately 150.2 million gallons of treated wastewater
- Installed 33,886 LF or 6.4 miles of new water mains
- Slip-lined approximately 5,000 LF of gravity sewer mains to reduce i/i load
- Lined 13 manholes & replaced 72 manhole covers to reduce i/i
- Installed over 9,580 LF or 1.8 miles of new sewer gravity mains
- Installed over 51,831 LF or 9.8 miles of new sewer force mains
- Added 913 new water accounts & 588 new sewer accounts

Proposed 2007/2008 Activities

- Continue with construction of the 2.0 MGD LPRO membrane Water Treatment Plant
- Anticipate construction completion October 2008
- Install two new Floridan aquifer wells
- Design and construction of new aeration system for WWTP
- Line design and permitting of new 30-inch outfall
- Expanded water and sewer utilities in the West Augustine area
- Continue to reduce the i/i load to the Wastewater Treatment Plant
- Renew WWTP permit
- Lower WWTP cost through optimization

Mr. Regan stated that the city spent \$250,000 yearly on bio-solids and tried to reduce energy loads. He referred to the following pie chart detailing the proposed revenue sources:



Mr. Regan stated that they had reduced utilities by four positions to balance the budget and developed a process model at the water plant to ensure that the budget was in line with what they expected to spend on chemicals. He said there was a minor rate increase of 2.6%; therefore, customers in the city would pay approximately 90¢ increase per month for water, sewer, trash and garbage and stormwater and outside the city would be approximately \$1.12. He added that the change in development costs would be approximately \$115 for connection fees for a new home.

UTILITY FUND SUMMARY

	2006-07 BUDGET	2006-07 PROJECTED	2007-08 PROPOSED BUDGET
TOTAL REVENUE	\$ 13,232,143	\$ 12,877,225	\$ 12,643,612
TOTAL EXPENDITURES	\$ 13,232,143	\$ 12,786,158	\$ 12,643,612
SURPLUS/(DEFICIT)	\$ 0	\$ 91,067	\$ 0

PROPOSED BUDGET HIGHLIGHTS
2.6% ON AVERAGE INCREASE ON WATER AND SEWER CONNECTION FEES
2.6% INCREASE ON WATER AND SEWER RATES

Stormwater

Projections indicate 2006-07 revenues will exceed expenses by \$109,689

- All funds will be used for ongoing capital projects

Valencia Street

- Improved stormwater drainage on Valencia Street between Malaga Street and Riberia Street.
- Installed eight new catch basin inlets
- Cleaned and lined the interior of the existing 12-inch storm sewer pipe in both sides of the street to avoid excavation and traffic interruptions

Proposed FY 2007-08 Activities

- Increase activity related to stormwater maintenance
- Evaluate the 1995 stormwater master plan and its projects
- Continue to maintain compliance with the NPDES stormwater permit
- Design phase i stormwater improvements for Riberia Street
- Design best management practices & install vortex box on Comares Avenue & Herada Street

STORMWATER FUND SUMMARY

	2006-07 BUDGET	2006-07 PROJECTED	2007-08 PROPOSED BUDGET
TOTAL REVENUE	\$ 1,019,344	\$ 927,044	\$ 919,800
TOTAL EXPENDITURES	\$ 1,019,344	\$ 817,355	\$ 919,800
SURPLUS/(DEFICIT)	\$ 0	\$ 109,689	\$ 0

PROPOSED BUDGET HIGHLIGHTS
NO RESIDENTIAL OR COMMERCIAL RATE INCREASES

Solid Waste

Projections indicate 2006-07 revenues will exceed expenses this year by approximately \$146,049

FY 2006-07 Activities

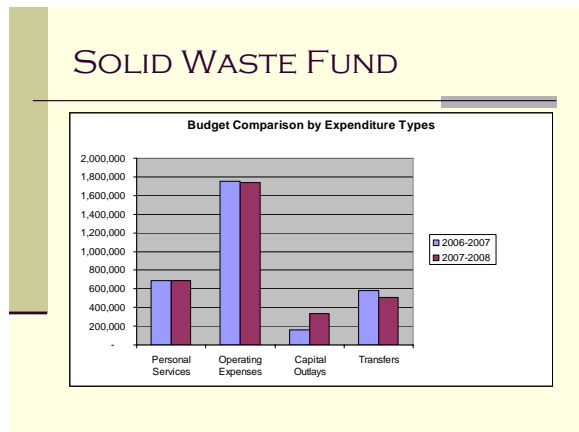
- Provided collection of more than 22,000 tons of solid waste
- Provided collection of more than 8,500 cubic yards of yard debris
- Provided collection of more than 3,000 tons of construction and demolition materials

- Collected approximately 300 tons of recycling materials
- Added two additional compactors – Tolomato Lot & Flagler College
- Began program of salvaging scrap metal, increasing revenue & decreasing landfill fees

Proposed FY 2007-08 Activities

- Continue expansion of open-top containers
- Comprehensive audit of all commercial accounts
- Continue to expand residential C & D dumpsters
- Continue expansion of compactor service for large developments and concentrated commercial areas
- Restructure routes to accommodate future growth in commercial and residential sectors

Mr. Regan referred to the following budget comparison chart:



Mr. Regan stated that the key issue with the commercial accounts in the past year was ensuring that all revenue streams were properly accounted for.

SOLID WASTE FUND SUMMARY

	2006-07 BUDGET	2006-07 PROJECTED	2007-08 PROPOSED BUDGET
TOTAL REVENUE	\$ 3,182,772	\$ 3,283,272	\$ 3,276,006
TOTAL EXPENDITURES	\$ 3,182,772	\$ 3,137,223	\$ 3,276,006
SURPLUS/(DEFICIT)	\$ 0	\$ 146,049	\$ 0

PROPOSED BUDGET HIGHLIGHTS
NO RESIDENTIAL OR COMMERCIAL RATE INCREASES

Jim Piggott, General Services Director, delivered the presentation for the Marina Fund and referred to the following:

Projections indicate 2006-07 revenues will exceed expenses this year by \$192,317 or by 7.89%

Key Reasons - Revenues

- Increased fuel sales (Another Record Year)

Mr. Harriss pointed out that the new fuel lines accommodated a larger amount of diesel fuel.

Mr. Piggott added that the marina charged a penny less than their competitors for fuel.

FY 2006-07 Activities

- Replaced all marina signs
- Installed a new sewer pump out system
- Will have sold more than 130,000 gallons of gas and more than 500,000 gallons of diesel fuel....both set all time records
- In the process of replacing two hot water tanks
- Began renovation of the marina office
- Began the design of North Breakwater and docks
- Welcome mat program
- Continued customer service training for staff
- Became a major stopping point for yachts of 100 feet and larger

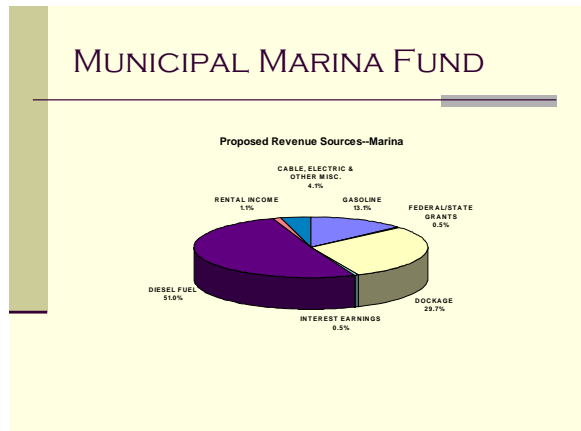
Proposed FY 2007-08 Activities

- Complete design for North Breakwater and begin permitting process
- Complete the renovation of the marina office
- Begin renovating the South Dock
- Continue customer service training for staff
- Expand marketing efforts to attract boating clubs & events

Mr. Piggott explained that the proposed breakwater system could reduce a three foot wave to one foot protecting the marina during a storm or minor hurricane. He added that the system would provide twenty five additional slips increasing revenue.

Mr. Harriss said the system would be a floating dock designed to roll waves back on themselves.

Mr. Piggott referred to the proposed revenue sources stating that diesel fuel accounted for 51%.



MUNICIPAL MARINA FUND SUMMARY

	2006-07 BUDGET	2006-07 PROJECTED	2007-08 PROPOSED BUDGET
TOTAL REVENUE	\$ 2,422,115	\$ 2,629,927	\$ 2,627,580
TOTAL EXPENDITURES	\$ 2,422,115	\$ 2,437,610	\$ 2,627,580
SURPLUS/(DEFICIT)	\$ 0	\$ 192,317	\$ 0

PROPOSED BUDGET HIGHLIGHTS
NO INCREASE IN DOCKAGE RATES

Dr. William Adams, Director, Heritage Tourism, delivered the presentation for the Heritage Tourism Fund and referred to the following:

The budget for the Heritage Tourism Fund was balanced in anticipation of the historical properties and Spanish Quarter museum being under the University of Florida control by July 01, 2008

Divisions

- Administration
 - Facilities Maintenance
 - Spanish Quarter Museum
 - Museum Store
 - Visitor Information Center
- Mayor Boles asked for clarification regarding the divisions that would not be transferred.

Mr. Harriss replied that Heritage Tourism would maintain the VIC, museum store and administration.

Commissioner Gardner asked when the leases expired.

Mr. Harriss replied June 30, 2008.

FY 2006-07 Activities

- Reopened the VIC with improved services including the St. Johns Cultural Council kiosk
- Modified gate & revenue control system at garage
- Provided Representative Bill Proctor with background information

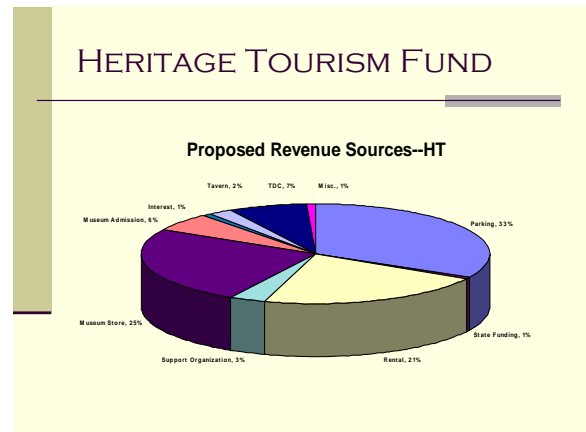
required to develop successful legislative proposal for transfer of program to the University of Florida

- Revised educational packet for the museum to conform to Sunshine State Standards; museum received a 77% rating from teachers as “excellent”
- Improved museum signage and fencing to facilitate tours and redesigned the brochure in a simpler and more attractive format
- Reopened a new VIC store in a completely revised setting with revised inventory, resulting in sales figures that have exceeded forecasts
- Implemented a “point of sale” computer inventory program in the museum stores that improves tracking of sales and inventory
- Completed expenditure of \$300,000 state grant for rehabilitation of buildings
- Initiated a successful archaeology summer camp for fourth graders
- Staffed a temporary outdoor information desk at the parking facility during renovation of the VIC, maintaining a professional presence during varying and extreme climatic conditions
- Adjusted staffing levels and instituted procedures and training regimen to accommodate the requirements for operating the new parking facility

Proposed FY 2007-08 Activities

- Effect an efficient transfer of programs and buildings to the University of Florida
- Continue renovations to the VIC
- Continue to improve procedures for managing traffic inflows and exits from the parking facility
- Implement plans to make the parking facility the preferred location for visitor parking within the city

Dr. Adams referred to the proposed revenue sources and parking was the largest at 33% and the museum store was 25%.



	2006-07 BUDGET	2006-07 PROJECTED	2007-08 PROPOSED BUDGET
TOTAL REVENUE	\$ 4,250,933	\$ 4,628,602	\$ 4,011,742
TOTAL EXPENDITURES	\$ 4,250,933	\$ 4,628,602	\$ 4,011,742
SURPLUS/(DEFICIT)	\$ 0	\$ 0	\$ 0

PROPOSED BUDGET HIGHLIGHTS
NO ADJUSTMENTS

Commissioner Crichlow expressed disappointment in the landscaping at the VIC.

Mr. Regan replied that they were privatizing the landscaping and had received bids from various companies.

Mr. Burchfield pointed out that two park positions had been cut from the General Fund because it was determined that contracting jobs was cheaper.

Following a discussion regarding increasing revenue, Commissioner Crichlow proposed that the city buy the Conch House considering it was not doing well financially. He said there was \$17 million left on the

mortgage and requested that the Commission consider the idea. He added that it could become a municipal park.

Commissioner Gardner questioned whether parking revenue was spent on parking related expenses.

Mr. Burchfield replied that the money was used for parking related expenditures including parking enforcement staff, meter maintenance and operating costs. He added that they had been conservative estimating parking and revenue the subsequent year.

Mr. Harriss stated that they had not budgeted a great deal of increase in parking revenue. He said that when they had discussed encouraging parking to the downtown public and business community, a portion of the revenue was intended for a beat cop. He said the program for trash could increase if they used a portion of the parking revenue to expand the program.

Commissioner Gardner suggested charging a preservation fee for visitors similar to Savannah and Charleston to generate revenue. He added that the city spent more the \$1.6 million on visitor services such as police, restrooms and special events that was currently paid by tax payers.

Commissioner Burk pointed out that the priority list generally used for parks, etc., had been eliminated due to budget cuts.

Following a discussion regarding the remaining priority funds, Mr. Harriss suggested that the Commissioners discuss the matter with Mr. Litzinger.

Commissioner Jones questioned whether the Commission would inform the public about the proposed tax changes and the impact on the budget.

Commissioner Crichlow stated that the Commission was responsible of informing the public about matters affecting home rule.

Mr. Harriss stated that they had a potential list of items to eliminate next year including up to \$4 million in reductions.

Mayor Boles suggested researching other cities to determine their campaign methods.

Mr. Harriss suggested discussing the matter with the League of Cities.

Mr. Litzinger suggested discussing the matter with The St. Augustine Record and other media sources to inform the public.

Mayor Boles questioned when the city would receive revenue from various projects such as the Madeira project.

Mr. Harriss replied that the roads were completed for phase one; however, the homes were not built.

Mr. Litzinger stated that they wanted a picture on the smart cards for the multi-space parking system and single space meters at the parking facility.

Following a discussion there was consensus to use the city seal.

13. Adjournment

There being no further business, the meeting was adjourned at 11:15 a.m.²

MAYOR

² Transcribed by Susan Goins

CITY CLERK, CMC