



City of Palm Coast

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Meeting Minutes City Council Workshop

Mayor Jon Netts
Vice Mayor Jason DeLorenzo
Council Member David Ferguson
Council Member William Lewis
Council Member Bill McGuire

Tuesday, July 8, 2014

9:00 AM

Council Conference Room

>Other matters of concern may be discussed as determined by City Council.

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A. Call to Order

Mayor Netts called the meeting to order at 9:00 a.m.

B. Pledge of Allegiance to the Flag

C. Roll Call

Present: 5 - Mayor Netts, Vice Mayor DeLorenzo, Council Member Ferguson, Council Member Lewis, and Council Member McGuire

D. PRESENTATIONS

1 [14-241](#)

**PRESENTATION OF THE FISCAL YEAR 2015 PRELIMINARY
GENERAL FUND BUDGET AND PROPOSED MILLAGE RATES**

Mr. Landon gave a brief overview of this item. Mr. Chris Quinn, Finance Director, gave a PowerPoint presentation assisted by Ms. Lina Williams, Budget & Financial Analyst (attached to these minutes).

-General Fund slide:

CM McGuire - \$1.2 mil. is coming out of the reserve, so isn't it a write off is it not; revenue coming in and going out? Mr. Quinn - Correct, but the going out part has to be shown as an expenditure; that is why we are increasing the budget by the \$1.2 mil.

-Human Resources slide:

CM McGuire - Has the (payroll specialist) position been filled? Mr. Quinn - No, it has not yet been approved by City Council.

CM McGuire - Does a Human Resources Payroll Specialist make \$113,000 a year?

Mr. Quinn - No, about half of that; about 40% of the other half is for tuition reimbursement and the rest for normal cost of living adjustments.

CM McGuire - What is a payroll specialist? Mr. Landon - Someone that addresses, overtime calculations, deductibles, etc. Mr. Quinn - Keeping track of all the evaluations, merit increases, annual cost of living adjustments, updating job descriptions; basically handles all the input into the financial system for payroll. Finance shouldn't be in the position of inputting the information, we are the ones that process and calculate both in payroll and paying taxes; we shouldn't also be involved with entering people's rates, etc.

CM McGuire - Is this mostly a clerical function or is there decision making involved here? Mr. Landon - It is a professional position; not just data entry. Mr. Quinn - It is also a supervisory level paygrade.

CM Ferguson - How many people are taking advantage of the tuition reimbursement benefit? Ms. Williams stated Ms. Wendy Cullen, Human Resources Manager, is looking into that and that number will be provided to Council.

CM Ferguson - Is it 100% reimbursed or is some reserved for when the degree is awarded? Mr. Quinn - The reimbursement is based on State tuition rates so no matter what college you go to, you are only reimbursed on what the State tuition rates are.

Mayor Netts - You are reimbursed upon successful completion? Mr. Quinn - Correct, you have to pay for the course and get reimbursed based on the grade; so if you get an "A" you get 100% reimbursement of the State level, "B" is 75%, "C" is 50%.

CM Ferguson - There is no reserve for an eventual degree being granted, getting some incentive (in advance)? Mr. Quinn - No.

CM McGuire - Since Wendy is putting together information, how many City employees are already degreed?

VM DeLorenzo - Also, he would like to know what is our talent investment ultimately costing us; are losing talent after investment (tuition reimbursement)?

CM McGuire - Also, how many City positions require a degree?

CM McGuire - What is our fringe rate? Mr. Quinn - On average 40%; includes all taxes, Social Security, Medicare, vacation, insurance, etc.

-Economic Development slide:

CM Lewis - What are the economic incentives? Mr. Quinn - It depends on the situation. Mr. Landon - Prospects and each one may have a different package.

CM Lewis - We still include those things in our budget? Mr. Landon expressed we have done incentives with impact fees, etc.; that comes out of the Economic Development budget.

CM McGuire - If you don't use it, does it rollover into a reserve? Mr. Landon - No, it's general fund, so if you don't use it you lose it.

CM McGuire - Business Assistance Center (BAC) - we split that cost with the University of Central Florida, do we not? Mr. Landon - We pay the university \$70,000 and they pay the balance. Mr. Quinn - They must be paying more than \$70,000 (three staff members, etc.).

CM McGuire - What did we pay the BAC last year? Mr. Quinn - The same as the current fiscal year.

CM Ferguson - So the rent and all the overhead is in addition to the \$70,000? Mr. Landon - It is out of our general operating expenses, we don't separate out the different departments for electricity, etc.

-Non-Departmental slide:

CM McGuire - The budget for 2015 is less than 2014? Mr. Quinn - Yes.

VM DeLorenzo - You are anticipating reducing this budget by a third, where is the majority of the savings coming from? Mr. Quinn - One of the things that goes into non-departmental is our contingency which is the difference between our projected revenues and projected expenses; so the \$991,507 included a \$300,000 contingency. We don't know what the contingency is yet until we finalize the budget for the general fund, so the \$641,000 might go up by some amount of contingency, but that is primarily the difference.

VM DeLorenzo - That is to make sure at the end of the year you have matching numbers? Ms. Williams - Yes. Mr. Quinn - If the revenues exceed the expenses, that is where the difference goes to.

VM DeLorenzo - It rolls over into the reserve fund balance? Mr. Quinn - If that happens for the year, yes it rolls into the reserve balance.

CM Ferguson - About the amended expenditures, could you explain those two numbers? Mr. Quinn - With budgeting, revenues and expenditures have to equal, so when we receive the revenue from the CRA (Community Redevelopment Agency) and the general fund, there was an increase in revenues of \$5.8 mil. so now we have to increase our expenses by \$5.8 mil.; what we did was transferred it to the capital projects fund so that transfer is what you are looking at there and it is the same thing with the \$1.2 mil. Bulldog Drive purchase; we transferred money to the capital projects CRA fund.

CM Ferguson asked about the mechanics of the CRA refinancing and if those numbers were about the same (\$5 mil.)? Mr. Quinn - Refinancing was basically the same amount plus a little to cover bank fees. Mr. Landon - On the revenue side, you are going to see \$5.792 mil. coming into the fund and then going out to transfer to the capital fund. The \$1.2 mil. which is the land purchase, there is no revenue side to that, it reduced the reserves but it gets transferred out also.

CM McGuire - Has the \$1.2 mil. check been cut? Mr. Landon - No, the closing should happen in 60 days or less; papers have been signed; deposit paid, etc.

-Engineering slide:

CM McGuire - We are going to overspend the budget for 2014, but forecasting a lower expenditure for 2015? Mr. Landon - Yes, because of growth, we are going to overspend primarily because of the third party surveyor.

CM McGuire - Hypothetically, if you are halfway through the budget year and you see something happened that has a cataclysmic effect on the budget do we then come out with an amended budget? Mr. Quinn - Yes. Mr. Landon - We did that with the City Hall; we are projecting that we are going to collect more revenue in this fiscal year than we are going to have expenditures; about \$200,000 so there is no reason to do a budget amendment or reappropriation because the dollars are there. When you approve the 2015 budget, you will also be approving the amended 2014 budget that will reflect all of these estimates. Mr. Quinn - City Council can amend the budget at anytime during the year.

-Parks Facilities slide:

CM McGuire - Was the self-propelled verticutter & dethatcher in the Parks & Rec budget that we have seen; would this be a separate line item? Mr. Landon - This is the Parks & Rec maintenance side, that lines the fields, etc. Each year, we have our fleet equipment replacement; if you have a new capital item that has not been in fleet before then we charge it to the department that is requesting that item and those dollars are transferred to fleet and it comes out of fleet (to pay for) and each year we put money aside out of the operation fund into fleet so that whatever the expected life is we have cash to pay for that item again.

CM McGuire - We never had this piece of equipment before? Mr. Landon - No, we had individual pieces of equipment to drag along behind a tractor (this one is all inclusive).

CM McGuire - What kind of amortization schedule would apply to this? Mr. Quinn - Not sure, maybe five years.

CM McGuire - Is that the actual head count? Mr. Quinn - The actual head count is 13 now and they are asking for one additional.

CM McGuire - How much overtime are they working? Mr. Quinn - They do work some overtime, but not much. Mr. Landon - About \$30,000 for this year and projecting about the same for next year; fully loaded employee is about \$45,000. Overtime is necessary for cleanup after events, etc.

CM McGuire - We should have a policy that states you assign a certain amount of over time and if you can't accomplish the tasks within that limit of overtime, then you hire an employee but not before then. Mr. Landon - We understand; our work is so diverse and largely attributed to adding facilities and long term.

VM DeLorenzo - Is the plan to add him/her right away or when the facilities come on? Mr. Landon - The plan is for the beginning of the new fiscal year; Long Creek and the new ballfields are to be complete before October 1st.

CM McGuire - Are we competitive with other municipalities (regarding personnel turnover)? Mr. Landon - Yes. Mr. Quinn - They get tested out there in Public Works on equipment, etc.

-Parks & Recreation slide:

CM Lewis - With the game of golf being less of an attraction, how are expenditures going up? Mr. Landon - Expenditures are going down Kemper made a number of cuts, but maintenance is still there, greens are going to suffer if you don't keep up with the maintenance.

CM McGuire - Head count is all Luanne's people? Mr. Landon - Kemper's people are

contracted. Mr. Quinn - Luanne's budget only has five full time employees.

CM Ferguson asked about the P&R expenditures line (\$278,749 reduction). Mr. Quinn - Primarily has to do with full time positions not being filled, one was just hired a few weeks ago, second position was hired in February; three positions were probably about half the amount.

VM DeLorenzo - A half or third of that? Mr. Quinn - Over half.

VM DeLorenzo - For two positions? Mr. Quinn - No, Recreation Superintendent and two Recreation Supervisor positions; those three positions fully loaded are a little more than half.

VM DeLorenzo - What is the rest of the savings and why do we anticipate that we will not have those savings next year? Mr. Landon - \$265,000 of that is personnel services; it's all about programs; truly an estimate with part time employees and what their hours are going to be.

-Code Enforcement slide:

CM McGuire - Are you going to fill the Office Manager position in Community Development? Mr. Quinn - Yes, currently interviewing.

VM DeLorenzo - What does that position do with Building Dept.? Mr. Quinn - Purchasing and requisitions and timecards for the whole Community Development department.

CM McGuire - How many are working on the red light cameras? Mr. Landon - Four people, but not full time on red light cameras.

-Fire slide:

CM McGuire - What kind of renovation in Fire Station 22 for \$20,000? Mr. Landon - Kitchen and living area renovations (appliances, flooring; making it more livable).

CM McGuire - In the overall budget, if he was to look at a 5-year graph would it be pretty level? Mr. Quinn - Yes. Mr. Landon - Don't forget the new fire station and staff to man it that was done about five years ago.

-Facilities Maintenance slide:

CM McGuire - Will moving expenses for moving out next year be reflected in these numbers? Mr. Landon - No. A lot of it is going to be personnel cost. Mayor Netts - Some truck rentals. Mr. Landon - The big ticket items are in the budget of the new building costs.

-Streets slide:

CM McGuire - Are there any grants that can be applied for to offset any of this? Mr. Quinn - He has never seen anything like that? Mr. Landon - Highly unlikely, to have operational-type grants for street maintenance.

VM DeLorenzo - Wouldn't FDOT LAP (Florida Department of Transportation Local Agency Program) agreements come in here? Mr. Quinn - If we are contracted by FDOT to do the maintenance, yes.

VM DeLorenzo - Why do we need this additional crew? Mr. Landon - Belle Terre and State Road 100 and in-house work with sidewalks; it's all linear miles that have been added.

-2015 Maximum Millage Rate Proposal slide:

CM Lewis - 4.2450? Mr. Quinn - That is the amount to fund the budget that you just saw.

CM McGuire - 4.27 compared to the 4.24 would replace the reserve? Mr. Quinn - It really depends on what happens in the year.

CM McGuire - Assuming that what you proposed to us in the budget actually is what really happens, you could put the difference in the reserve? Mr. Landon - Yes.

CM McGuire - And that is what you would do? Mr. Quinn - Yes.

VM DeLorenzo - After the Bulldog expenditure, what is the new reserve percentage?

Mr. Landon - 17.5% and this year we are projecting that we will add another \$200,000 to that so it will end up about 18%.

VM DeLorenzo - What is that number in dollars? Mr. Quinn - \$4.5 mil.

VM DeLorenzo - And the disaster reserve? Mr. Quinn - Just over \$2 mil.

VM DeLorenzo - What percent is it currently funded at? Mr. Quinn - 100% funded, based on a minimum amount based on the percentage of the overall taxable value of the City.

Mayor Netts would like to see the disaster reserve increased, we have been lucky so far but he would like to see another million; at some point he would like to see more money go into disaster reserve.

Mayor Netts - Can you share with Council, let's suppose we had a significant weather event; you never recoup 100% of your expenditures from FEMA (Federal Emergency Management Agency), etc. He would like that figure to be revisited as the economy improves; look at the percentage and see how it works with our infrastructure value.

CM McGuire - What other comparable communities in Florida have gone through a hurricane and what was their financial hit? Mr. Landon - It's not just what is in the disaster reserve, ending balance in the general fund, utility fund, etc. We are very financially strong, because City Council did not dip into our reserves and balanced our budget. All our major operating funds have good reserves in them and also capital funds.

Discussion that if we have more savings in a budget year, we can add it to the disaster reserve.

CM Ferguson - Average Palm Coast tax bill for a homeowner, what would that be? Mr. Quinn - The average taxable value is right around \$85,000.

CM Ferguson - So, that translates to \$400-\$500? Mr. Quinn - The 4.2705 (millage rate) is \$427 per \$100,000, so around \$400.

CM Ferguson - Trying to distinguish the difference between rolled back rate and the proposed TRIM rate on an average home. Mr. Quinn - If you base it on a \$100,000 taxable value home, Palm Coast taxes would be \$427 (proposed TRIM) or rolled back rate would be \$408; difference of about \$19 a year.

CM McGuire - What did we set the cap at last year? Mr. Quinn - 4.5.

4.2705 (TRIM rate) is maximum cap per Council consensus.

The Presentation was Received and Filed.**2** [14-250](#)

RESOLUTION 2014-XX AUTHORIZING THE CITY MANAGER TO NEGOTIATE THE TERMS AND CONDITIONS OF THE GRANT AGREEMENT WITH THE FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION FOR THE CITY OF PALM COAST IRON AND COLOR REDUCTION, CONCENTRATE TREATMENT PROJECT

Attachments: [Resolution-State Grant Funding Agreement](#)
[Draft DEP State Financial Assistance Agreement](#)

Mr. Landon gave a brief overview of this item.

CM McGuire - Why does the City Manager require approval of the City Council to "negotiate the final terms," isn't that part of your job anyway? Mr. Landon - Any time you have an interlocal agreement/intergovernmental agreement, it requires a governing body by law to actually approve allowing the City Manager to sign that and it is a draft, not final form (attached to the item).

Mr. Brian Matthews, Utility Environmental Specialist, gave a PowerPoint presentation (attached to these minutes).

CM McGuire - Where does ozone come from? Mr. Matthews - Manufactured on site. Mr. Adams - We generate it from the Earth.

CM McGuire - We are trying to meet the EPA (Environmental Protection Agency) requirements for this? Mr. Adams - Yes.

CM McGuire - Are we going to exceed their requirements; what is to keep them from coming back next year? Mr. Adams - Nothing, that is life in the regulatory business.

CM McGuire - Will the system we install be upgradable? Mr. Matthews - Yes, it is totally modular.

CM Lewis - What is the \$1.328 mil. for? Mr. Matthews - That was the low bidder's construction cost without the contingency.

CM McGuire - The cost of making ozone takes a lot of electricity, is it in our budget? Mr. Adams - Yes, it is (including local maintenance contractors).

Mayor Netts - United Water of New Jersey went to total ozonation for disinfection, has that ever been looked at here? Mr. Adams - We have done studies before we implement any changes in our disinfection system. Mr. Matthew - We investigated several treatment practices, etc., it may be some value in another look. Ozonation is a carbon intensive process because of the electrical footprint and it's dangerous and we're looking to reduce the danger factor in the facilities.

CM Ferguson - In the event water plant 1 could not accept it for whatever reason, would the quality of the water being further processed at water plant 3 be suitable for residential, potable use? Mr. Matthews - We are only pretreating it, only conditioning it so we can blend more into the raw water source for plant 1 where it receives further and final treatment.

CM Ferguson - What was your comment in the event that they couldn't accept it? Mr.

Matthews - Let's say the plant is down for some crazy reason, and they can't accept the concentrate; if we are going to expect plant 3 to continue to run it has to make concentrate. So, we have two alternative or backup discharge methods: Intracoastal or blend with reclaimed water for irrigation (both are permitted).

CM McGuire - Do all our plants produce hard water but this is the one that we are worried about because of the discharge? Mr. Adams - No, our treatment process is to soften the water; our water is moderately soft or hard.

The Resolution was Continued.

3 [14-246](#)

RESOLUTION 2014-XX APPROVING A WORK ORDER WITH CPH, INC., FOR THE FINAL ENGINEERING DESIGN AND CONSTRUCTION SERVICES FOR THE WASTEWATER TREATMENT PLANT #2

Attachments: [Resolution - WWTP #2](#)
[Work Order Summary - CPH](#)
[WWTP2 Design Update & SRF Funding Assistance](#)
[WWTP2 Site Map](#)
[Appendices A-F](#)

Mr. Landon gave a brief overview of this item. Mr. Stephen Flanagan, Utility Development Manager, gave a PowerPoint presentation (attached to these minutes).

CM McGuire - Does the City own the property where Wastewater Treatment Plant 2 will be located? Mr. Landon - Yes, right next to Water Treatment Plant 3, off U.S. 1.

CM McGuire - Do we have easements to get the product in and out? Mr. Landon - Absolutely.

CM Ferguson - Phase 1 is a year from now and phase 2 wouldn't begin before then? Mr. Flanagan - Yes.

The Resolution was Continued.

E. WRITTEN ITEMS

4 [14-252](#)

RESOLUTION 2014-XX APPROVING ADDITIONAL CONTINGENCY FUNDING FOR THE BULLDOG DRIVE IMPROVEMENT PROJECT

Attachments: [Resolution Bulldog Drive Improvements, Contingency Increase](#)

Mr. Landon gave an overview of this item.

CM McGuire - Contingency, is it actually a cost overrun; are we going to try to recoup any of that from Stantec? Mr. Landon - Yes, and we are meeting with Stantec today to discuss it.

CM Lewis - Must we go to the full 10%? Mr. Landon - Yes, we are trying not to go over that; there is just a small amount left.

CM McGuire - You don't anticipate any litigation with Stantec, do you? Mr. Landon - We are meeting without attorneys; we will work through this.

VM DeLorenzo - It would seem the issue with Stantec would be more cut and dry, but the State actually hamstrings us a little bit? Mr. Landon - State law says that if the engineer just didn't estimate it right, and if they had estimated it right on target it would have been that amount because they do a quantity bid, then the engineering firm isn't responsible for any of those overages or underages. However, if there is any cost the City wouldn't have had as a result of those errors then that is where you have to figure out whether cost associated with their error, that the City is having to pay for, we shouldn't have to pay for, they should. If it is just a matter of construction costs; estimate versus reality, then that is our dime.

CM Ferguson - What is the total dollars that we will have spent on this project upon completion? Mr. Landon - The land purchases, he doesn't have that figure at this time, but that was a commitment before this project. Mr. Quinn - Construction only is \$5 mil. (with contingencies) Mr. Landon design about \$500,000.

The Resolution was Continued.

5 [14-238](#)

RESOLUTION 2014-XX APPROVING PIGGYBACKING THE NATIONAL JOINT POWERS ALLIANCE CONTRACT #031210-SCC WITH STAPLES CONTRACT AND COMMERCIAL, INC., TO PURCHASE OFFICE SUPPLIES CITY-WIDE

Attachments: [Resolution -Staples - NJPA - Office Supplies](#)
[Contract Summary - Staples Piggyback](#)

No comments.

The Resolution was Continued.

6 [14-248](#)

RESOLUTION 2014-XX APPROVING PIGGYBACKING THE CONTRACT BETWEEN MARICOPA COUNTY (LEAD AGENCY/U.S. COMMUNITIES) AND HOME DEPOT U.S.A., INC., TO PURCHASE HARDWARE SUPPLIES CITY-WIDE

Attachments: [Resolution - Maricopa County - Hardware Supplies](#)
[Contract Summary-Piggyback Maricopa County and Home Depot Contract](#)

CM McGuire - Maricopa County, Arizona? Mr. Landon - Yes. Mayor Netts - U.S. Communities.

The Resolution was Continued.

7 [14-247](#)

RESOLUTION 2014-XX APPROVING A PRICE AGREEMENT WITH ARGOS READY MIX, LLC, FOR CONCRETE AS NEEDED

Attachments: [Resolution-Argos Ready Mix, LLC, Price Agreement](#)
[Contract Summary - Argos](#)
[Bid Opening Tab 2](#)
[Intent to Award](#)

No comments.

The Resolution was Continued.

Public Participation

In accordance with Section 286.0114 Florida Statutes, any member of the public interested in speaking on any proposition agendaed or that Council discusses or considers during this workshop, will be afforded the opportunity to speak during public participation at the next City Council Business Meeting. Contact the City Clerk's office for the meeting date, time, and location at 386-986-3713 or cityclerk@palmcoastgov.com

F. DISCUSSION BY CITY COUNCIL OF MATTERS NOT ON THE AGENDA

CM Ferguson - He received an email regarding Seminole Woods pathway, what is the timetable and when will that work resume? Mr. Landon - He has asked for a new schedule from Public Works; as soon as he receives it he will forward it on. There was unexpected wetland permitting needed and the Army Corps of Engineers had to do with the delay; now crews are on the ball fields at the school. When they are done, crews will come back to Seminole Woods.

Mayor Netts - Have we secured the Army Corps permit? Mr. Landon - Yes, (but in the meantime the crews were tasked with the fields) we now have to finish up the fields.

CM Ferguson - Holland Park status? Mr. Landon - He saw final plans. Mr. Carl Cote, Construction Manager - A month from now we will have bids come in; September construction will probably begin.

G. DISCUSSION BY CITY ATTORNEY OF MATTERS NOT ON THE AGENDA

No comments.

H. DISCUSSION BY CITY MANAGER OF MATTERS NOT ON THE AGENDA

Mr. Landon spoke of the 4th of July event. VM DeLorenzo thanked Honor Guard, said it was really nice.

3 vs.3 Soccer Tournament coming up.

City Offices/City Marketplace suffering from leaks, owners have come to town and are addressing it.

Recess City Council for Attorney Client Session per Florida Statutes, Section 286.11 (8)

- I. Open Attorney Client Session relating to discussion of settlement and strategy related to litigation expenditures in the case of William G. Mayfield vs. City of Palm Coast, Case Number 2009-CA-002245. The estimated length of the session is approximately 1 hour. In attendance shall be only the following persons: Mayor Jon Netts, Council Member Jason DeLorenzo, Council Member David Ferguson, Council Member Bill Lewis, Council Member Bill McGuire, City of Palm Coast City Manager Jim Landon, City of Palm Coast Attorneys Usher L. Brown and William E. Reischmann Jr., Esq.**

Close Attorney Client Session

Convene City Council at Close of Attorney Client Session

J. ADJOURNMENT

The meeting was adjourned at 1:28 p.m.

*Respectfully submitted,
Barbara Redline*

ATTACHMENT TO MINUTES

[14-253](#)

MEETINGS CALENDAR AND AGENDA WORKSHEET

Attachments: [Meetings Calendar](#)
 [Agenda Worksheet](#)

[14-254](#)

ATTACHMENTS TO MINUTES

Attachments: [1- General Fund Preliminary Expenditures Presentation](#)
 [2-Water Treatment Plant 3 Concentrate Treatment Project](#)
 [3-Wastewater Treatment Plant 2 Final Engineering Design for Construction](#)