



City of Palm Coast

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Meeting Minutes City Council Workshop

Mayor Jon Netts
Vice Mayor Bill McGuire
Council Member Jason DeLorenzo
Council Member Steven Nobile
Council Member Heidi Shipley

Tuesday, May 26, 2015

9:00 AM

Council Conference Room

>Public Participation shall be in accordance with Section 286.0114 Florida Statutes.

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

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>City Council meetings are televised on Bright House Networks Channel 199.

>All pagers and cell phones are to remain OFF while City Council is in session.

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

Records Coordinator Barbara Redline called the roll.

Present: 4 - Mayor Netts, Vice Mayor McGuire, Council Member DeLorenzo, and Council Member Nobile

Excused: 1 - Council Member Shipley

D. PRESENTATIONS

1 [15-218](#) PRESENTATION - 2015 LEGISLATIVE SESSION

Attachments: [LEGISLATIVE PRIORITIES - 2015](#)
[2015 Final Session Report](#)

Mr. Beau Falgout, City Administration Coordinator, gave a brief overview of this item. Mr. Doug Bell, of Buchanan Ingersoll Rooney, P.C. of Tallahassee, gave an update on what has been happening in the State Legislature. The House and Senate were

fighting over a couple of large budget issues; the low income pool regarding hospital funding for charity care and Medicaid expansion and they reached an impasse and rather than try to work it out, the House decided that they couldn't make anymore progress on Tuesday mid-morning and they decided they were done. To leave on Tuesday, when session is supposed to end at the end of the day Friday, left a lot of stuff pending. There is usually 100+ bills that pass either by amendment or end bills so a lot of stuff was left undone and something he has never seen. One thing that was left undone was the budget, they will be going back into a special session between June 1-20. When they set that, they hadn't set out the parameters; they weren't talking a whole lot, but he thinks now they have gotten a letter from Federal CMS indicating the Federal Government tentatively is going to allocate a billion dollars to the low income pool and that helps the budget writers focus in on how that fits into the budgets they had previously proposed and to get what he works on primarily for the City related to the budget is the City's water projects. The beginning of every session he talks to the City Manager, Mr. Falgout and staff regarding City priorities; we go through the various projects and he overlays that onto what some of the priorities are in the legislature and what he thinks may pass or may not pass because it is not going to be helpful to have some priority that you love that he knows will never see the light of day, so we try to match those two up. We came up with two projects this year; one was the wellfield expansion and the other some monitoring wells; both of those fit in well particularly with the House Subcommittee Chairman's priorities in water funding, because they increase the pie; they look at taking care of the environment. He has worked closely with both of the Subcommittee Chairmen; met with them last week and spoke with them over the phone, etc., but it is still uncertain. We were tee'd up pretty well in the regular session for funding, but now the budgets were 4.5 billion dollars different between the Senate and the House. So now, with the Federal Government coming in and saying they will reallocate 1 billion dollars, that could change things quite a bit, so there is a lot of uncertainty and as we are in the budget negotiations or the end of the session the House indicated that it was willing to cut funding for water projects in order to fund some of these healthcare things so we will have to see how all that works.

Policy issues, he provided "How Greater Partnership - 2015 Legislative Summary - Regular Session 2015 - May 1st" booklet (attached to this agenda item). It gives a summary of things that have passed and things that didn't pass that may be of interest. Two of the things that he has spent a considerable amount of time on were: One dealt with public records requests followed by lawsuit and the second dealt with funding of relocation costs for utilities.

He works extremely closely with FLC on their priorities. He is one of a small handful of contract lobbyists that they know that they can rely on to help them in a pinch. He has also worked with Mr. Landon and Mr. Falgout and other staff; they are extremely responsive; it's clear they monitor all the League's stuff because they will forward him emails asking if he is watching this. He has worked with local governments throughout his entire career so for 18 years now he has worked with different local governments and City staff are some of the best on being the best on top of things and being responsive to his needs, because he can't help the City if he doesn't get responses.

Mr. Falgout asked him to explain to Council the public records "gotcha" kind of lawsuits.

Mr. Bell - Someone comes in with a Go Pro video camera and make public records requests from people that are maybe not fully educated on public records law and make demands for public records right then and people may ask for their name and information and they will send it. There are certain things that people on the front

lines may make one or two errors on; and that will subject you to a lawsuit but what is worse then is you are also subject to paying the attorneys' fees for the people filing the claim for public records lawsuit; that is his assessment of it.

Mr. Landon explained the situation and how these individuals get money. Attorney Reischmann further explained a member of the public has a right to come in ask for public records. You can't ask a person's name, or why they want the information.

VM McGuire - Most public records requests come in by email do they not? Mr. Landon - These individuals usually come in around lunch time because they know there is usually a substitute; they come in face to face; they know exactly what they are doing; they ask for an obscure document, etc.

Mayor Netts asked, procedurally what do we do to handle these matters. Mr. Landon - We have put an internal button on the intranet that you click on and train the frontline staff to name the documents, how you would like to receive it; and if you want it mailed or emailed, what is the address?

Mayor Netts asked what is considered a reasonable amount of time; have the courts defined reasonable? Attorney Reischmann stated it depends on what they are asking for; more than one department may have to get involved as well as IT (information technology). The frontline people have to be trained on how to respond.

CM Nobile - Is it legal to direct them to a kiosk? Attorney Reischmann - No, because that would require them to do more than just ask for it.

Mayor Netts - Can you say all public records requests are to be submitted to the City Clerk? Attorney Reischmann - It depends on the request, if they are going to the Utility Dept. and they are asking for the last 12 months of utility bills, then don't send them to the City Clerk; common sense if the department can handle it they should, etc.

VM McGuire - What if someone comes up to the desk to request a document and staff says they are not qualified, etc.? Attorney Reischmann - No good.

Mr. Bell spoke about the relocation costs and the bill that requires local governments to pay for relocation of utilities which includes telephones that are in utility easements already. This is something that is not customarily done in the past and there are quite a few lawsuits on it now. We were lucky here because this bill was really probably going to pass so give this another opportunity to regroup to fight this issue again next year to help protect the City and community.

VM McGuire - Are those names the sponsors of those bills (in the pamphlet)? Mr. Bell - Yes.

Mr. Bell he thinks we will only get funding for one of the water projects but he is shooting for both.

VM McGuire - We have two new State Legislators in place Paul Renner and Travis Hutson, do you work closely with them? Mr. Bell - Yes, he works very closely with them (and helped both of them with their campaigns). It was a little bit of a challenge this year because of the situation without having Senator Thrasher there and having then Representative Hutson trying to work the Senate side on projects because there was a vacuum there and then Paul Renner coming in later; a little more difficult situation than normal.

CM DeLorenzo - The Governor has been talking about cutting the communications services tax; if that occurs, is that on our side or the portion that goes to the State? Mr. Bell reported the bills in the House and the Senate both made a great deal of progress; it does not impact the local government portion of the communications services tax. That is one of a number of proposed tax cuts, and he is not sure these tax cuts are going to make it this year because of the pressure of the other issues of the budget as a whole. We will just have to see. If that issue passes, it will protect the local government revenue stream.

2 [15-220](#)

PRESENTATION - UPDATE AND OVERVIEW OF REVENUE SOURCES

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

-Taxes slide:

CM DeLorenzo - Who sets the rate (Communications Services Tax)? Mr. Quinn - The guidelines for the rate are provided by the State but the final rate is set by City Council.

CM DeLorenzo - We decided the final rate or decided on or off? Mr. Quinn - It doesn't have to be the full 5.22% but that is the maximum.

CM Nobile - What is the purpose of that; is it who is paying? Mr. Quinn - It's both mix of commercial and residential; it's also a different tax base so you don't have all your eggs in one basket; take pressure off property taxes.

Mayor Netts - You could do one and not all (Public/Utility Service Taxes), correct? Mr. Quinn - Yes, there is quite a bit of flexibility with that.

VM McGuire - Local Option Fuel Tax - You said that cities collect this county-wide; how do we know how many gallons of fuel were sold in Flagler County? Mr. Quinn - All the gas stations have to report to the State; they have all the formulas; check comes from the State.

CM DeLorenzo - What is the revenue from Local Business Tax? Mr. Quinn - About \$400,000.

CM DeLorenzo - How much does it cost to run the office; pretty close to a wash? Mr. Quinn - No, he believes we are exceeding the cost of the Business Tax office right now.

-Permits, Fees, Special Assessments slide:

VM McGuire - What are the mechanics of the solid waste franchise fee? Mr. Quinn - It is a 10% franchise fee.

VM McGuire - This is what Wastepro pays to the City? Mr. Quinn - Yes, all commercial and residential waste haulers. CM DeLorenzo - There is a set fee and then percentage. Mr. Quinn - Yes.

Mayor Netts - The only special assessment district is Old Kings Road? Mr. Quinn - Old Kings Road and the City as a whole has a special assessment for unpaid code violations. There was one previously on Palm Coast Pkwy. west in the area where Wendy's and Westpointe Plaza is there was a small special assessment district there for underground utilities and that has been paid; one time payment; work was done and it ended.

-Charges for Service slide:

VM McGuire - Utility fees are all enterprise funds aren't they? Mr. Quinn - Yes.

-Other Revenue Source slide:

VM McGuire - What would be an example of debt proceeds? Mr. Quinn - When we borrow money and actually receive it into the budget (SRF loan), that is considered revenue. CM DeLorenzo - Also, utility bonds.

-Current Tax Revenues slide:

Mayor Netts - On the Local Option Fuel Tax - that is not something we can institute, it's the County? Mr. Quinn - It's the County, we can ask them to.

CM DeLorenzo - Do you know a split of out of County fuel sales; what percent of purchases are from out of County? Mr. Quinn - No, whatever is on the actual tax reporting forms.

CM Nobile - With vehicles it works a little different doesn't it (sales tax)? We get credit even though they are buying cars outside the County, is that the way it works? Mr. Quinn - He thinks so because the taxes are actual paid to the County in which you register the vehicle.

VM McGuire asked about the City's fleet, wherever we buy those trucks or vehicles we get some sort of income? Mr. Quinn - No, we don't pay sales tax.

-Small County Surtax slide:

VM McGuire - The State default formula is not carved in stone is it? Mayor Netts - They could be more generous if they wish to be. Mr. Quinn - If we all agree (cities and County) then we could change it; otherwise you use the State formula.

CM DeLorenzo - What is the threshold for small county; when are we no longer a small county? Mr. Quinn - 100,000 he believes is the threshold, but we are grandfathered in as of a certain date in the past.

CM Nobile - Now Amazon.com is required to collect taxes; does that money go back to the County? Mr. Quinn - Yes, and usually the area where it is shipped gets the sales tax; that is usually the way it works.

-Local Option Fuel Tax slide:

VM McGuire - Do we have a feel for what the levy is in Volusia or St. John's Counties? Mayor Netts - They have the other 5 cents.

-State Revenue Sharing slide:

VM McGuire - 1.357(%), where did that number come from? Mr. Quinn - Someone in the State came up with that number.

VM McGuire - So, what kind of money are we talking about? Mr. Quinn - About \$1.6 mil. per year; it's been going up.

CM Nobile - How does the tourism taxes, hotel taxes work into that; is it part of that? Mr. Quinn - Anything that we collect sales tax on affects this pool.

CM DeLorenzo - 1.3517% of the sales tax collected is that in the City, County, or statewide? Mr. Quinn - He believes it is statewide of what they get 6% and it goes into this pool and then the State default distribution formula, etc.

CM DeLorenzo - So, even though Orlando - huge tourism hub like a 11 billion visitors, we benefit from that because it all goes into State coffers and then we get a percentage back? Mr. Quinn - He really can't answer that; it's fairly complex calculation.

VM McGuire - Well, who audits those tax payments how do we know? Mr. Quinn - The State Auditor General; audits all the State programs.

-1/2 Cent Sales Tax slide:

VM McGuire - What is an example of mitigating property taxes? Mr. Quinn - In other words you put this money into your general fund and you use that to pay the general fund programs so you don't have to raise property taxes.

-Revenue Diversification Options-Franchise Fees slide:

VM McGuire - It would be good to see an example of what the numbers would be like for a resident with franchise fee-residential 74% and commercial 26%. Mr. Quinn - We can do that. We are not recommending we definitely do this but the idea is that this is an option; a way to take some pressure off the property taxes; a way to get commercial to pay a little bit bigger portion of the taxes than they do right now.

Mayor Netts - Let's suppose we had \$3.8 mil. additional revenue from this source, that means we need \$3.8 mil. less from property taxes; you could compute that. What does \$1 mil. generate? Mr. Quinn - It's about \$100 dollars per \$100,000 in property values; it's going to be different for everybody; different property values and exemptions, etc.

Mayor Netts would like to see what the millage rate reduction would be and then each person could take that millage rate reduction go to their tax bill and see what the savings are. Mr. Quinn - It would be about \$1 mil.; roughly \$100 per \$100,000 taxable value. Mayor Netts - So, if his house is worth \$200,000, he would save \$200 a year in property taxes, but then he would have to take his utility bill and multiply it by 6% to see if there is savings or not. Mr. Quinn - Exactly.

VM McGuire - If it is a wash, why would we want to entertain the idea of changing the formula? Mayor Netts - Diversification; spreading the taxes out.

VM McGuire asked about say a Publix regional representative comes in looking to build a store, which is financially more advantageous? Mr. Landon believes the property tax rate is more of what the decision makers look at; it is a bigger number and varies across the board.

-Revenue Diversification Options-Special Assessments slide:

Mayor Netts - How does this differ from fire districts? Mr. Quinn - It depends on what they are using for a tax base; if it's still based on property values; the idea is you are trying to take some portion of your fire service fee off of your value of your property; take it out of the ad valorem collection; it doesn't fluctuate based on property values. There is a lot of places that have put these in within the State of Florida a lot of them because they are getting close to their millage rate caps, etc. It also becomes a fairness issue.

VM McGuire - Our fire services are cooperative; what if we helped fight a fire in the Mondex; how are you going to bill them? Mr. Quinn - That is where the study comes into play; shared services; complicated process; just another option City Council has.

-Revenue Diversification Options-Public Service Utility Tax slide:

VM McGuire - You don't have stormwater up there; would you consider stormwater to

be a utility tax? Mr. Quinn - Say for instance we decided to charge a 10% utility tax on water usage, the Utility would collect that money and cut a check to the general fund.

VM McGuire - They are an enterprise fund, they can't cut a check can they? Mr. Quinn - Yes, they can because they are collecting on behalf of the general fund. Mayor Netts - The Utility isn't creating this fee, it is the City. Mr. Landon - They are only a vehicle for collection. Attorney Reischmann - Taxes fundamentally, cities can only collect taxes if they are specifically authorized by State Statute while special assessments and user fees are authorized pursuant to home rule and common law. Mr. Quinn - Stormwater is not one of them that can be taxed; it is not in the Statutes.

-Revenue Diversification Summary slide:

CM Nobile - And the reason for diversification again? Mr. Quinn - It really goes back to the graph (general fund pie chart); the auditors said listen your general fund is based on over 50% in property taxes if you have a sudden drop in property values that is going to put a lot of pressure on City Council to significantly increase the millage rate to bring in the same amount of revenues; it's just a different tax base; less volatile.

-What's Next? slide:

CM Nobile - Why wouldn't we have a special workshop to talk about diversification? Mr. Landon stated Mr. Quinn has a spreadsheet that Council can plug in different numbers see how it would affect the budget, but we don't have the final numbers yet.

The Presentation was Continued.

3 [15-223](#)

RESOLUTION 2015-XX APPROVING THE CONTRACT WITH P & S PAVING INC., IN THE AMOUNT OF \$1,200,000.00, INCLUDING A POSSIBLE MAXIMUM 5% FUEL ADJUSTMENT FOR THE 2015 STREET RESURFACING PROJECT

Attachments: [Resolution - P & S Paving, Inc. Street Resurfacing 2015](#)
[P&S Street Resurfacing Agreement](#)
[Bid Opening Tab](#)
[2015 Resurfacing includes Old Kings Rd.](#)
[2015 Resurfacing streets removed from list to accomadate Old Kings Rd.](#)
[2015 Resurfacing without Old Kings Rd.](#)

Mr. Landon gave a brief overview of this item. Mr. Nestor Abreu, Public Works Director, was available for questions.

CM DeLorenzo - What is our rating on Old Kings Road? Mr. Landon - It would not qualify; it is more of a driver comfort versus structural.

Mayor Netts - How bad are they, the ones that would be deferred? Mr. Landon - We don't have any that are that bad that we couldn't wait an additional year; these are the best of the worse, so he doesn't think this would be a major issue.

VM McGuire - No one in Flagler County that does paving? Mr. Landon - No.

CM DeLorenzo - Have we designed the 4-laning north of Town Center? Mr. Landon - 60% complete.

CM DeLorenzo - When is completion, 2 years? Mr. Landon - 12 months he thinks.

CM DeLorenzo - Can we influence their scheduling; ask them to do Old Kings Road last? Mr. Landon - Sure, we can do this.

The Resolution was Continued.

E. WRITTEN ITEMS

- 4 [15-217](#) RESOLUTION 2015-XX APPROVING THE DISTRIBUTION OF FUNDS FOR THE MATANZAS WOODS RECLAIMED WATER MAIN, PHASE 1 PROJECT, IN THE AMOUNT OF \$320,273.41, TO FLAGLER COUNTY

Attachments: [Resolution - Matanzas Woods Reclaimed Water Main ph 1](#)
[Matanzas Woods RWM phase 1 map](#)
[Interlocal Agreement Flagler County Matanzas Reuse](#)

Mr. Landon gave a brief overview of this item.

Mayor Netts - Is this a reimbursement after they spend it, or is this an agreement for paying up front? Mr. Landon - We are paying up front.

The Resolution was Continued.

- 5 [15-204](#) RESOLUTION 2015-XX APPROVING WORK ORDERS TO CROWDER GULF AND DRC EMERGENCY SERVICES, LLC, TO PERFORM DEBRIS REMOVAL SERVICES FOR A TIME PERIOD OF JUNE 2015 THROUGH NOVEMBER 30, 2015

Attachments: [Resolution - Work Orders - Debris Removal Services](#)
[Work Order Summary - Debris Removal Services](#)

Mr. Landon gave a brief overview of this item.

No Council comments.

The Resolution was Continued.

- 6 [15-179](#) RESOLUTION 2015-XX APPROVING A WORK ORDER TO CONNECT CONSULTING, INC., IN AN AMOUNT NOT TO EXCEED \$51,800.00, FOR REHABILITATION OF WELL LW-23

Attachments: [Resolution - Rehab LW-23 WTP 2](#)
[Proposal-LW-23 Rehab-2015-Final](#)

No Council comments.

The Resolution was Continued.

- 7 [15-216](#) RESOLUTION 2015-XX APPROVING A WORK ORDER TO MCKIM & CREED TO PROVIDE DESIGN AND CONSTRUCTION ENGINEERING SERVICES FOR THE SOUTH ZONE WELL ACTIVATION PROJECT

Attachments: [Resolution - South Zone Well Activation Design](#)
[McKim Proposal for WTP 2 Wellfiled design and construction services 5 12...](#)
[McKim Proposal Costs for WTP 2 Wellfiled design and construction service...](#)
[Map - WTP2WellfieldPhase2](#)

Mr. Landon gave a brief overview of this item.

No Council comments.

The Resolution was Continued.

- 8 [15-219](#) RESOLUTION 2015-XX APPROVING THE SALE OF A PORTION OF PARCEL IDENTIFICATION NUMBER 07-11-31-7008-RPOC0-0000 WHICH IS ADJACENT TO 91 CLUBHOUSE DRIVE TO MR. AND MRS. MURRAY

Attachments: [Resolution Sale of Surplus Land-Murray](#)
[Notice of Intent to Award Surplus Land](#)
[Murray Sketch and Legal](#)
[Location Map Murray](#)

Mr. Landon gave a brief overview of this item. Ms. Virginia Smith, City Clerk/Paralegal, presented an aerial photo of the property (which is attached to this agenda item).

*VM McGuire - This isn't like the guy that wants us to cut the grass in his swale, is it?
Mr. Landon - No.*

The Resolution was Continued.

- 9 [15-205](#) RESOLUTION 2015-XX APPROVING THE CONTRACT FOR PURCHASE AND SALE WITH MR. AND MRS. KIPP RELATING TO 107 BARRINGTON DRIVE, PALM COAST

Attachments: [Resolution Kipp Contract](#)
[Contract Kipp 107 Barrington](#)
[Location Map 107 Barrington Dr](#)

Mr. Landon gave a brief overview of this item and presented the aerial photo of the property (attached to this agenda item).

CM DeLorenzo asked what was the diagonal property, an easement? Mr. Landon - It probably is an easement; he isn't sure (he pulled it up on google maps); do-able maybe but would cost substantially more.

VM McGuire - If you clear a path to the waterway, what are we going to do to keep people from vandalizing it? Mr. Landon - When we see people that are taking vehicles across, we put gates or fence or coquina rock across it, but in this area there is nothing around (commercial) that they would use it to cut through there.

The Resolution was Continued.

Public Participation shall be 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 Nobile - He received an email from Mr. Lightfoot regarding the Charter and adjusting salaries of City Council; looking at increasing Council salaries so younger people can get involved. How do we deal with this; is this something we bring to Council? Mayor Netts - The County Commission gets paid \$50,000 and they get health insurance benefits and pensions. We only increased salaries once since we have become a city. Attorney Reischmann looked it up in the Charter (Sec. 5, 6.A.) - Council can set by ordinance, effective next scheduled election. CM Nobile stated, personally he is uncomfortable with this proposal. This is one of the reasons he asked for a review of the Charter by the residents. CM DeLorenzo spoke to Mr. Lightfoot and stated the County Commission (salaries) hasn't changed the makeup of the Commission.

CM DeLorenzo - Do we want to ask staff to review what other cities are doing? VM McGuire - City provided vehicles, cell phones, etc.

CM DeLorenzo - Fracking and oil exploration off the coast, is staff bringing something back? Mr. Landon - Yes.

VM McGuire would like to see numbers and it brings jobs.

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

Attorney Reischmann - A bill passed which relates to code enforcement about situations where it is difficult for the code enforcement people to actually see the violations. The legislature just passed a bill that says all local governments are prohibited from using drones to view someone's private property; there are exceptions for private businesses and so forth.

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

Mr. Landon - It is a reality that we are going to have to deal with; there are some people that want to take their drone and film a soccer game, etc

I. ADJOURNMENT

The meeting was adjourned at 11:30 a.m.

*Respectfully submitted,
Barbara Redline*

ATTACHMENT TO MINIUTES

[15-225](#)

MEETINGS CALENDAR AND AGENDA WORKSHEET

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

[15-228](#)

ATTACHMENTS TO MINUTES

Attachments: [Item 2 2015 Revenue Source Review](#)
 [Item 4 Map Matanzas Woods RWM Phase 1](#)
 [Item 7 Map WTP2 Wellfield Phase2](#)
 [Item 8 Map Surplus Land Murray](#)