



City of Palm Coast

City Hall
160 Lake Avenue
Palm Coast, FL 32164
www.palmcoastgov.com

Meeting Minutes City Council Workshop

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

Tuesday, August 30, 2016

9:00 AM

City Hall Community Wing

City Staff

Jim Landon, City Manager

William Reischmann, City Attorney

Virginia A. Smith, City Clerk

>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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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 Shipley, Council Member DeLorenzo, and Council Member Nobile

D. PRESENTATIONS

1 [16-258](#) PRESENTATION OF FINAL PROPOSED FISCAL YEAR 2017 BUDGET AND MILLAGE RATE

Mr. Landon gave a brief overview of this matter. Ms. Lina Williams, Budget & Financial Analyst, gave a PowerPoint presentation (attached to these minutes). Mr. Christopher Quinn, Finance Director, was available for questions.

>General Fund slide:

CM DeLorenzo - Question about the revenue, Communications Services Tax, so you told us in the past that some of the changes in the revenue there had to do with bundling and how the few providers we have and how they are able to bundle stuff up and it affects the tax rate, is that still what is occurring? Mr. Quinn - It is, and our revenue estimates come from the State and what they know will be collected in the area. There is also a lot of buyouts, like AT&T is buying out this one and that one, and when they do that they realize a lot of times that they are overcharging/overtaxing because of the conversion between the two companies. For instance, this year there was a big settlement between AT&T and the State related to a number of companies that they bought out over the years where they were over contributing Communications Services Tax. The State trickling down to all counties and cities; it is a little lower this year because there is some of that adjustment of the AT&T audit this year. Until they get through all of those, we are probably not going to see any increases in that.

>Building Permits Fund slide:

Mayor Netts - Increase in reserves? Mr. Quinn - That number is the difference between what we anticipate in revenues and what we anticipate as expenditures. We don't really have a good feel for the real impact of the changes in building permit fees, so this is just our best estimate at this point. The revenues might exceed expenses moving forward by next year.

CM DeLorenzo - What do we have in reserves? Mr. Quinn - Over \$1 mil. when it is said and done.

>Utility Fund slide:

Mayor Netts - The assumption is that when they are done with training, they will then be advanced to technicians, with salary adjustments, etc.? Mr. Landon - Yes, we have done the same thing with both the water plants.

CM DeLorenzo - Three full time employees (FTE) because there are three shifts? Mr. Landon - No, this is not 24/7; we don't man sewer plants overnight. It is just a big plant that is what we need out there to operate it. Mr. Quinn - One may work Mon.-Fri., another might work Wed.-Sun., etc.

The Presentation was Received and Filed.

E. WRITTEN ITEMS

- 2** [16-322](#) RESOLUTION 2016-XX APPROVING A CONTRACT WITH BUILDING MAINTENANCE SERVICES, INC., FOR JANITORIAL CLEANING SERVICES FOR CITY HALL, THE COMMUNITY CENTER AND PUBLIC WORKS FACILITY

Mr. Landon gave a brief overview of this item.

CM DeLorenzo - There was a bid from a local contractor that was really close; was local preference applied? Mr. Landon will look into it and if we need to make adjustments, we will.

The Resolution was Continued.

Enactment No: R2016-79

F. PUBLIC PARTICIPATION

Public Participation shall be held in accordance with Section 286.0114 Florida Statutes. After the Mayor calls for public participation each member of the audience interested in speaking on topics on the workshop agenda or any topic or proposition not on the agenda, shall come to the podium and state their name. Each speaker will have up to three (3) minutes each to speak. The Mayor will advise when the three (3) minutes are up and the speaker will be asked to take a seat and wait until all public comments are finished to hear answers to all questions. Once all members of the audience have spoken, the Mayor will close public participation and no other questions/comments shall be heard. Council and staff will then respond to questions posed by members of the audience. Should you wish to provide Council with any material, all items shall be given to the City Clerk and made part of the record. If anyone is interested in discussing an issue further or ask additional questions, individual Council Members and staff will be available after the meeting to discuss the matter and answer questions.

George Mayo - Does that mean laying off City workers, regarding the cleaning contract? The County was also looking at outsourcing janitorial services for the Government Services Building and school(s), etc. The company that was going to do it came in and gave a proposal that they can do this and promising he would hire local people; first right to hire to the people that were going to get laid off from the company to do this. They were going to start at a lower rate of pay and they were losing all benefits, getting no benefits, etc. We just got a pretty positive report on the City's funding. We just said we reduced fees for different things. If this means laying off City workers, you are really laying off the lowest paid employees in the employment schedule. He doesn't think that is the right thing to do to. If it comes down to saving \$100,000 in the scale of a \$154 mil. budget, etc. He doesn't think we should look at it if we are laying people off.

Jack Carall - When you look at the City of Palm Coast, we are becoming a sports mecca and the only people that are gaining by this are the hotels, stores and restaurants, but he doesn't see any hiring of people; getting industry into this community. Everything seems to be centered around sports, we have to go a little bit further; our unemployment rate is what 8%? We aren't doing too well considering with all the other counties and industries. We are not bringing in industries. Ms. Van Eckert, in today's paper, claims that they have a new website to bring in young workers. Where are they going to get more jobs? He doesn't hear anything about what we are going to do for employment. He thinks we should think about that before we think about footgolf.

Robert MacDonald - A couple of weeks back a few residents brought up the issue about the white elephant called the Palm Harbor Golf Course and that brought up some interesting points and in the paper a few days later there was a statement from the City Manager, Mr. Landon that the City had lost \$300,000, and then he voted to approve another \$200,000 to repair or replace the sand traps on the golf course. So, he wondered how much have we really lost, so yesterday, thanks to Mr. Landon's great support staff, he got some figures from the City for the last five to six years since Kemper has been in charge. In 2010, we lost \$85,000; in 2011 it was close to \$90,000; in 2012 it was \$90,000; but in 2013 it was \$152,000; 2014 it was \$314,000 and then last year it was \$346,000; and as of July this year we are in the hole for \$230,000. If you do the math real quick, we are probably over \$2 mil. in the hole. Council Member Nobile had mentioned that it would be devastating to close the golf course because it would impact that part of the community. After some investigation, he found there are only about 190 homes on the golf course so whether or not we

continue to manage this white elephant or we find someone else to manage it, the value of those people's homes are not going to depreciate. The only way they would depreciate is if we came with a bulldozer and we took out a golf course. Then we had residents come up and said it was an amenity; something that attracted people to the City. He thinks we have five or six golf courses in the City, we just happen to own one of them. Now, he thinks that after five-six years and we are looking at close to \$1 mil., something is wrong. If you ran your business, like Kemper runs theirs; you would be out of business. He thinks we should be thinking of how we are going to get rid of the white elephant in the room.

Louis McCarthy - He just wants to know - golf courses in general, do they make money whether they are municipal or private? He hasn't heard of any of them making any money.

Responses:

Mayor Netts - The issue of outsourcing janitorial services, are we laying off any City employees? Mr. Landon - No, with all the median work and the street maintenance work and swale work we will be transferring them in the same department; no laying off. This was a trial period. We only did this for six months; it doesn't have an impact on our employees whatsoever.

Mayor Netts - The issue of job creation and unemployment. CM DeLorenzo - 5.7% from August of this year. Mr. Landon - The numbers he has in front of him are: in 2011, we were about 31,000 employed in Flagler County; a little over 42,000 at this point? Our unemployment numbers are down to around 5% at this point.

Mr. Landon Sports and bringing visitors to town, it is a lot more than hotels, etc., they bring in jobs and renting apartments or buying homes; sales taxes go to the schools, the City, the County. Our internship program, and how do we get the word out there that there are some jobs here. Mayor Netts - He thinks that is what Ms. Van Eckert is trying to do. If we could find out who the qualified, eligible employees are, then as in this case then the employer has a list to choose from.

Mr. Landon - A lot of the trades and good paying jobs are in construction and the subsidiary jobs that go along with that; those industries are having a tough time finding people. CM DeLorenzo - He had a contractor call him last week and he said he is paying about 30% more for a framing contractor than he budgeted for because he can't find any; there is a severe shortage of workers. Mr. Landon - If you look at the County's economic development website, you see a lot of lifestyle pictures on there. People don't move to Palm Coast lots of time just to get a job in Palm Coast; they move because they want this lifestyle. Sometimes they may have to go to Volusia County, because that is where the business is but they want to live here. That is a good thing and we should actually brag about that. This is a great place to live with good paying jobs within a reasonable drive from here.

CM DeLorenzo - All of those outside dollars that come in from the sports tournaments, comes back to us through the State and that is what helps fund our capital improvements program so we don't have to use tax dollars as much to support that. Mayor Netts - Those are your primary dollars, as opposed to secondary dollars. CM DeLorenzo - This report is from Career Source from this month (attached to these minutes). We often hear that all we have is restaurant jobs or hospitality jobs. Professional and business services was the fastest growing group by 13%; trade, transportation, utilities up 6.2% over the last year and in our MSA (metropolitan statistical area) professional and business services grew faster than any other metro area in the State at 13%, trade transportation, utilities up 6.2%; manufacturing at 5.5%, all these led the State and education and health services at 5.1%. The

interesting thing is that hospitality and leisure actually lost 400 jobs over the last year. CM Nobile - The last 8-10 years have been poor, people weren't bringing business here but that is changing and industries are starting to pick up and people are starting to spend money. We have to make sure we are projecting that we are open for business. He doesn't know if we can get businesses large or medium to move here, but we can get the startups here and grow and that is that professional level salary.

Mayor Netts - That brings us to the golf course. CM Nobile - How many employees are at the golf course? Mr. Quinn - About 20. CM Nobile - Because if we let them go, we are impacting about 20-30 families plus 190 families; Palm Coast isn't that big. He doesn't know if this golf course is going away so what we need to do is focus on how to make it a better amenity for more Palm Coast residents and to help pay for itself. Spending \$2 mil., we are going to spend \$4.5 mil. on the Community Center. Those are the things we provide, same thing with the swimming pool, etc. We didn't pay for the golf course, it was given to us we are paying to maintain it, keep it up and run it. We have spent that kind of money on amenities that he personally doesn't use but that is fine he wants them in the community. They enhance the community and they do drive them to our community; it all adds. He hopes we get off the discussions about getting rid of it and instead how we can make it better, enhance it. Mr. Landon - We do have on the street right now RFP (Request For Proposal) for someone that would take management over based on strictly profit to run the golf course. We also have on the street a request for information from consultants that will help us actually put together proposals; kind of that hybrid because we need that expertise to put together different structure; it is in the process. The big loss came from the great recession; you couldn't afford golf, people weren't moving in, we were losing residents, etc. Mr. Landon - In answer to the question, is anyone in the golf business making money? Mayor Netts - There are clubs that offer packages for gated communities where part of your maintenance fee goes to the golf course. They are in a lot better position to break even. Mr. Landon - There are a lot of golf courses shutting down; we have one in town and we know the pain that goes along with that. That is not a good solution for communities.

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

VM Shipley - Children's Memorial Park, there are some complaints about people leaving cards and flowers or trash around the park. She doesn't know if we have someone cleaning that up or maybe just make some sort of way we could tell people to not leave cards, etc. Mr. Landon - We have a process, we can't tell people they can't leave something there. We don't remove them immediately; after they start showing some age, then we remove them. Some people think they should not be allowed to leave anything at all. You are not going to keep everyone happy.

VM Shipley - She was contacted by someone about a UPS truck, instead of having big brown trucks driving all around the City they use golf carts. They have been doing it for years in other areas, etc. They have storage units they rent in the area or pods that they put in certain places; it keeps the big brown trucks off the street and it goes from October to the beginning of January. They (representative of UPS) contacted her and asked if she could bring it up at a meeting. Mr. Landon asked for her to send the information to him. If we can help them be more efficient in delivering and not in the big brown truck and not impacting the neighborhood negatively, let's see if we can't work something out with them. Mayor Netts would not support somebody putting a pod in their driveway and renting it out; that would not be in the building code but there are other options.

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

No comments.

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

Today is Election Day for early voting.

It is hurricane season; it has finally developed in the Gulf of Mexico into a tropical storm. It could have an impact on us; we are, like always, prepared; taking it serious. Hopefully, it is just a rain event for us. We are ready and we are in communication with our friends in other cities and the County.

Holland Park update - Basically, we are working very hard and putting a lot of resources to it. Rule number one, is to get this done. Rule two, get this contractor to finish as quickly as possible, and third goal is to make sure all the subs are paid, and the last one is to stay within budget. In the effort to get the contractor transitioned into getting them off the site and still getting it done, what we did was we used our legal counsel, Gregg Johnson, he is the expert in Mr. Reischmann's office on construction. A few weeks ago, we put the contractor on notice that we expect him to put together a recovery schedule and we put the bonding company on notice. If they don't get it done during that timeframe then we would be taking additional steps. They put together that schedule and said they would be finished with the project by Aug. 12th (which has passed). He doesn't want another date, so we had our attorney draft a letter to the bonding company that said we are taking over the project. Mr. Cote and Mr. Flanagan are working with the contractor to make that transition happen. Whether our crews can do it or we have to hire someone to do it, we just want to get it done. Anytime we have a subcontractor that comes to us and says they are not getting paid we get involved to make sure they are getting paid. It is extremely important to us because many of them are local and they rely on this money, etc. From a budget standpoint the total approved expenditures is about \$4.7 mil. We currently, with what we have paid or owe Tumbleson for the work they have done so far plus direct purchases for materials; after we take those out about \$1.1 mil. balance right now. However, we also have \$250,000 additional direct purchases, landscaping primarily, which puts us down to about \$860,000 balance. On top of that, we have retainage of about \$250,000 that we have already withheld and \$92,000 in liquidated damages for late fees. So that is about \$340,000 and about \$1.2 mil. still in our budget that we are going to use to finish the project and make sure the subs get paid. We are very confident we can do this without going over budget, but if we end up having to hire somebody more than what our contract is with Tumbleson, we are not going to be shy about going to the bonding company and making sure they will make up the difference.

CM Nobile - So we are going to let them finish what they are already in progress of doing whether it is them or a subcontractor and then we are going to end any new work with them on the park; they are going to be gone. Mr. Landon - That is the goal. CM Nobile - Then we are going to use either inhouse or hire contractors to finish, etc.? Mr. Landon - We are trying to do this in such a fashion to get it done as quickly as possible. We are making sure the legal counsel is involved; charging \$1,000 a day in liquidated damages. From the public's standpoint it may not look like a lot is going on but we have put a lot of resources into this right now; high priority.

Mayor Netts - He would move up the priority to make sure the subcontractors were paid. Attorney Reischmann - Two things that are happening right now; making sure we are covered with the surety and also with general contractor in issuing joint checks. So, the money is going to the subcontractor whenever we can do that. Also, there are two different kinds of bonds. We are using the payment bond and, hopefully, we won't have to use the performance bond but that is the surety we are

talking about, the insurance company. Mayor Netts wants to be sure, our residents have dealt with this delay long enough; he wants to be sure we are under budget and that Tumbleson is not walking away with unwarranted profit; they are the ones at fault here. Mr. Landon - Yes, same goals.

VM Shipley - Is there stuff left that we can't do inhouse that we would need a contractor to do it? Mr. Flanagan - There are specialty contractors that are involved. Mayor Netts - The landscaping component we should be able to do. Mr. Landon - We have a landscape local contractor; we are working on taking that contract with us rather than Tumbleson, that is a good example. VM Shipley - She was surprised that they would walk off if they are not going to make enough money off of it with the \$1,000 a day (fee). Mr. Landon - That is why we make sure we have the bond company involved, because if they do walk away and then we have to go out and hire somebody for more than what we contracted with Tumbleson for, than the bonding company will have to pay the difference; that is what we are trying to make sure happens.

CM DeLorenzo - What has the attitude of the contractor been through the transition? Mr. Flanagan - We basically sat down with him two weeks ago and told him this is the new program; they didn't like the thought of it. Their first reaction was, let's finish the job. We said we were letting you finish the job way too long; this is the new program; we want you to buy into it so that we can work jointly and push to finish it. He kind of came over to that thought and then we tried to say listen let's work together on how we can help you best; what things we can do to expedite the process while letting you finish things you are in the middle of; fencing for example. Mayor Netts wants to be sure our assistance is not going to cost above and beyond what our contract with Tumbleson is. Mr. Landon - Our crews do this, they keep track like a contractor does with our costs and we charge that basically to the contractor.

J. ADJOURNMENT

The meeting was adjourned at 10:14 a.m.

*Respectfully submitted,
Barbara Redline*

[16-334](#)

MEETINGS CALENDAR AND AGENDA WORKSHEET

[16-355](#)

ATTACHMENTS TO MINUTES