CITY OF
ST AUGUSTINE
EST. 1565

This Revenue Manual was developed to provide a comprehensive reference source for major revenues collected by the City of St. Augustine. The City relies on a variety of revenue sources in order to finance the cost of services provided to its residents.

Some of the revenues can be directly associated with the cost of specific services. Examples include user fees charged for water, wastewater, stormwater, solid waste collection services, the use of the Municipal Marina, and the use of the parking garage.

Other governmental revenue sources cannot be related directly to underlying services, primarily because the services do not lend themselves to cost recovery using a direct user charge. Examples include police services and street paving. These public services are funded through a variety of revenue sources including property, sales and gas tax, franchise fees, and parking meter revenues.

This manual describes revenues in each of the following City Funds:

General Fund: The General Fund is the general operating fund of the City. All general tax revenue and receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Utility Fund: The Utility Fund accounts for the operation, maintenance, and construction of the City-owned water and sewer system. Revenues collected are for water and wastewater use by inside-City customers and those customers in our service area that are located outside of the City limits. Revenues are also collected for connection fees and added capacity fees.

Stormwater Fund: The revenues collected for the City's Stormwater Fund are used for operating expenses and capital improvements directly related to the management of stormwater. This also includes the enhancement of existing stormwater system maintenance.

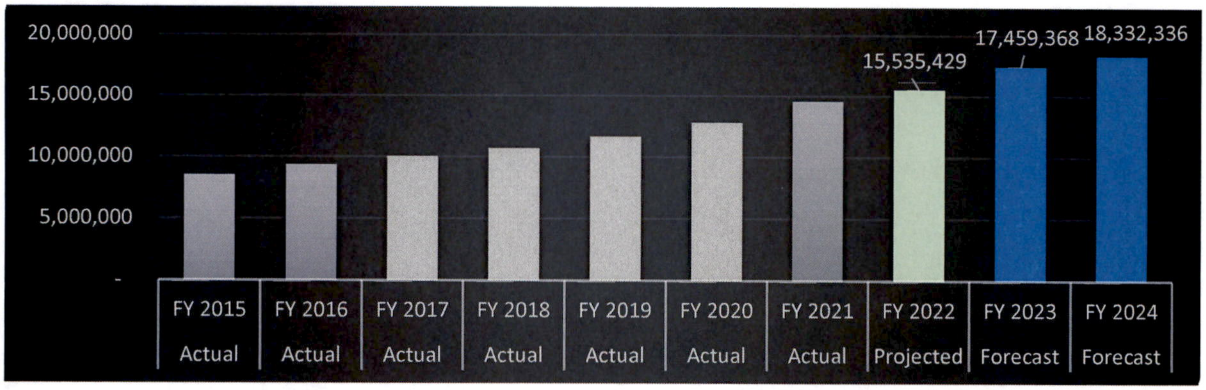
Solid Waste Fund: The Solid Waste Fund accounts for the operation and maintenance of the City-owned solid waste pick-up and disposal service. The fund also supports street cleaning services. Revenues from the licensing of private collectors, commercial franchise fees, recycling fees, residential and commercial collection fees, support this fund.

Municipal Marina Fund: The Marina Fund accounts for operations and maintenance of the City-owned Municipal Marina facilities. Revenues are derived from dockage, fuel sales, mooring, rental, and other Marina uses.

Visitor Information Center Fund: The Visitor Information Center Fund accounts for the operation and maintenance of the City-owned Visitor Information Center and Historic Downtown Parking Facility. Revenues are generated from parking fees and gift shop revenues.

AD VALOREM TAXES

Description:
A levy against the taxable value of real and personal property. The City Commission sets the millage rate annually prior to October 1st. One mill is $1 of tax per $1,000 of taxable assessed value. The adopted operating millage for FY 2022 is 7.5.



Legal Authority:
Florida Constitution, Article VII, Section 9
Chapters 192-197 and 200, Florida Statutes
City of St. Augustine Code Sec. 2-190.

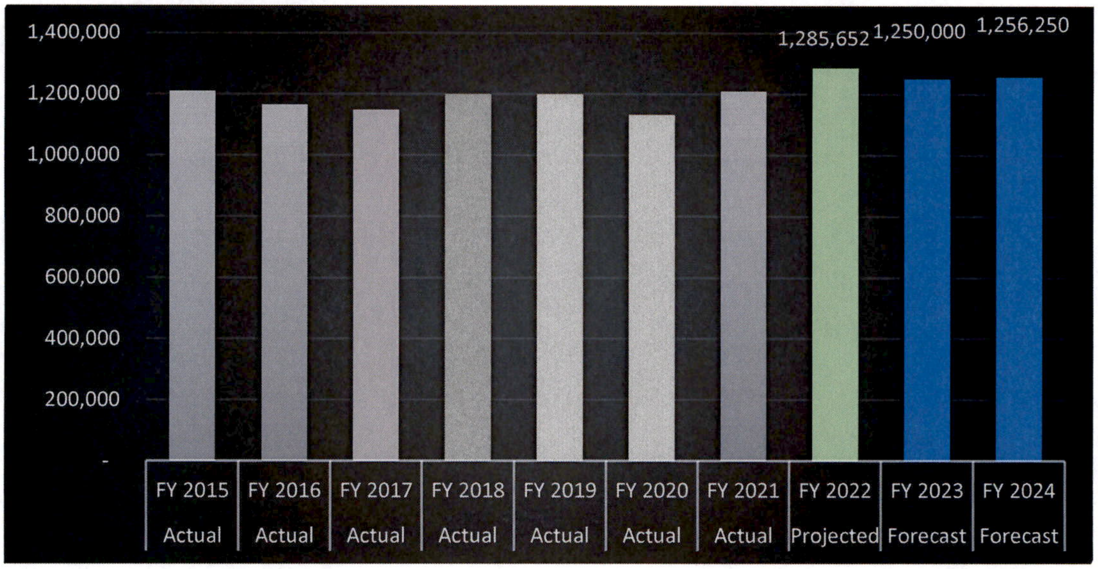
Authorized Exemptions:
All legal Florida residents are eligible for a Homestead Exemption on their homes, condominiums, apartments, and certain mobile home lots if they qualify. The Florida Constitution provides this tax-saving exemption on the first and third $25,000 of the assessed value of an owner/occupied residence. The St. Augustine City Commission has approved an additional $25,000 senior exemption for households headed by a person 65 years or older and who meets income requirements.

Fiscal Capacity:
The millage rate is set by the Commission each fiscal year. St. Augustine has the capacity to levy up to 10 mills for operating expenditures based on State law. The amount of revenue received is the result of two factors: 1) the millage rate set by the City Commission; and 2) the value the St. Johns County Property appraiser places upon the property. An increase/decrease in millage would result in a change in revenue of approximately $232,750 for each tenth of a mill. Commission approval is required for any change in the millage rate. A Resolution of "Proposed Millage Rate" will come to you on this evening, and staff is recommending a static millage rate to help with inflation and labor challenges. It should be noted that the proposed millage rate can be lowered throughout the budget process but cannot be raised.

The initial estimate of taxable property values reflects that the City may see an increase of 14.75% of tax revenue totaling approximately $2,100,000. This is largely due to increased property values, but there is also new development in places like Antigua and Madeira which add to our taxable base.

FLORIDA POWER & LIGHT (FPL) FRANCHISE FEES

Description:
This revenue source consists of payments made by Florida Power and Light (FPL) for the privilege of constructing upon and operating within the right of ways owned by the City. The basis for this fee is provided for long-term agreements for payments to the City of 5.9% of Florida Power and Light gross revenue derived from accounts within City limits, less property tax and minor fees previously paid to the City.

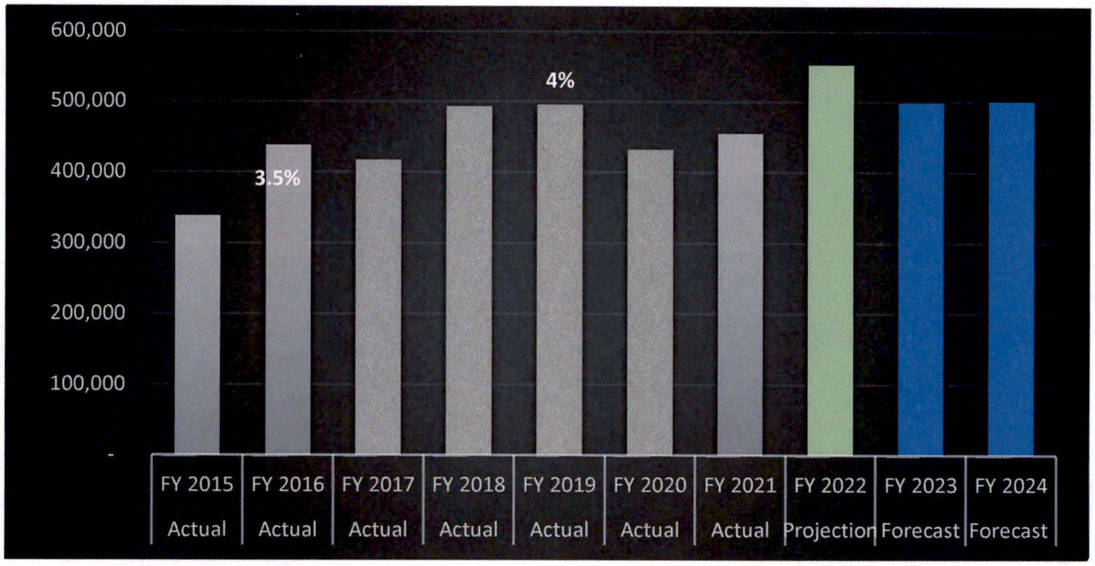


Legal Authority:
City of St. Augustine Ordinance number 2008-15.

Fiscal Capacity:
The agreement between the City of St. Augustine and Florida Power & Light is a 30-year agreement with a rate of 5.9% of revenues. The two factors that influence the amount of revenue collected are the gross revenue of accounts within the City limits and the rate negotiated in the agreement. This contract is up for renegotiation in 2039.

SIGHTSEEING VEHICLE FRANCHISE FEES

Description:
This revenue source consists of payments made by the sightseeing trains and trolleys for the privilege of constructing upon and operating within the right of ways owned by the City. The basis for this fee is provided for in a long-term agreement for payments to the City of a percentage of ticket sales to customers.



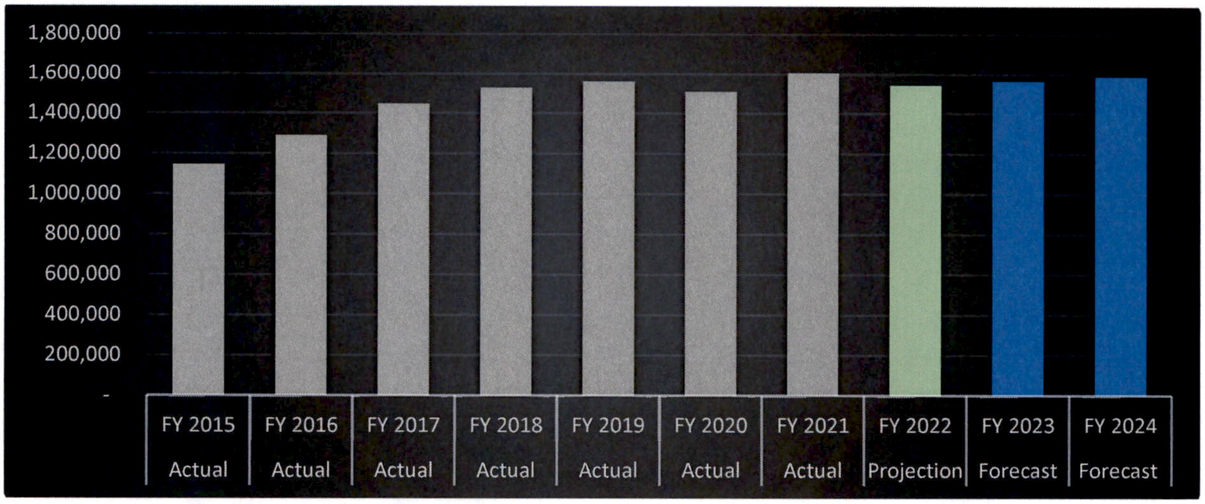
Legal Authority:
City of St. Augustine Ordinance 2001-22
City of St. Augustine Resolution No. 2017-48

Fiscal Capacity:
The two factors that influence the amount of revenue collected are the sale of tickets to customers and the rate negotiated in the agreement. The agreement between the City of St. Augustine and the sightseeing vehicle companies allows for a ½% increase in the fee every three (3) years.

The City raised the franchise fee to 4% of sales in FY 2018. Management is not recommending a fee increase at this time. Fiscal year 2022 has realized a significant revenue increase, however the economic outlook for the future leads management to believe that revenues will revert back to 2019 or pre-pandemic levels.

FLORIDA POWER AND LIGHT UTILITY TAX

Description:
This revenue originates from the sale of electricity to residents within City limits. The basis for this fee is the maximum assessment of 10% of Florida Power and Light's revenues authorized by Florida State Statutes.



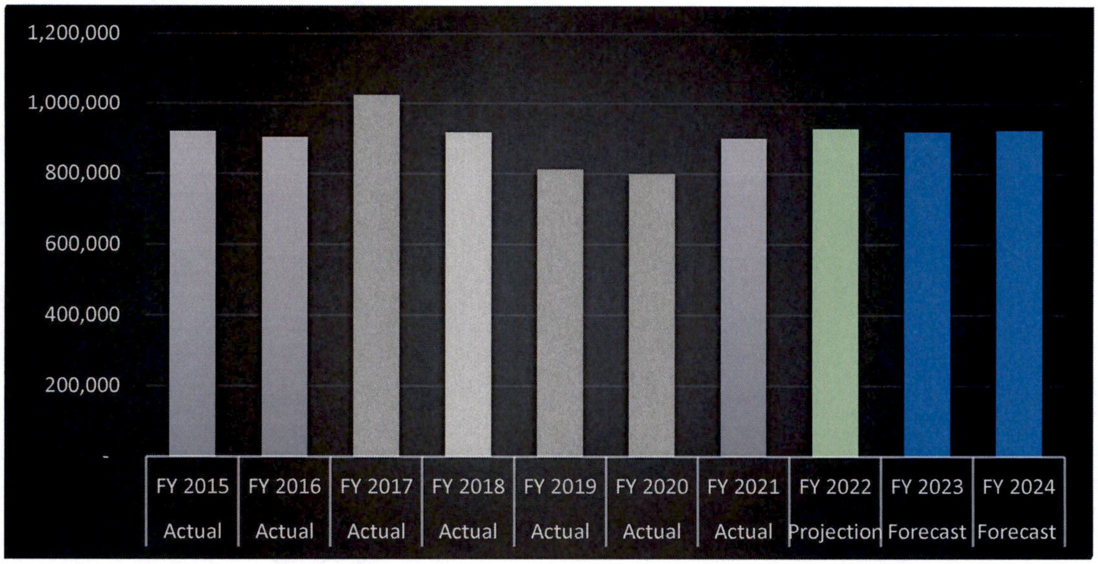
Legal Authority:
Florida Statute 166.231(1)
City of St. Augustine ordinance number 2015-28.

Fiscal Capacity:
The City is currently levying the maximum rate of ten (10) percent for this revenue source. The only current capacity for increasing this revenue would be from increasing the sales within the City through FPL raising fees.

Revenues are projected to remain consistent at this time.

COMMUNICATION SERVICES TAX

Description:
Communication services tax applies to telecommunication, video, direct-to-home satellite, and related communications services.



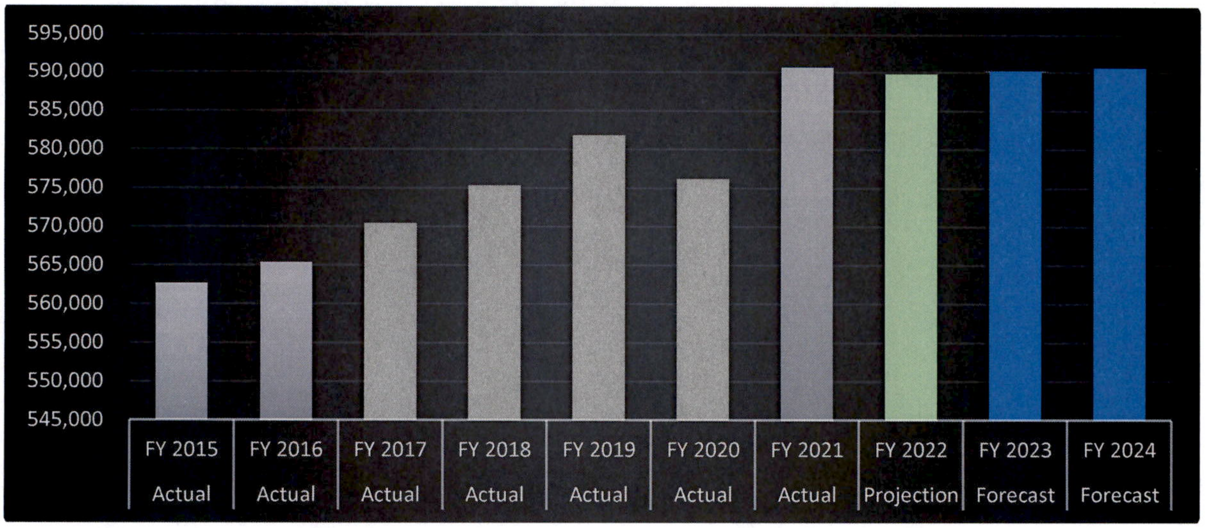
Legal Authority:
Florida Statutes, Sections 202.19 and 202.20
City of St. Augustine Code Sec. 17-38 and 17-39.

Fiscal Capacity:
According to the City of St. Augustine Ordinance 2001-15 and 2001-16, sections 17-38 and 17-39, Beginning on October 1, 2002, the local communications services tax rate shall be five and one-tenth (5.1) percent or such other rate as may be authorized by the Florida Legislature and adopted by ordinance of the city. The current rate is the maximum of 5.22%. Increasing this revenue source would require authorization by both the Florida legislature and the City of St. Augustine Commission.

The City receives revenue estimates from the State of Florida in July of each year to assist with the budget preparation. Revenues declined for a period of time due to households discontinuing their use of landlines and moving to cellular phones only, however recent years have seen consistency.

STATE REVENUE SHARING

Description:
The municipal revenue sharing program is administered by the Department of Revenue and monthly distributions are made to eligible municipal governments. The program is comprised of state sales taxes and municipal fuel taxes that are collected and transferred to the Revenue Sharing Trust Fund for Municipalities.



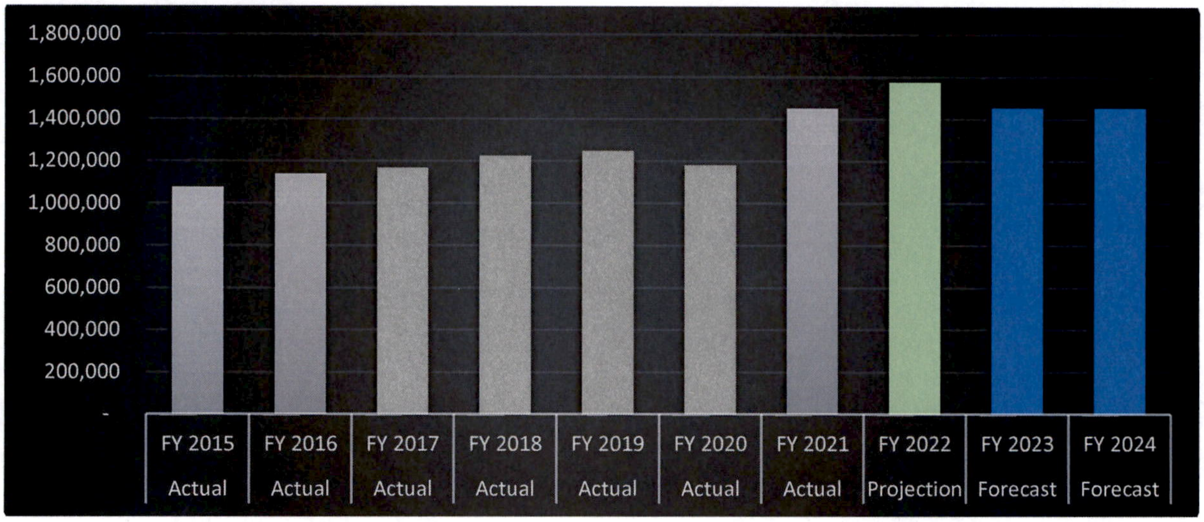
Legal Authority:
Florida Statutes, Chapters 206, 212, and 218

Fiscal Capacity:
In order to calculate the municipal sales tax collection factor, it is first necessary to allocate a share of the sales tax collected within a county to each of its respective municipalities. This allocation is derived based on population. When that is complete, an apportionment factor is calculated by the Department of Revenue for each eligible municipality using a formula consisting of the following equally weighted factors: adjusted municipal population, derived municipal sales tax collections, and municipality's relative ability to raise revenue.

The current forecast is conservative. The State of Florida will advise the City with their revenue estimates in July and management anticipates this revenue to approximate the 2022 projection with a slight increase due to the population of Madeira and Antiqua.

HALF-CENT SALES TAX

Description:
Authorized in 1982, this program generates the largest amount of revenue for local governments among the state-shared revenue sources currently authorized by the Legislature. Monies remitted by a sales tax dealer located within the county and transferred into the Trust Fund are earmarked for distribution to the governing body of that county and each municipality within that county. An allocation formula serves as the basis for distribution. The primary purpose of this revenue is to provide relief from ad valorem and utility taxes while providing counties and municipalities with revenue for local programs.



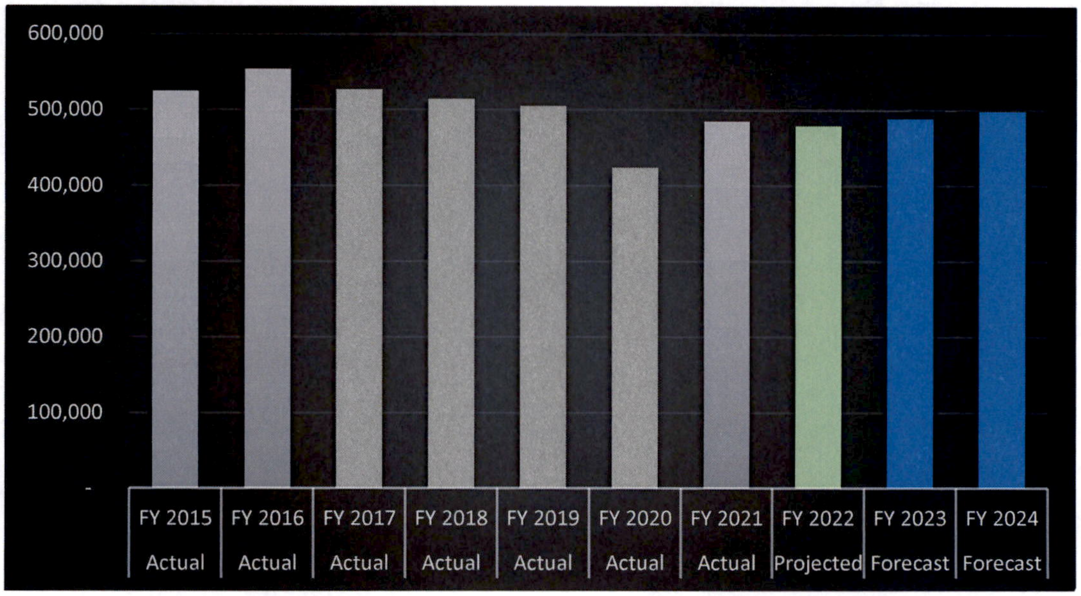
Legal Authority:
Florida Statute Sections 202.18(2), 212.20(6) and 218.60-67

Fiscal Capacity:
The allocation factor for each municipal government is computed by dividing the municipality's total population by the sum of the county's total population plus two-thirds of the County's incorporated population. Each municipality's distribution is then determined by multiplying the allocation factor by the sales tax monies earmarked for distribution within its respective county.

An increase in the City of St. Augustine's population or eligible countywide sales would result in an increase in this revenue for the City. At this time management expects sales tax revenue to approximate fiscal year 2021, however the state will give the City a more precise estimate later this month.

LOCAL OPTION GAS TAX

Description:
County governments are authorized to levy up to 12 cents of local option fuel taxes in the form of three separate levies. The first is a tax of 1 cent on every net gallon of motor and diesel fuel sold within a County. The second is a tax of 1 to 6 cents on every net gallon of motor and diesel fuel sold within a County. The third is a 1 to 5 cent levy upon every net gallon of motor fuel sold within a County, however; diesel fuel is not subject to this tax. Proceeds may be used to fund transportation expenditures. In St. Johns County, the revenue is collected and distributed using a population-based formula.



Legal Authority:
Florida Statute Sections 206.41(1)(e), 206.87(1), and 336.025

Fiscal Capacity:
This revenue source is distributed to the City through an Interlocal Agreement with the County. The formula for distribution to municipalities is based on population. An increase in the percent levied on motor fuel by St. Johns County, an increase in the amount of motor fuel sold in St. Johns County, and/or an increase in the City of St. Augustine's population would result in an increase in this revenue for the City. As the County population increases, the City's percentage of this revenue source could decrease, however the volume of fuel sold should increase so management's estimate is fairly flat.

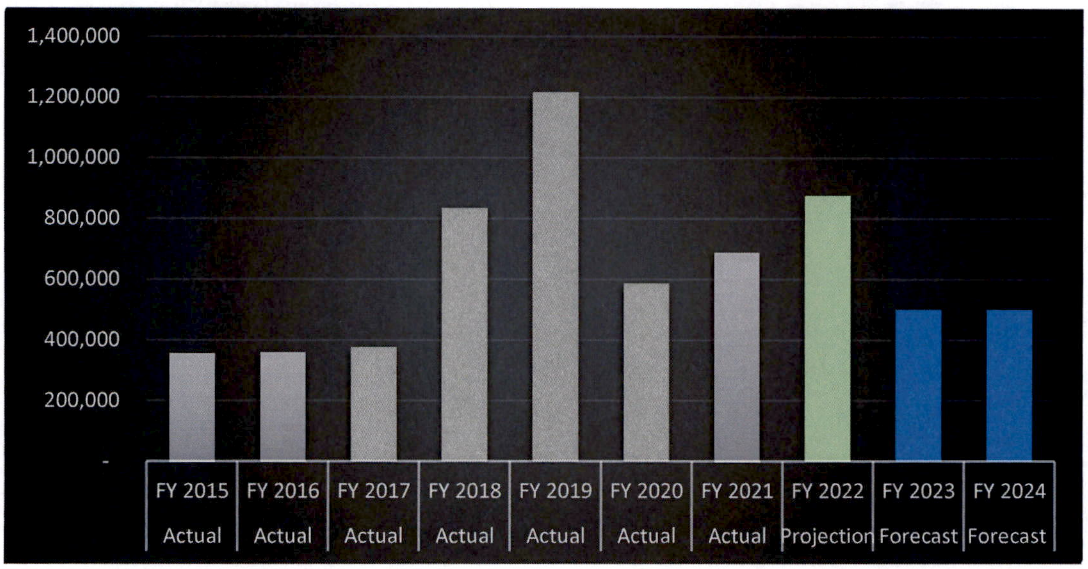
BUILDING PERMITS AND FEES

Description:
Building permits and fee revenues are collected from fees and the sale of permits issued to regulate the renovation, construction, or installation of plumbing, electrical, and plumbing work.

Legal Authority:
Florida Statute Section 166.201
City of St. Augustine Code, Chapter 8, Section 8-103
City of St. Augustine Resolution 2017-42

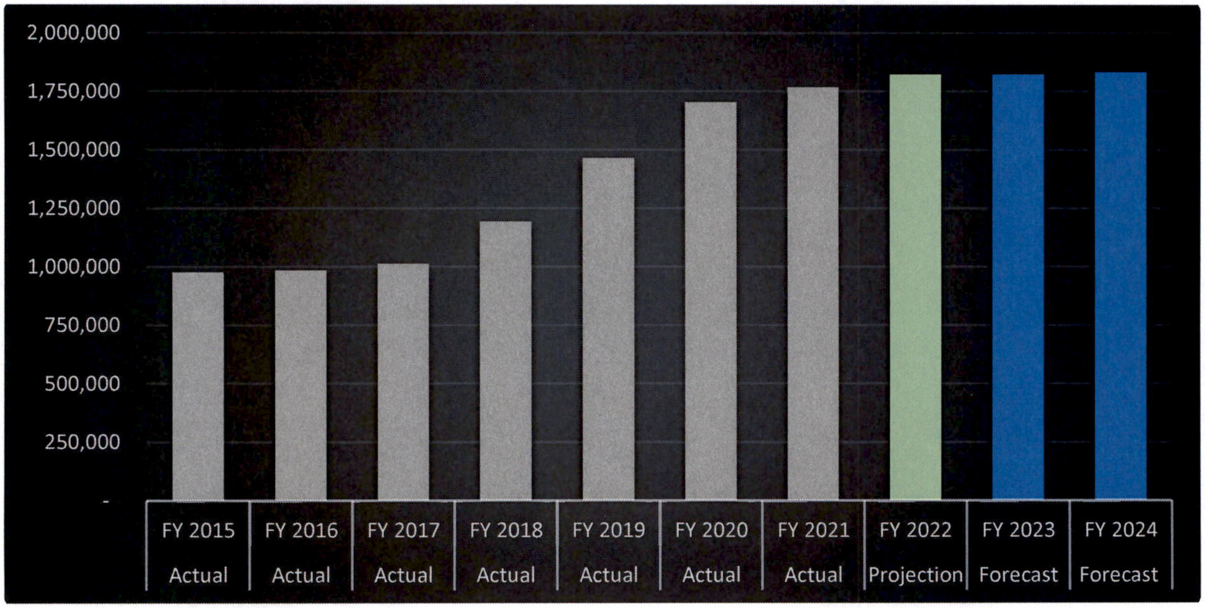
Fiscal Capacity:
In 2017, the Commission approved a change to the current fee in order to bring fees in line with Florida Building Code (Florida Statute 553.80). This change in fees increased revenue slightly to help offset more of the Planning & Building department expenses. Commission approval would be required to increase the fee schedule.

The fees are required to be spent on enforcing the Florida Building Code, and the recent increase in interest rates is likely to slow new construction and renovations. Therefore, a conservative estimate is used.



FIRE ASSESSMENT FEE

Description:
This revenue consists of a Fire Assessment fee that is charged per square foot of assessable area within the City limits. The rate is based on the percentage of calls the Fire Department responds to and the percentage of the Fire Department's assessable budget that may be recovered. The analysis concluded that Residential calls make up 44% of all calls and Non-Residential calls make up 56%. In fiscal year 2021, 42.5% of the Fire Department budget was recovered by the fee. The revenue is billed on the Ad Valorem tax notices sent out in November from the St. Johns County Property Tax Collector's Office.



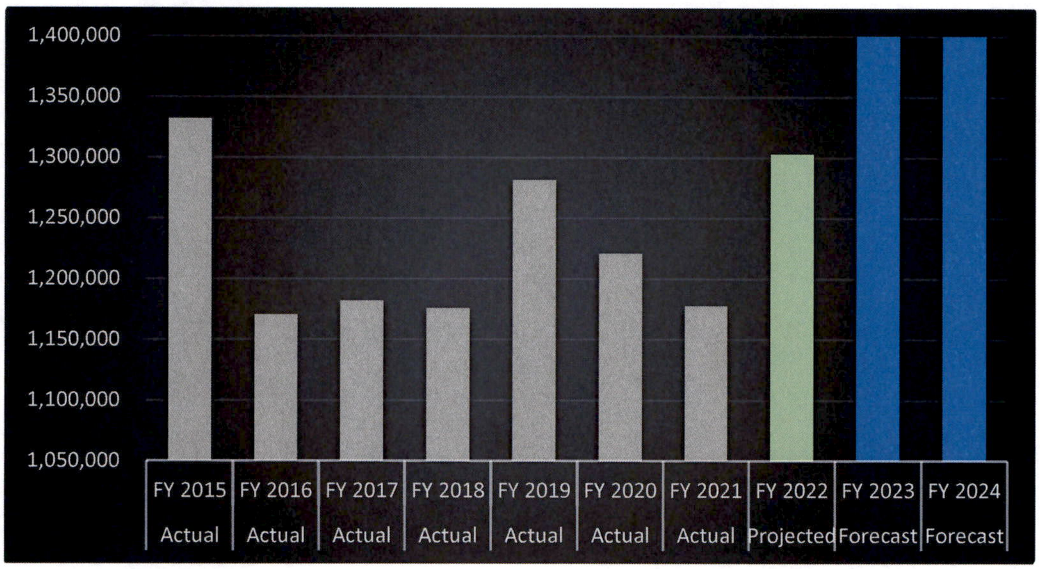
Legal Authority:
City of St. Augustine Ordinance 2016-20
City of St. Augustine Resolution 2017-44

Fee Schedule: In 2022, the Fire Assessment rate of $0.0689 for Residential and $0.1257 for Non-Residential was assessed.

Fiscal Capacity:
Commission approval would be required to increase the fee schedule. Staff previously recommended an increase to 50% cost recovery of the Fire Department budget. However, the receipt of CARES Act proceeds in fiscal year 2021 directly offset significant costs of the Fire Department, therefore management is not recommending an increase in the Fire Assessment fee this fiscal year.

RENTS & ROYALTIES

Description:
This revenue source includes Rent and Royalties from leases and other agreements. Examples of these agreements include:
Carpet Golf—Ripley's
Galimore Center usage
St. Augustine Yacht Club
Casa del Hidalgo
State of Florida Department of Corrections
State of Florida Department of Juvenile Justice
St. Johns County Cultural Council
Flagler College
City Hall Rents
Flagler/Police Agreement
Submerged Land Leases

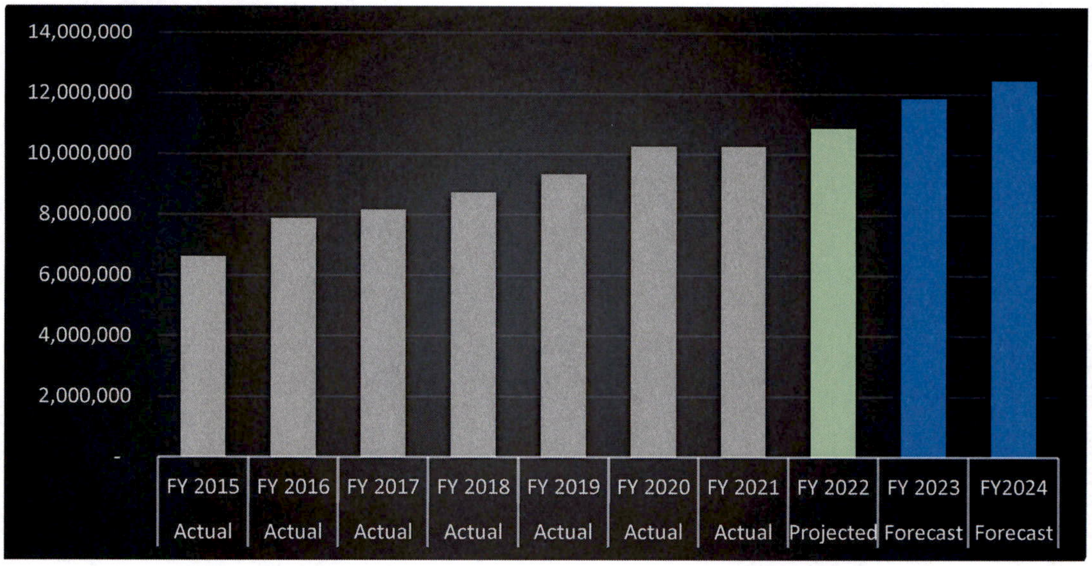


Legal Authority:
Home Rule Authority, Florida Constitution Article VIII, 5.2, Florida Statute 166.021

Fiscal Capacity:
St. Augustine City Commission has the ability to negotiate rates and lease terms based on a fair and marketable rate. City Commission reserves the right to charge rates that are sufficient to ensure a reasonable return on the investments. For the fiscal year 2023, the consumer price index increase on rents is 9.1% based on the May 2021 – May 2022 department of labor statistics for small southern cities.

WATER & SEWER CHARGES FOR SERVICES INSIDE CITY

Description:
This revenue source is generated by water and sewer fees paid by the resident for their utility usage for customers inside the City limits.



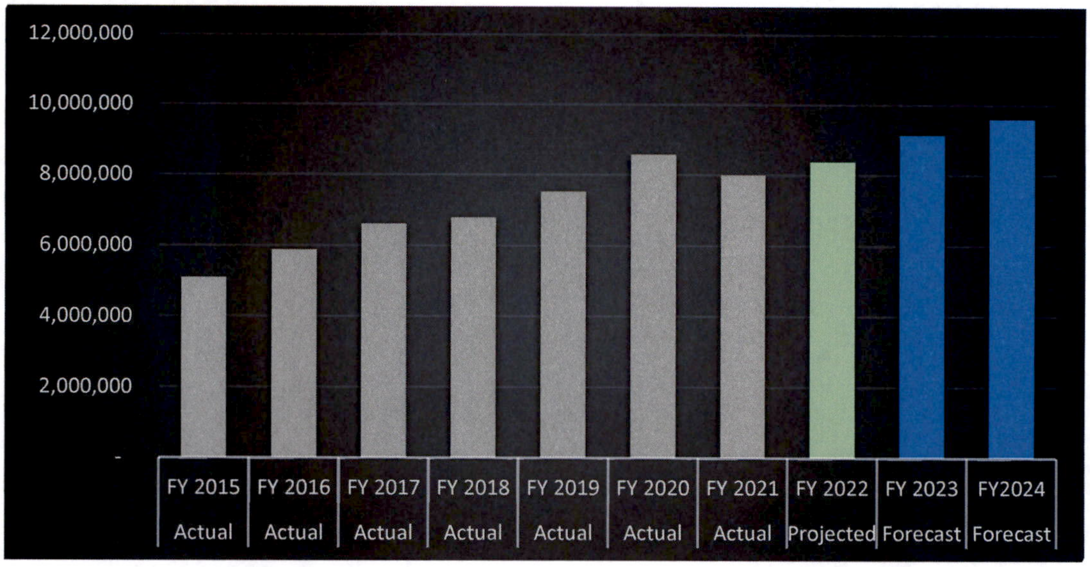
Legal Authority:
City of St. Augustine Code Chapter 26, Section 26-55
City of St. Augustine Resolution 2015-28

Fiscal Capacity:
Utility rates were adopted by Resolution 2015-28 for Fiscal Years 2016 through 2020. No increase was adopted for the fiscal year 2021 due to the CPI being flat and fiscal year 2022 rates were adjusted 5.8% in accordance with the CPI.

A Consumer Price Index (CPI) adjustment is recommended for all rates and hard costs including taps and meters. The applicable CPI is 9.1% for fiscal year 2023.

WATER & SEWER CHARGES FOR SERVICES OUTSIDE CITY

Description:
This revenue source is generated by water and sewer fees paid by the resident for their utility usage for customers outside the City limits.



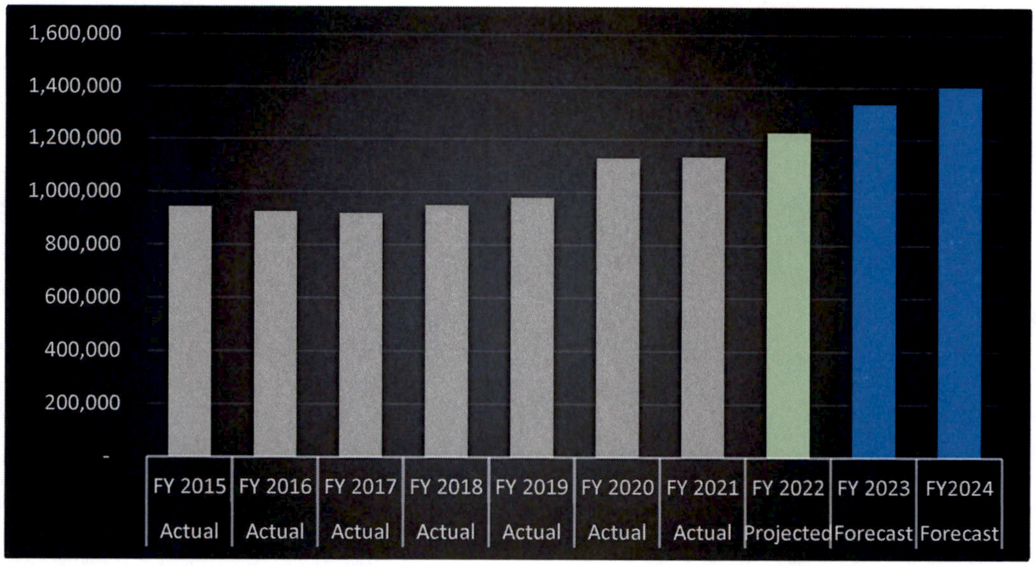
Legal Authority:
City of St. Augustine Code Chapter 26, Section 26-55
City of St. Augustine Resolution 2015-28

Fiscal Capacity:
Utility rates were adopted by Resolution 2015-28 for Fiscal Years 2016 through 2020. No increase was adopted for fiscal year 2021 due to the CPI being flat.

A Consumer Price Index (CPI) adjustment is recommended for all rates and hard costs including taps and meters. The applicable CPI is 9.1%.

STORMWATER CHARGES

Description:
This revenue source includes stormwater fees assessed to residents inside City limits on their utility bills.



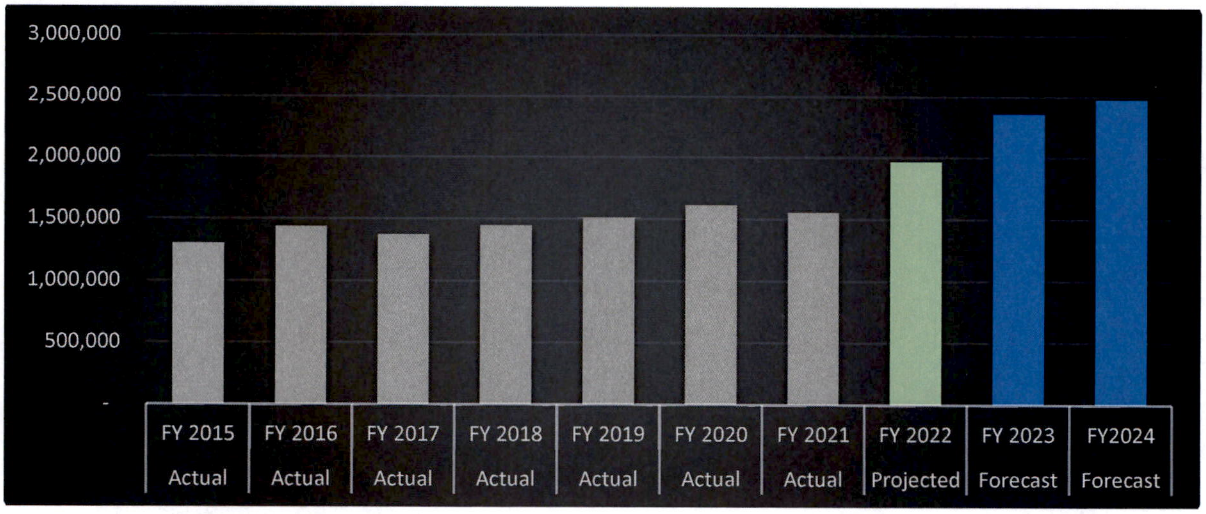
Legal Authority:
City of St. Augustine Code Section 29-5

Fiscal Capacity:
Management recommends a CPI increase of 9.1% to ensure the City can keep up with the cost of materials, personnel, and equipment required to maintain the system. This increase requires Commission approval. The amount is $0.82 per SFU and will result in approximately $100,000 in additional Stormwater revenues.

Upon completion of the expenditure analysis the Commission may with to consider rounding this recommendation up an addition 18 cents to $10.00 per SFU to help the fund remain solvent. This will be brought forward, if necessary, at the August budget workshop.

RESIDENTIAL COLLECTION FEES

Description:
This revenue source includes fees for trash and recycling collection assessed to residents for services inside the St. Augustine City limits.



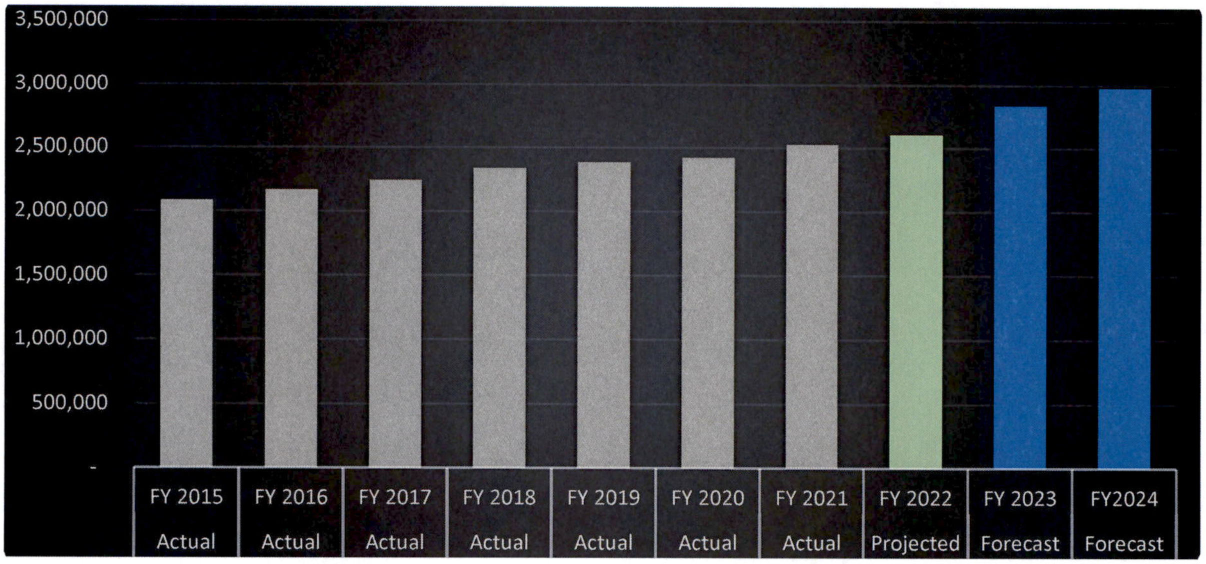
Legal Authority:
City of St. Augustine Code Chapter 30, Section 30-10
City of St. Augustine Resolution 2017-45.

Fiscal Capacity:
St. Augustine can increase revenue for the sanitation fund by increasing the monthly service fee for single and multifamily residents. This monthly service fee is still not adequate to maintain the level of service the citizens expect despite an increase last fiscal year.

Another $5 per month or $60 per year increase is recommended to assist the fund with the increased cost of tipping fees and replacing outdated equipment and transitioning the workforce from temporary labor to full-time city staff. This fiscal year the City anticipates tipping fees to run over budget by almost $500,000. A $5 per month increase in fees is projected to increase revenues by $700,000 to help cover the cost of increased tipping fees as well as pay debt service on vehicle replacement and the cost of labor.

COMMERCIAL COLLECTION FEES

Description:
This revenue source includes fees for trash and recycling collection assessed to businesses for services inside the St. Augustine City limits.

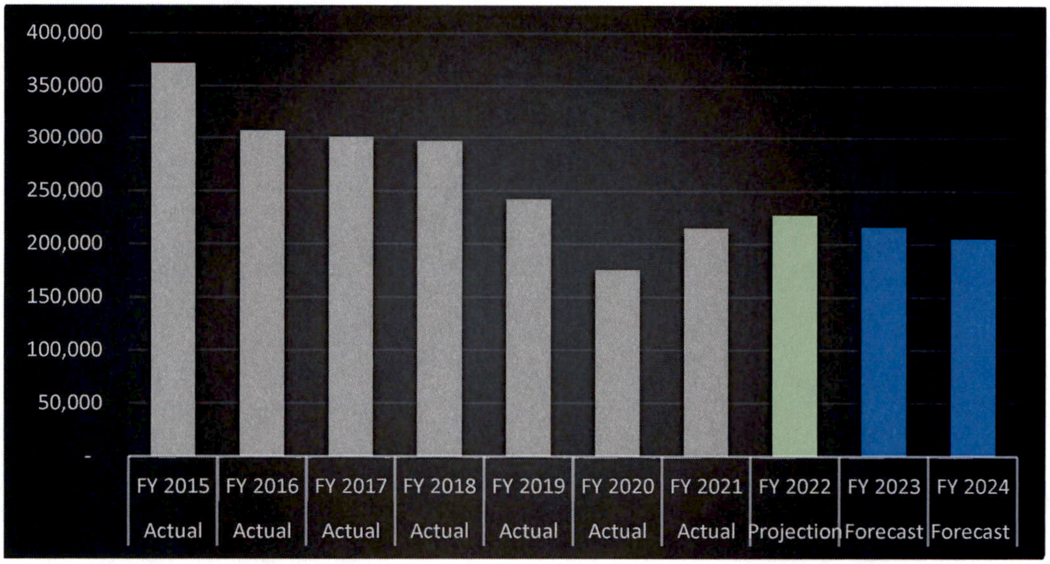


Legal Authority:
City of St. Augustine Code Chapter 30, Section 30-10

Fiscal Capacity:
St. Augustine can increase revenue for the sanitation fund by increasing the monthly service fee for single and multifamily residents. At this time, a 9.1% CPI increase is recommended to keep up with the cost of labor and equipment necessary to provide this service.

PARKING FINES

Description:
This revenue source consists of parking fines collected from citations including overtime parking citations, handicapped parking citations, and other illegal parking citations.

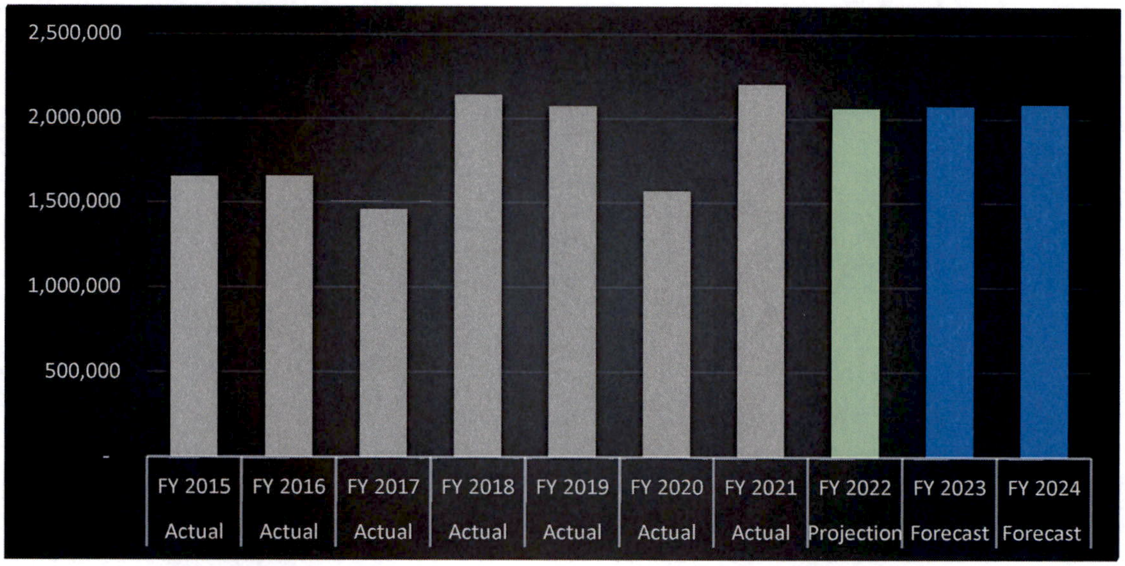


Legal Authority:
City of St. Augustine Code, Section 24-31
City of St. Augustine ordinance number 2015-01

Fiscal Capacity:
As improvements are made to parking options and parking technology, fines issued for parking violations should decrease over time if the current fine structure is continued. Commission approval is needed for any adjustments made to the fine structure. No changes are recommended at this time.

PARKING FEES

Description:
This revenue source consists of user fees from parking meters and pay stations in City operated lots and on-street.



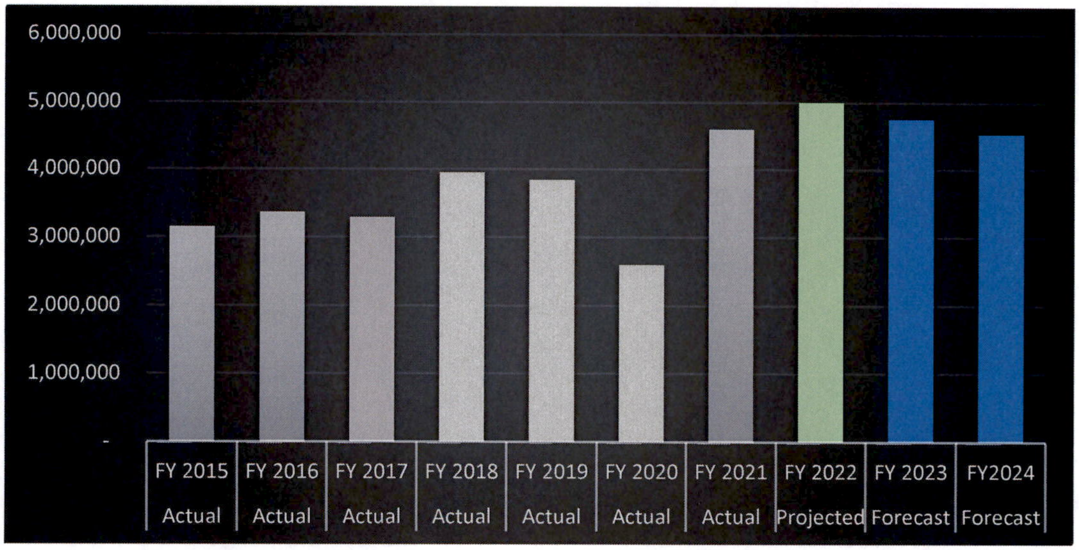
Legal Authority:
City of St. Augustine Code Chapter 24, Article II, Division II

Fiscal Capacity:
In FY 2018, the Commission approved a rate increase for metered parking. The rate was increased from $1.50 per hour to $2.50 per hour. Commission approval would be required to increase the fee schedule. The current parking study and technology implementation has assessed and reviewed the advantages to mobility by adjusting meter fees and/or meter enforcement hours.

Currently there is not a recommendation to adjust parking fees.

VIC GARAGE PARKING FEES

Description:
This revenue source consists of user fees from transient parking fees and discounted rates (ParkNow) in the Historic Downtown Parking Facility.



Legal Authority:
City of St. Augustine Code Chapter 24, Article II, Division II

Fiscal Capacity:
St. Augustine could increase this revenue source by increasing garage fees or the hours of operation of the garage. Commission approval would be required to increase the fee schedule.

Management believes that the garage revenue will reach $5M this fiscal year, but that a slow down in the economy will also slow down tourism and the demand for the garage. The above graph reflects a decrease of 5% in fiscal year 2023 and 2024.

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