# CITY OF ST. AUGUSTINE

City Commission Special Meeting
Monday, July 11, 2022

The City Commission met in formal session Monday, July 11, 2022, at 3:00 P.M. in the Alcazar Room at City Hall. The meeting was called to order by Mayor Tracy Upchurch, and the following were present:

**1. Roll Call:** Tracy Upchurch, Mayor/City Commissioner
Nancy Sikes-Kline, Vice Mayor/City Commissioner
John Valdes, City Commissioner
Barbara Blonder, City Commissioner

Absent: Roxanne Horvath, City Commissioner (excused)

Also Present: Isabelle Lopez, City Attorney
Darlene Galambos, City Clerk
Meredith Breidenstein, Assistant City Manager
David Birchim, Assistant City Manager
Mark Simpson, Director of Financial Services
Reuben Franklin, Director, Public Works
Amy Skinner, Director, Planning and Building
Melissa Wissel, Director, Communications
Jennifer Michaux, Police Chief
Colleen Kuhn, Recording Secretary
Laura Morse, Recording Secretary

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**1. Call to Order.**

**2. General Public Comments.**

(NONE)

**3. Discussion of 2023 Budget Assumptions with Focus on Revenues.**

Mark Simpson, Finance Director stated he was here to talk with the Commission about assumed revenues for Fiscal Year 2023 and was looking for guidance from the Commission on building the budget. He stated that Department Directors and City Manager had submitted requests for staffing and budget expenditures. He shared there will be further discussion with the Commission at the August 8th meeting and a Budget Workshop on August 18th. He confirmed that a long-term budget forecasting model had been identified.

Mr. Simpson reviewed ad valorem taxes were the General Fund's primary source of revenue. He recommended millage rate stay the same to generate $2.1 million dollars of revenue for the General Fund. He indicated there may interest in reducing the millage rate but encouraged the Commission to maintain the rate at 7.5% to avoid raising in the future.

Mr. Simpson reviewed that the graph shows ad valorem tax revenue from 2007 when property values were at their max and stated it took until 2013 even with an increase to catch up with the recession occurring in 2008. He suggested potentially lowering millage next year or the year after.

Mr. Simpson went on to review other General Fund revenues including: franchise fees that had grown but were likely to go down slightly; utility taxes include a modest increase with new developments; State revenue sharing lines, which were projected by the State where he programmed a modest increase; $.05 sales tax resulting in over $1 million per year for budget; local option gas tax was shared with County and was forecasted conservatively; building permit revenues were restricted in use and he estimated that to be $500k; Fire Assessment Fee currently payed for 42.5% of Fire Department budget with no increases recommended at this time.

Mr. Simpson discussed rents and stated that cost-of-living increases were built into contracts and this year would be 9.1% resulting in a revenue increase of almost $90,000 for the General Fund.

Mr. Simpson recommended raising all utilities at 9.1% to keep up with inflation which was at a level not seen in 40 years. He stated additional inflation data should be out soon, but he did not expect it to slow down. He shared the U.S. consumer was accustomed to 3%, but in last ten years it had been approximately 1.75% so to go to 9.1% was dramatic, but necessary. He stated staff would do their best to lower if possible.

Commissioner Blonder stated solid waste costs went up and included transportation costs for fuel. She inquired about an incentive-based system for storm water fees where a new or redevelopment could get lower fees to reduce generation of storm water.

Mr. Simpson confirmed partial implementation and provided an example of Madera being billed at a much-reduced rate.

Rueben Franklin, Public Works Director stated there was a 30% credit for holding a permit and managing storm water on site. He said that during Master Planning efforts, they will look at additional incentives.

Mr. Simpson stated that he believed the probability for a recession was significant.

Mayor Upchurch shared private industry works hard to absorb cost of inflation and would urge staff to be as conservative as possible with inflation numbers.

Commissioner Blonder expressed hope that the upcoming budget would include increases in staff salaries to help retain them.

Mr. Simpson shared that a 9.1% increase in water and sewer rates would yield $1.7 million in revenue. He highlighted that the Utility Fund requested an Environmental Compliance Inspector immediately and were requesting two additional crews to maintain new services, which would result in 10 new full-time employees at a cost of approximately $600,000. He stated he was working to hold increases to 8% by reviewing all department budgets and reducing wherever possible.

Commissioner Blonder reminded Mr. Simpson that they had discussed going paperless.

Mr. Simpson stated that Financial Services was moving towards going paperless and agreed that would help to cut costs.

Mr. Simpson shared that storm water fees added $180,000 which would help fund preventative maintenance. He clarified that 9.1% would take the Single-Family Unit (SFU) rate from $9.00 to $9.82 and at 8%, it would be $9.72 for a storm water bill.

Mayor Upchurch inquired about a typo in the commission packet indicating a raise of $.18 bringing the SFU rate to $10.00.

Mr. Simpson agreed there was a typo in the second paragraph.

Mayor Upchurch asked about current water/sewer surcharges for outside city limits and if there were any proposals to reduce them.

Mr. Simpson confirmed there was a 20% surcharge and no proposal to reduce the surcharges.

Mr. Simpson stated residential collection fees in solid waste were still problem even after raising rates by $5. He shared the difficulty with replacing equipment and staffing and explained that tipping fees and recycling costs had almost tripled and regular garbage costs doubled resulting in a budget overrun of about $500,000. He proposed an additional residential fee increase of $5 to $8. Mr. Simpson shared that commercial rates had not increased since 2008.

Commissioner Blonder expressed support for re-examining commercial fees and incentives.

Mr. Simpson shared that staff had conducted an analysis of parking fines and noted no recommendations on citations at this time. He went on to discuss that parking fees generated approximately $2 million for the General Fund and were expected to remain static. He said he had taken a conservative approach on Visitor Information Center (VIC) parking fees and was being conservative with a small decline. He reviewed mooring fees and stated more revenue could be generated. He said the Harbor Master would like to raise dockage fees by 8% and ticket booth rents at marina were increasing by 9.1 per contract.

Mr. Simpson recommended keeping up with inflation as best possible.

Commissioner Blonder inquired about American Rescue Plan Act (ARPA) funds in the amount of $2 million for replacing garbage trucks.

Mr. Simpson said a claw truck was ordered and funds were remaining in ARPA for the garbage trucks. He explained that since the budget passed in 2021, those initial budget estimates were invalid. He would like to have the excess funds used for cost overruns.

Mayor Upchurch asked for clarification regarding purchase of the garbage trucks.

Mr. Simpson clarified that garbage truck purchasing was difficult with the federal funds process. He suggested an interfund loan through utilities and to use the City's guidelines to purchase trucks, when possible, rather than using ARPA guidelines.

Mayor Upchurch stated the solid waste fund was his number one priority and the next to minimize CPI increases other than those that were contractual. He also suggested an incremental step to reduce surcharges for customers outside the City limits. He expressed concern about increasing storm water fees when there were not sufficient staff levels to do the work.

Commissioner Sikes-Kline agreed with the Mayor's list and wanted to work on reducing surcharges outside City limits and would like to see fire fees adjusted. She asked to see reserve levels presented at next Commission meeting and acknowledged the City had a policy on reserves.

Mr. Simpson reviewed the reserves to include the General Fund at $5.3 million, Utility Fund at $38k, storm water at $77k, solid waste at a negative $226k, the marina at $1.2 million and the VIC had $1.5 million in unrestricted reserves. He clarified the reserves were above the restricted reserves of four months for General Fund and Enterprise fund for three months.

Commissioner Valdes suggested considering new revenue streams and revenue from tourists. He stated that he concurred with comments of other Commission members.

Commissioner Blonder inquired about an increase in parking fees.

Mr. Simpson stated that Mr. Franklin was still looking at this option.

Mayor Upchurch asked for added public comments.

The Agency heard from the following:

- B.J. Kalaidi

Public Comment session was closed.

**5. Adjournment.**

There being no further business, the meeting was adjourned at 3:50 P.M.[1]

Tracy W. Upchurch, MAYOR

Darlene Galambos, CITY CLERK

[1] Transcribed by Colleen Kuhn