CITY OF ST. AUGUSTINE CITY COMMISSION

SPECIAL MEETING AGENDA

MONDAY, JULY 8, 2024 - 3:00 PM

ALCAZAR ROOM

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1. **CALL TO ORDER**
   - Roll Call
2. **GENERAL PUBLIC COMMENTS**
   - 3 minutes per individual
3. **REVIEW OF CITY REVENUES**

   3.A. FY 2025 Revenue Manual Review. *(M. Breidenstein, Assistant City Manager)*
4. **ITEMS BY CITY MANAGER**
5. **ITEMS BY MAYOR AND COMMISSIONERS**
6. **ADJOURN**

NOTICES: In accordance with Florida Statute 286.0105: "if a person decides to appeal any decision made by the board, agency, or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." ***In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate in this proceeding should contact the individual or agency sending notice not later than seven days prior to the proceeding at the address given on the notice. Telephone 904-825-1007; 1-800-955-8771 (TDB) or 1-800-955-8770 (V) via Florida Relay Services. The materials prepared and presented are part of the City's ongoing Florida Public Records and Government in the Sunshine compliance and are not intended to be relied upon or to reach investors or the trading markets.

FY 2025 Revenue Manual

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.

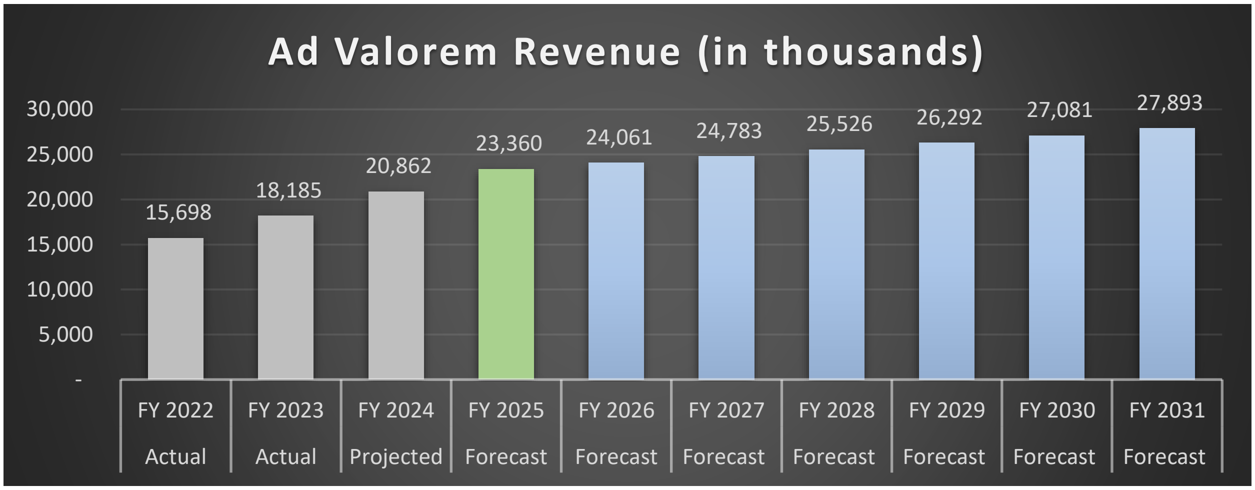
Solid Waste Fund: The Solid Waste Fund accounts for the operation and maintenance of the City-owned solid waste pick-up and disposal service. The fund also supports street cleaning services. Revenues from the licensing of private collectors, commercial franchise fees, recycling fees, residential and 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 2024 is 7.5.



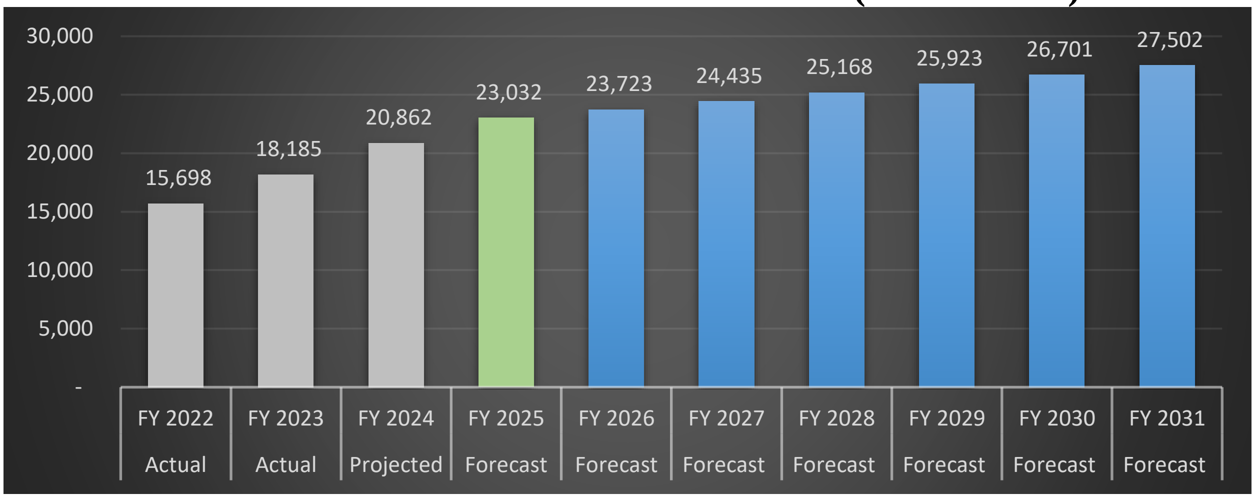
Legal Authority:
Florida Constitution, Article VII, Section 9
Chapters 192-197 and 200, Florida Statutes
City of St. Augustine Code Sec. 2-190.

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. The Save Our Homes act assists homesteaded property owners tremendously.

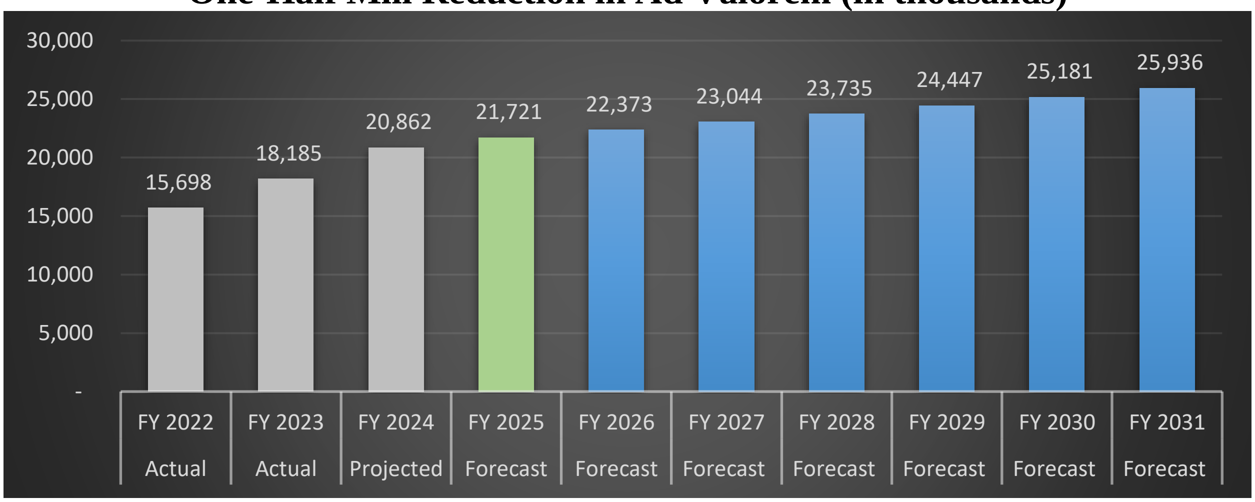
Fiscal Capacity:
St. Augustine has the capacity to levy up to 10 mills for operating expenditures based on State law. The amount of revenue received is the result of two factors: 1) the millage rate set by the City Commission; and 2) the value the St. Johns County Property appraiser places upon the property. An increase/decrease in millage would result in a change in revenue of approximately $328,000 for each tenth of a mill. Staff is recommending a static millage rate to help with labor challenges and homelessness. 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 12% of tax revenue totaling approximately $2,500,000. This is largely due to increased property values, but there is also new development in places like Madeira which add to the taxable base.

One-Tenth Mill Reduction in Ad Valorem (in thousands)



One-Half Mill Reduction in Ad Valorem (in thousands)



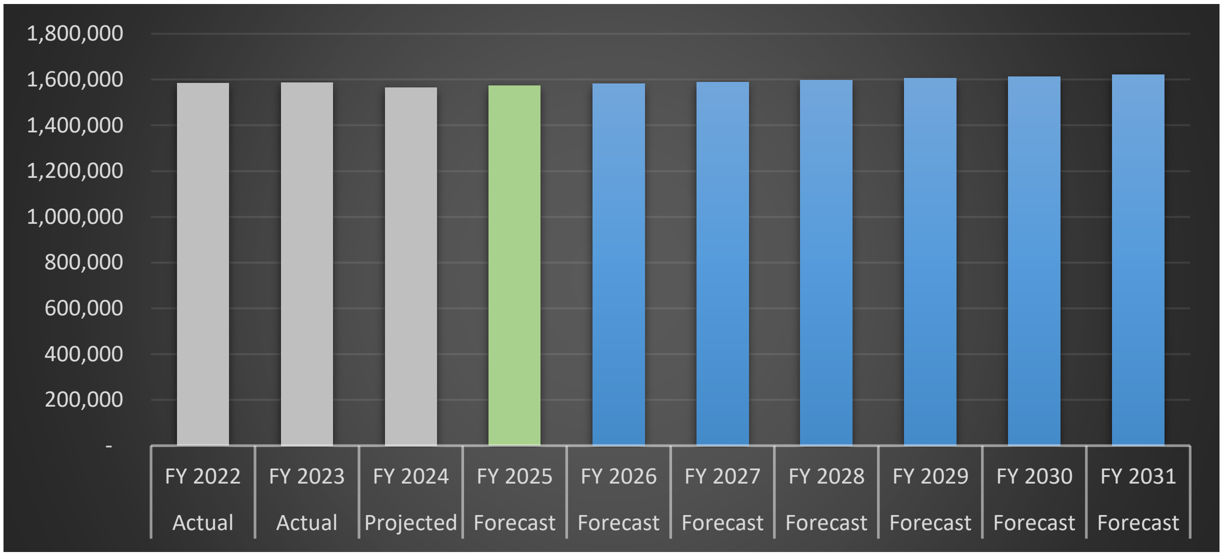
Impact on Homeowners

A homeowner with an assessed value of $300,000 and homestead exemptions of $50,000 would see an annual reduction in their ad valorem payment to the City of $25 per 1/10 of mill reduction in the millage rate. Other examples of assessed values and millage reductions are shown in the table below.

	2025			
Assessed Home Value	$ 200,000	$ 300,000	$ 400,000	$ 500,000
Homestead Exemptions	$ (50,000)	$ (50,000)	$ (50,000)	$ (50,000)
Taxable Value	$ 150,000	$ 250,000	$ 350,000	$ 450,000
Annual Ad Valorem to City				
Current Millage	$ 1,125	$ 1,875	$ 2,625	$ 3,375
With 1/10 Mill Reduction	$ 1,110	$ 1,850	$ 2,590	$ 3,330
With 5/10 Mill Reduction	$ 1,050	$ 1,750	$ 2,450	$ 3,150

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.

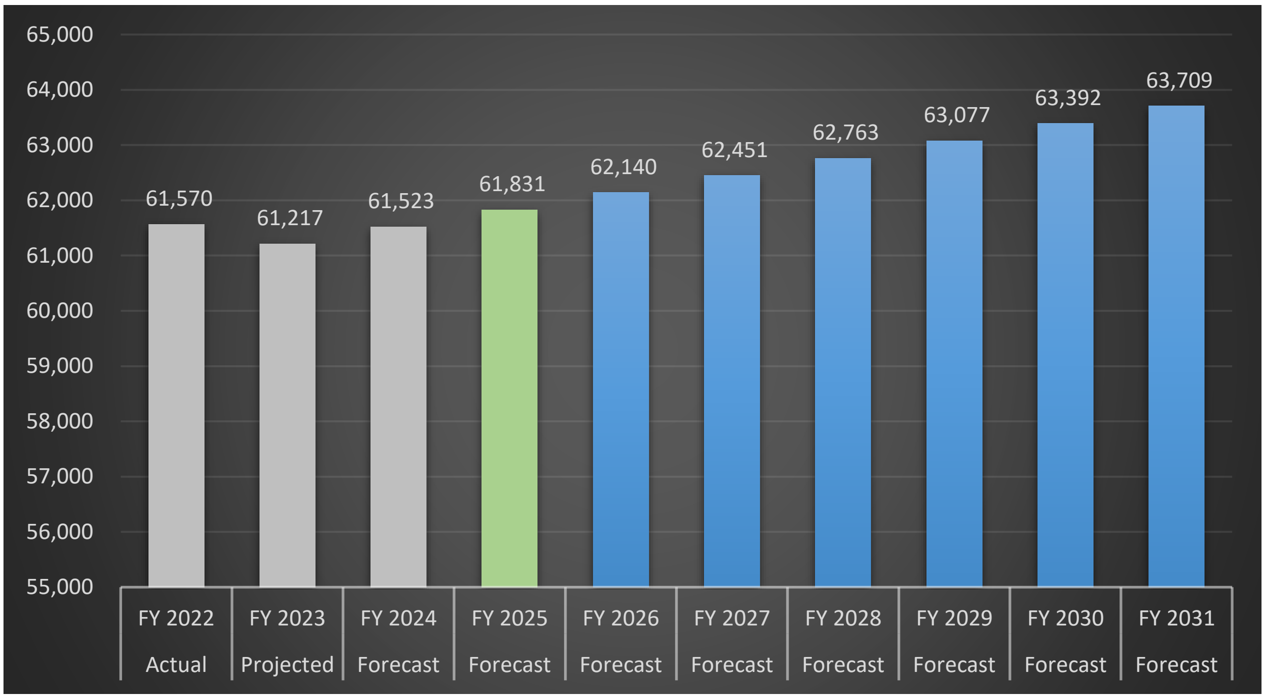


Legal Authority:
City of St. Augustine Ordinance number 2008-15.

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.

NATURAL GAS FRANCHISE FEES

Description:
This revenue source consists of payments made by Peoples Gas System, Inc. 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 6% on the sale of gas to customers within City limits.

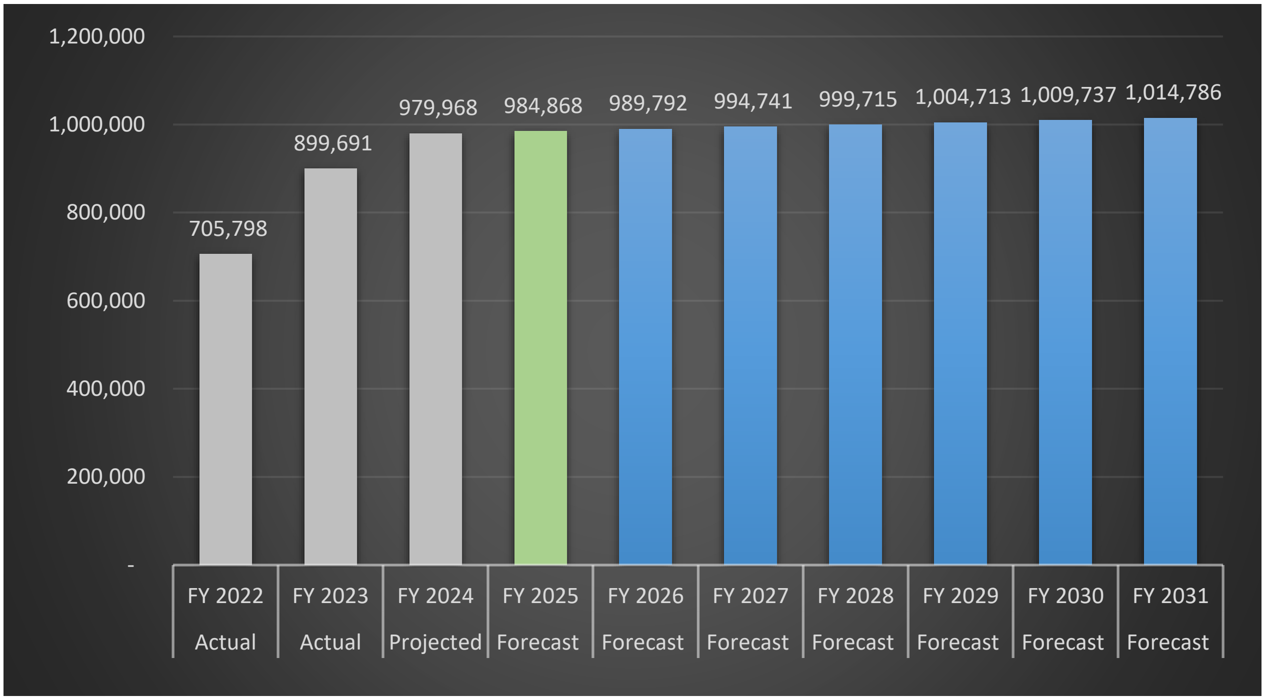


Legal Authority:
City of St. Augustine ordinance number 2024-18.
Home Rule Authority, Florida Constitution Article VIII, 5.2, Florida Statute 166.021

Fiscal Capacity:
The two factors that influence the amount of revenue collected are the sale of gas to customers within the City limits and the rate negotiated in the agreement. The agreement between the City of St. Augustine and TECO Gas is a 15-year agreement that was just renewed in 2024. The current agreement is six (6) percent of Peoples Gas System Inc. gas revenues within the City limits.

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.



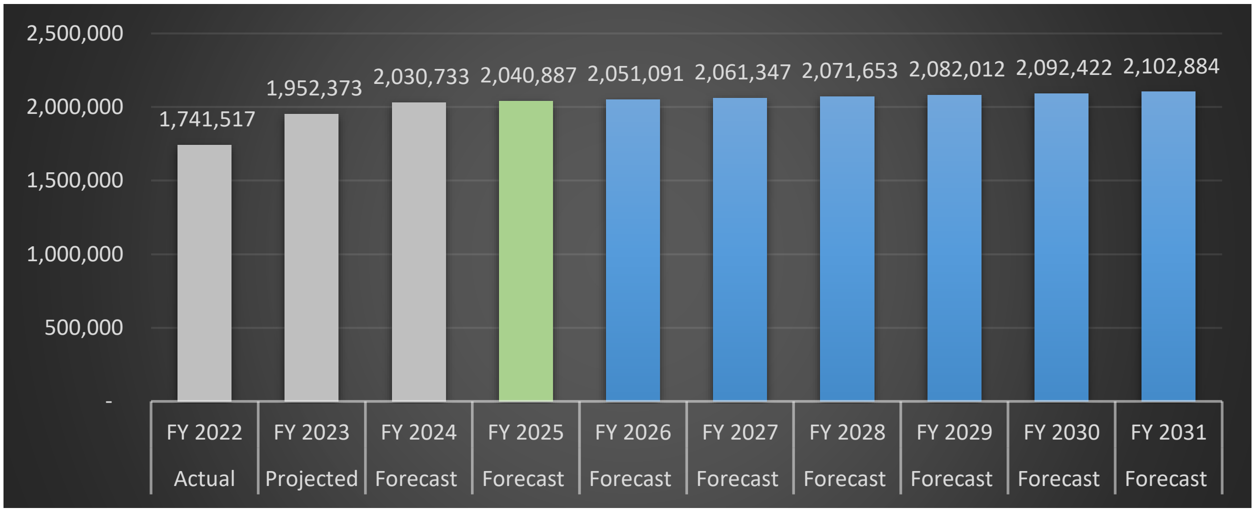
Legal Authority:
City of St. Augustine Ordinance 2001-22
City of St. Augustine Resolution No. 2017-48

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.

An amendment to the Vehicle for Hire and Franchise sections of the Code is currently being reviewed by City staff.

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.



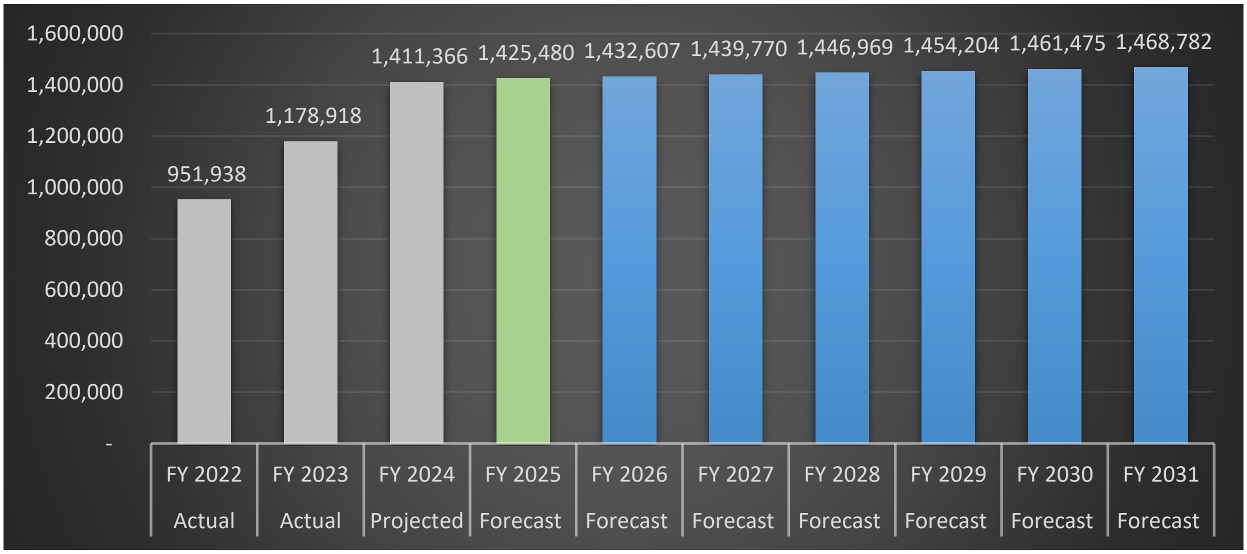
Legal Authority:
Florida Statute 166.231(1)
City of St. Augustine ordinance number 2015-28.

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 thier 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.



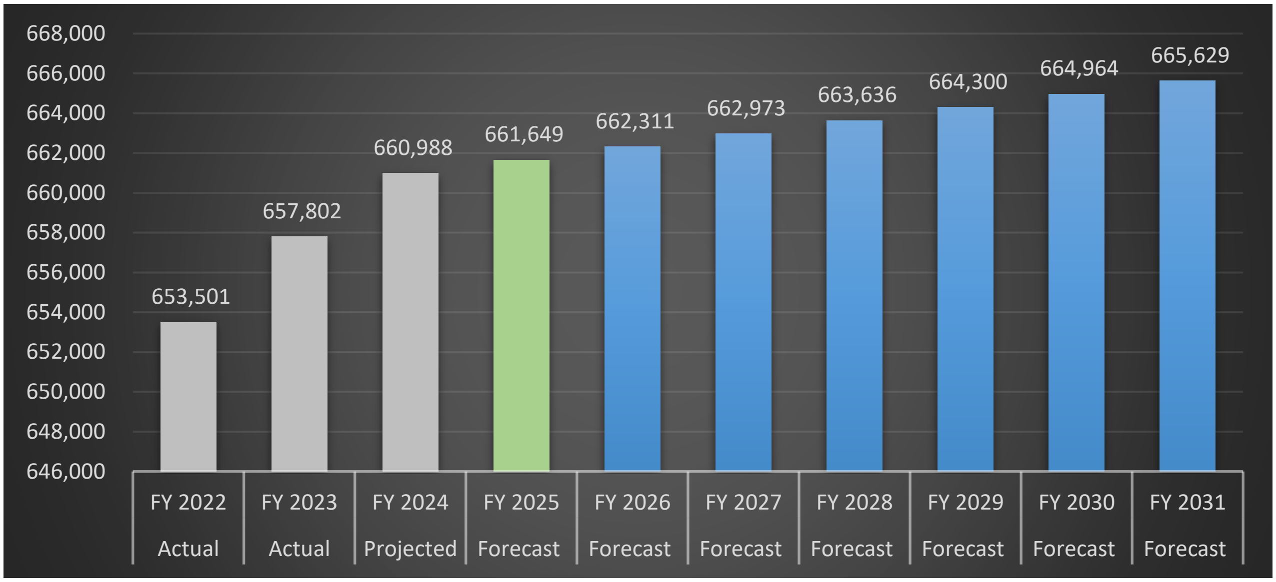
Legal Authority:
Florida Statutes, Sections 202.19 and 202.20
City of St. Augustine Code Sec. 17-38 and 17-39.

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, as of 1/1/2016 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 growth and now consistency as younger people rely on having their own phones.

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.



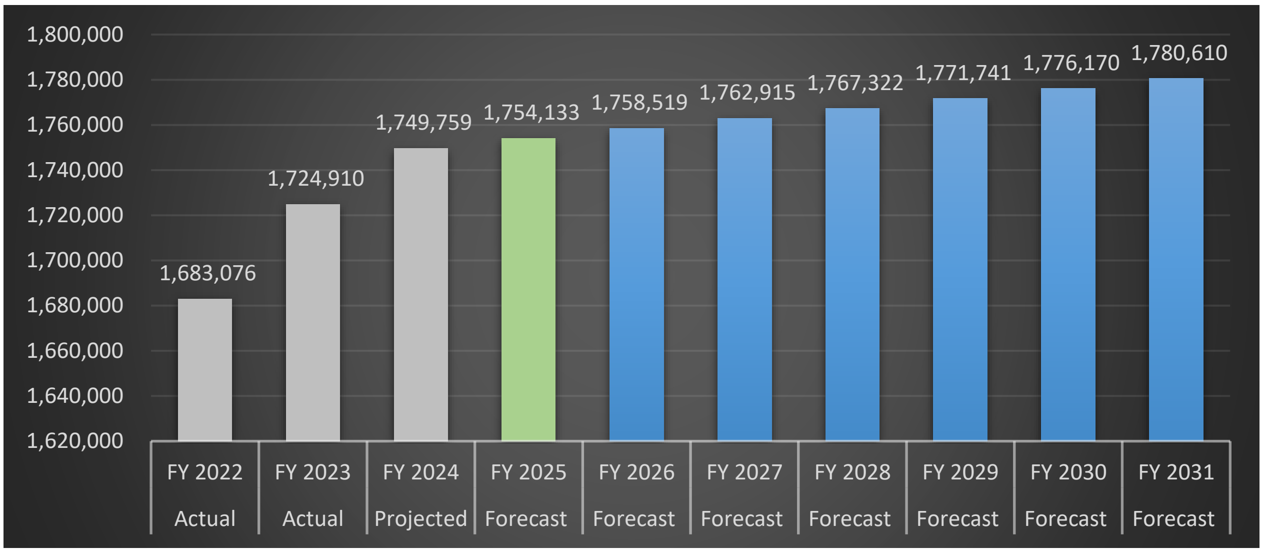
Legal Authority:
Florida Statutes, Chapters 206, 212, and 218

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 the municipality's relative ability to raise revenue.

The current forecast is somewhat conservative. The State of Florida will advise the City with their revenue estimates in July. Management anticipates this revenue to approximate the 2024 projection with a slight increase due to the population of Madeira.

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.



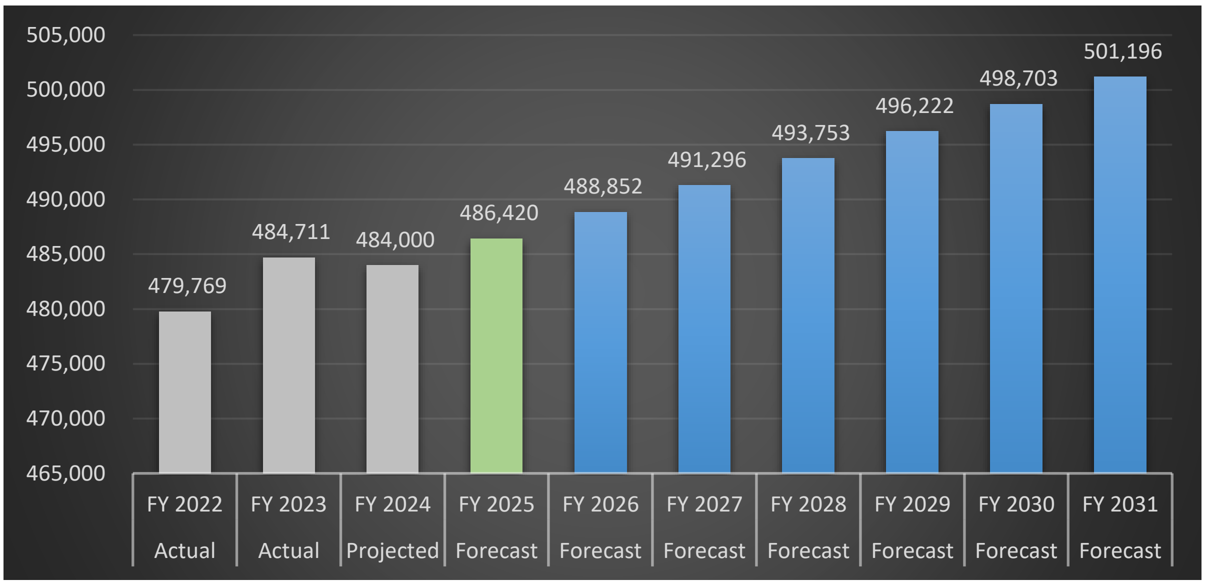
Legal Authority:
Florida Statute Sections 202.18(2), 212.20(6) and 218.60-67

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 2024, however the state will give the City a more precise estimate later this month based on their estimates.

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.

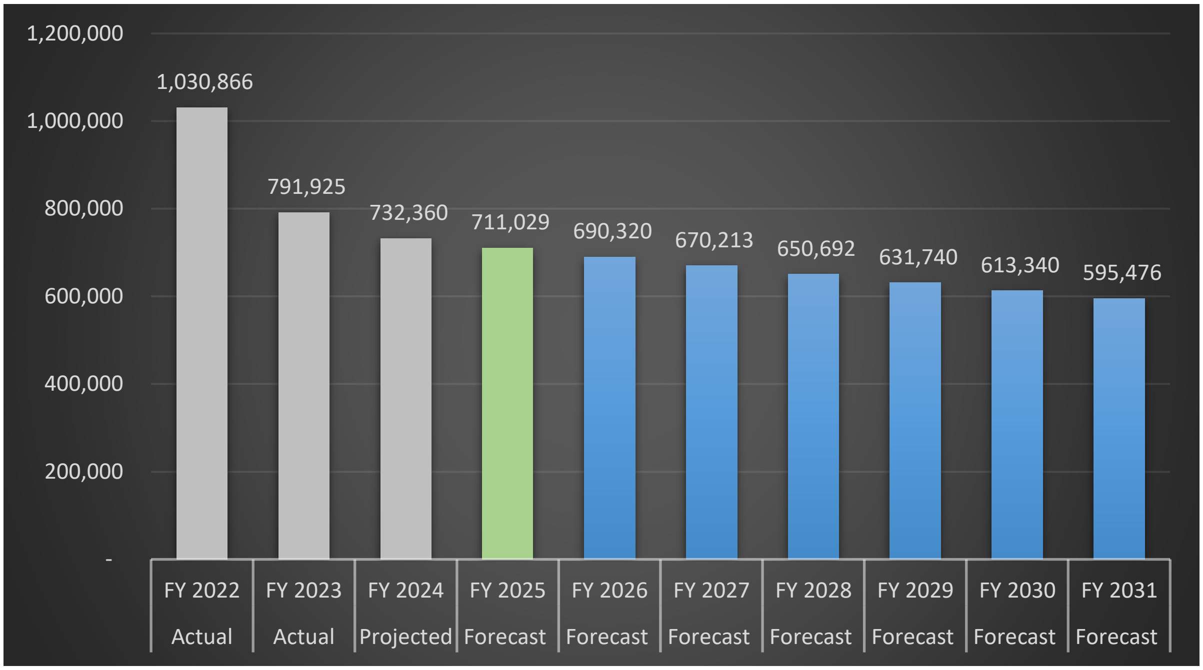


Legal Authority:
Florida Statute Sections 206.41(1)(e), 206.87(1), and 336.025

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 of this revenue 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 and electrical work.



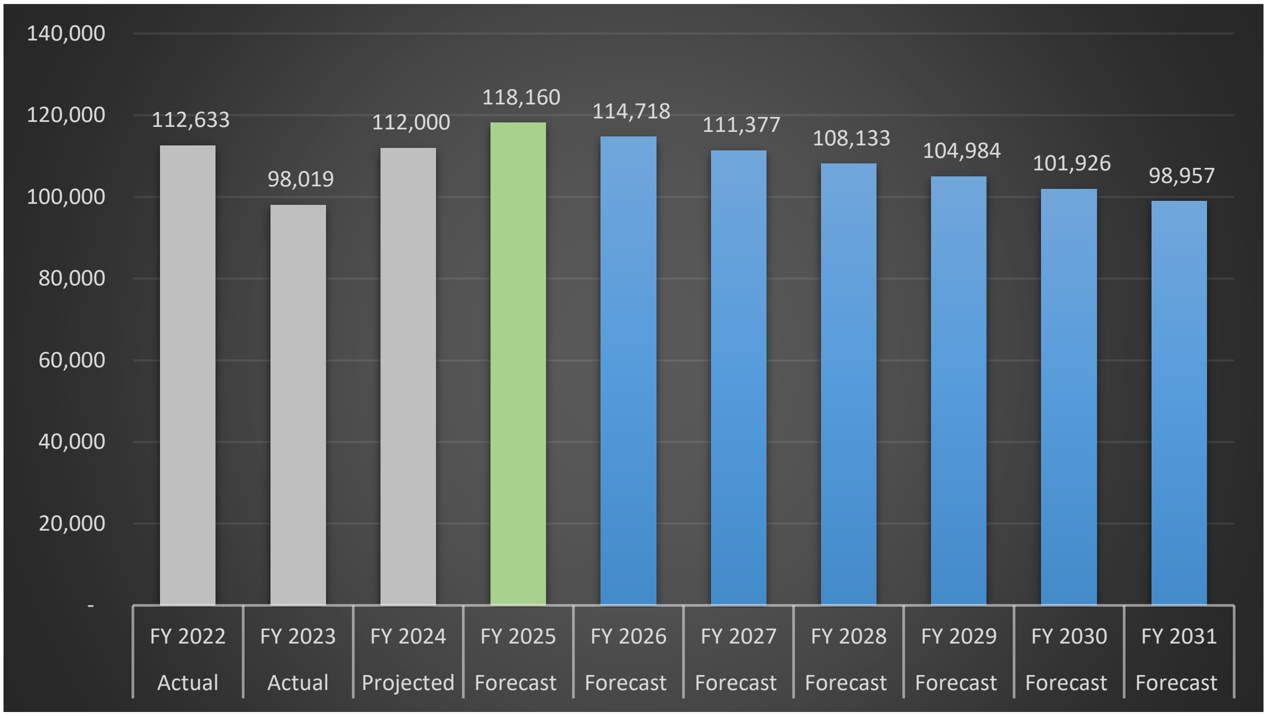
Legal Authority:
Florida Statute Section 166.201
City of St. Augustine Code, Chapter 8, Section 8-103
City of St. Augustine Resolution 2017-42

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 to help offset more of the Planning & Building department expenses.

The fees are required to be spent on enforcing the Florida Building Code, and the recent increase in interest rates is slowing new construction and renovations. Therefore, a conservative estimate is used with a slight reduction each year going forward.

PERMIT REVIEW FEES

Description:
Permit review fees are costs associated with an in-house review of a new or existing projects and right-of-way fees. The administrative review fees vary based on the size of the project.

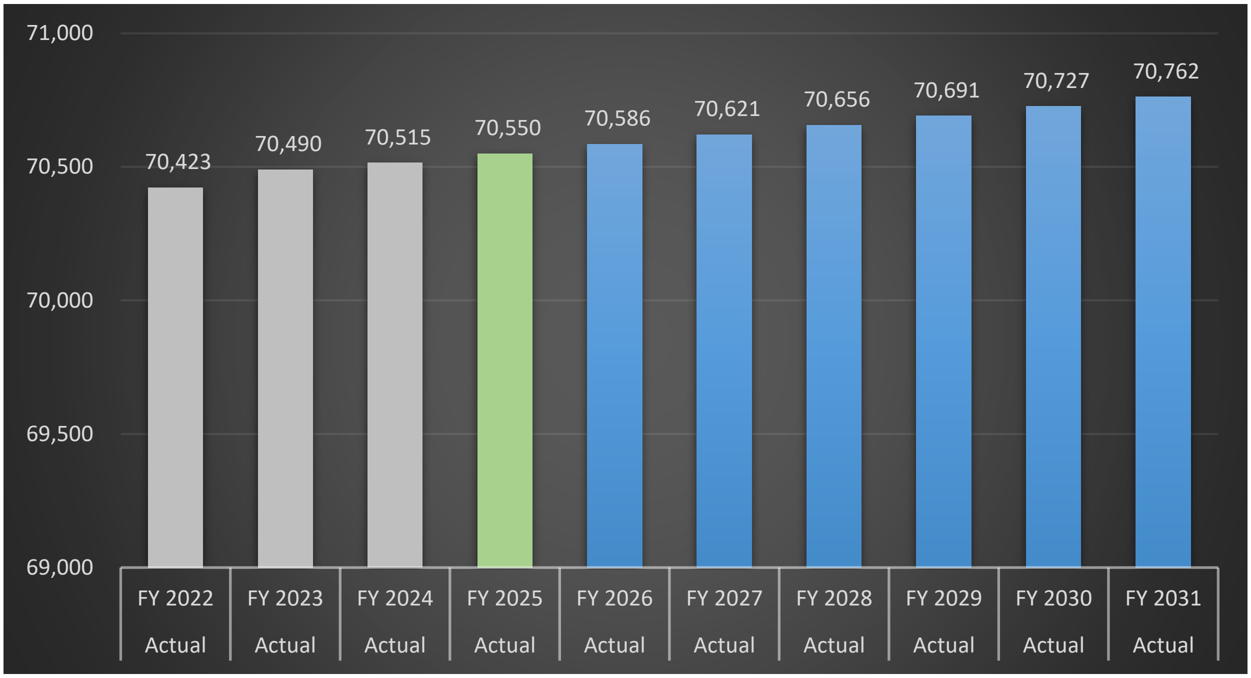


Legal Authority:
Florida Statute 166.201
City of St. Augustine Resolution 2015-29
Home Rule Authority, Florida Constitution Article VIII, 5.2, Florida Statute 166.021

Fiscal Capacity:
The fee assessed for administrative review applicants are a part of the revised fee schedule approved by St. Augustine City Commission in 2015. Commission approval would be required to increase the fee schedule.

SPECIAL EVENT FEES

Description:
Special event fee revenues are collected from fees for the rental of City spaces that include Francis Field, the Lightner Courtyard, the Gazebo in the plaza and other public spaces requiring a permit.



Legal Authority:
City of St. Augustine resolution number 2017-09, section 6
Home Rule Authority, Florida Constitution Article VIII, 5.2, Florida Statute 166.021
Terms of Use for Public Property Manual, Amended 9-2022.

Fiscal Capacity:
Increases in the current fee schedule could increase the revenue generated by Special Event Permits. Current fees, along with cost recovery for all City services provided, offset the expense incurred by City staff. Commission approval is required to adjust the fee schedule.

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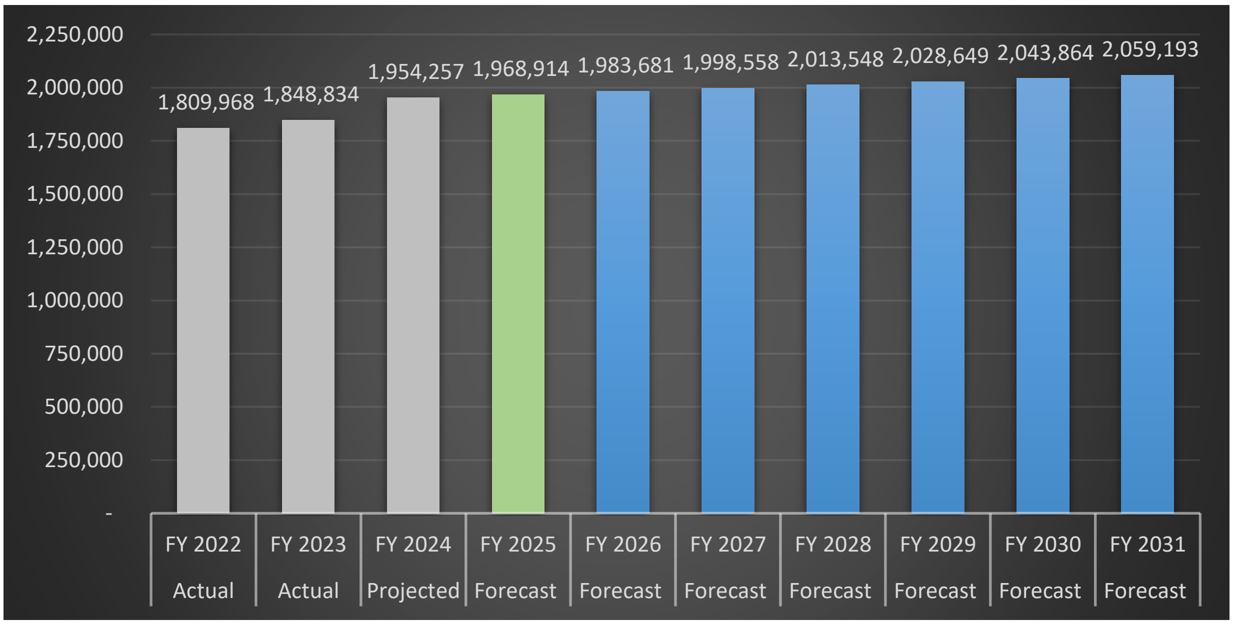
FIRE ASSESSMENT FEE

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 2024, 50% 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

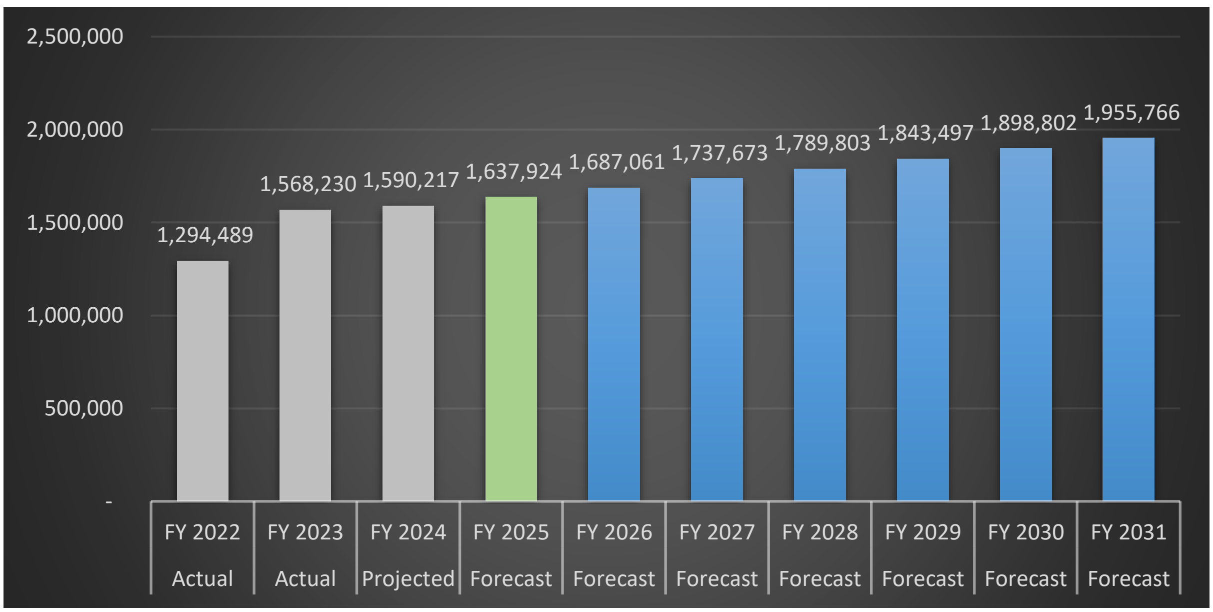
Fee Schedule: In 2024, the Fire Assessment rate of $0.0776 for Residential and $0.1391 for Non-Residential was assessed. Prior year increases occurred in FY2018, 2019, 2020 and 2024. No increase is being proposed for FY 2025.

Fiscal Capacity:
Commission approval is required to increase the fee schedule. Staff recommends maintaining the 50% cost recovery of the Fire Department budget due to the number of properties exempt from ad-valorem tax.

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
- St. Johns County Cultural Council
- City Hall Rents including the Departments of Corrections and Juvenile Justice
- Flagler/Police Agreement and St. Johns County School Board use of Police Officers
- Submerged Land Leases
- License Agreements



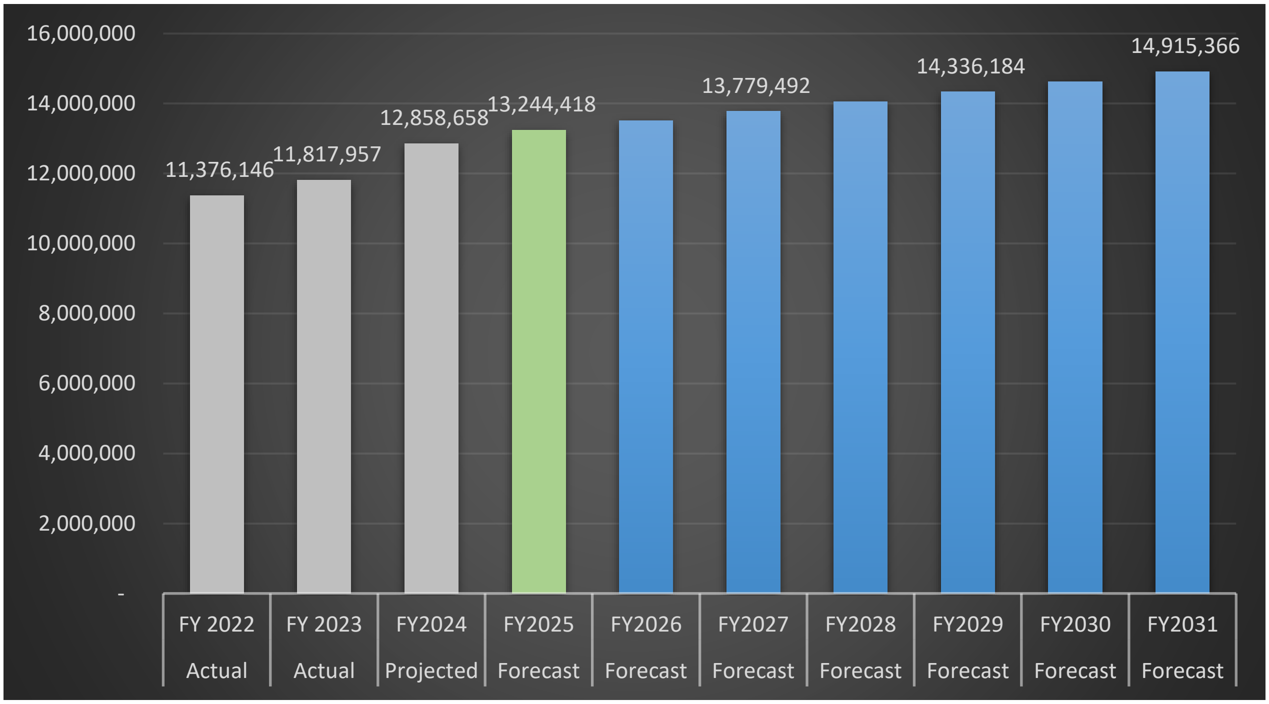
Legal Authority:
Home Rule Authority, Florida Constitution Article VIII, 5.2, Florida Statute 166.021

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 2025, the consumer price index increase on rents is 3% based on the May 2023 – May 2024 department of labor statistics for small southern cities.

Fiscal year 2023 saw a large increase due to a 9.1% cost of living increase and additional costs of police officers at Flagler College and the St. Johns County School Board.

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.



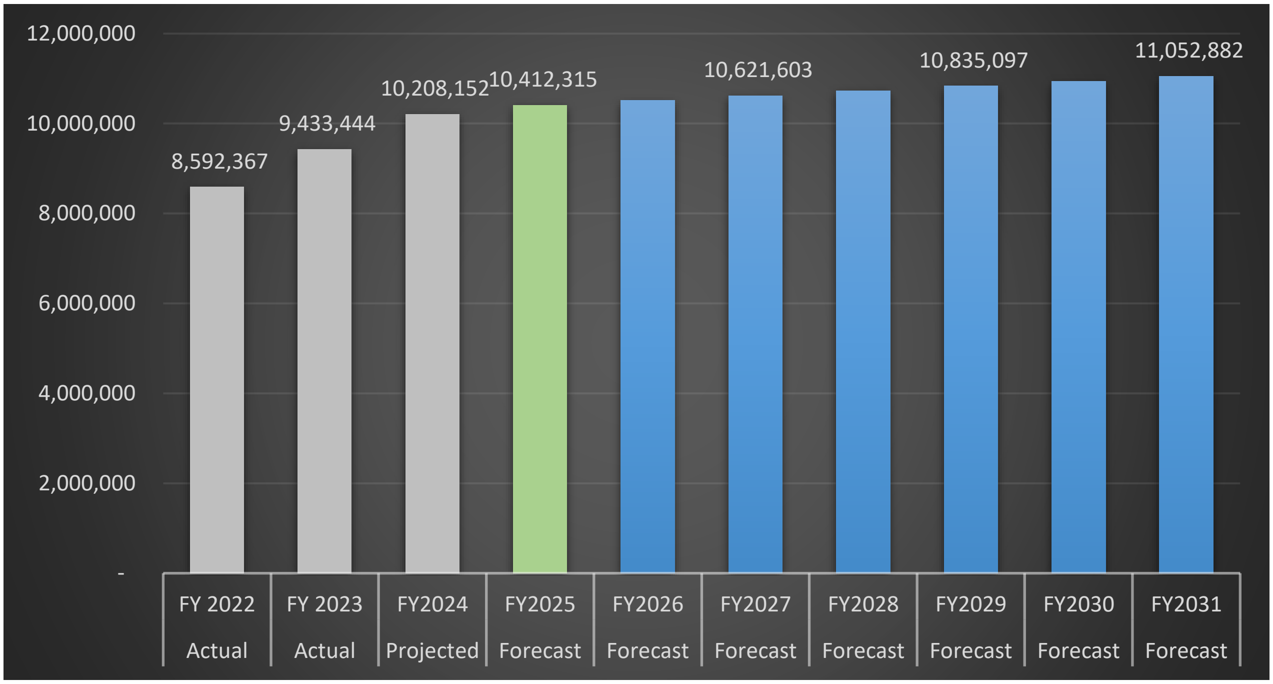
Legal Authority:
City of St. Augustine Code Chapter 26, Section 26-55
City of St. Augustine Resolution 2015-28

Fiscal Capacity:
Utility rates were adopted by Resolution 2015-28 for Fiscal Years 2016 through 2020. Since that time, increases have been at or below the Consumer Price Index (CPI) each year.

A Consumer Price Index (CPI) adjustment is recommended for all rates and hard costs including taps and meters. The applicable CPI is 3% for fiscal year 2025.

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.

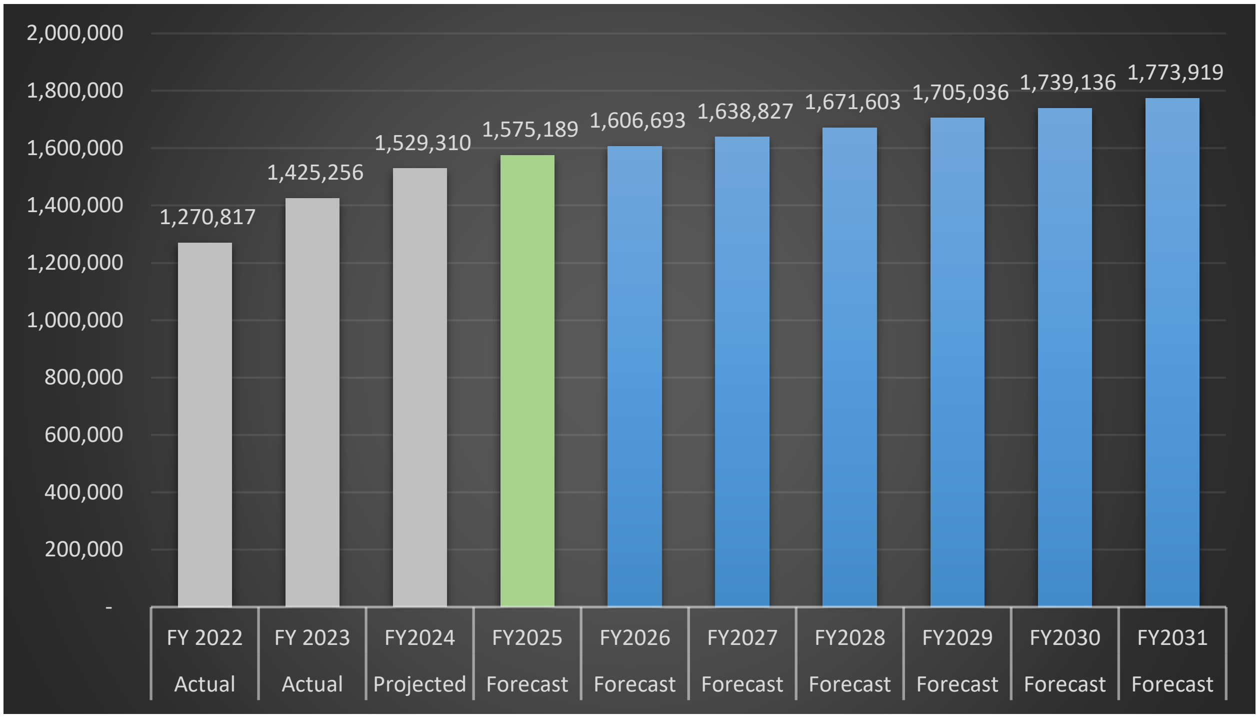


Legal Authority:
City of St. Augustine Code Chapter 26, Section 26-55
City of St. Augustine Resolution 2015-28

Fiscal Capacity:
Utility rates were adopted by Resolution 2015-28 for Fiscal Years 2016 through 2020. Since that time, increases have been at or below the Consumer Price Index (CPI) each year. For FY 2025, we recommend continuing an increase based on the CPI of 3%. With this increase, we are prepared to continue to lower the surcharge applicable to outside City customers. The surcharge has been lowered from a high of 25% to 18% with the understanding that the fund can handle an additional 1% reduction in FY 25.

STORMWATER CHARGES

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

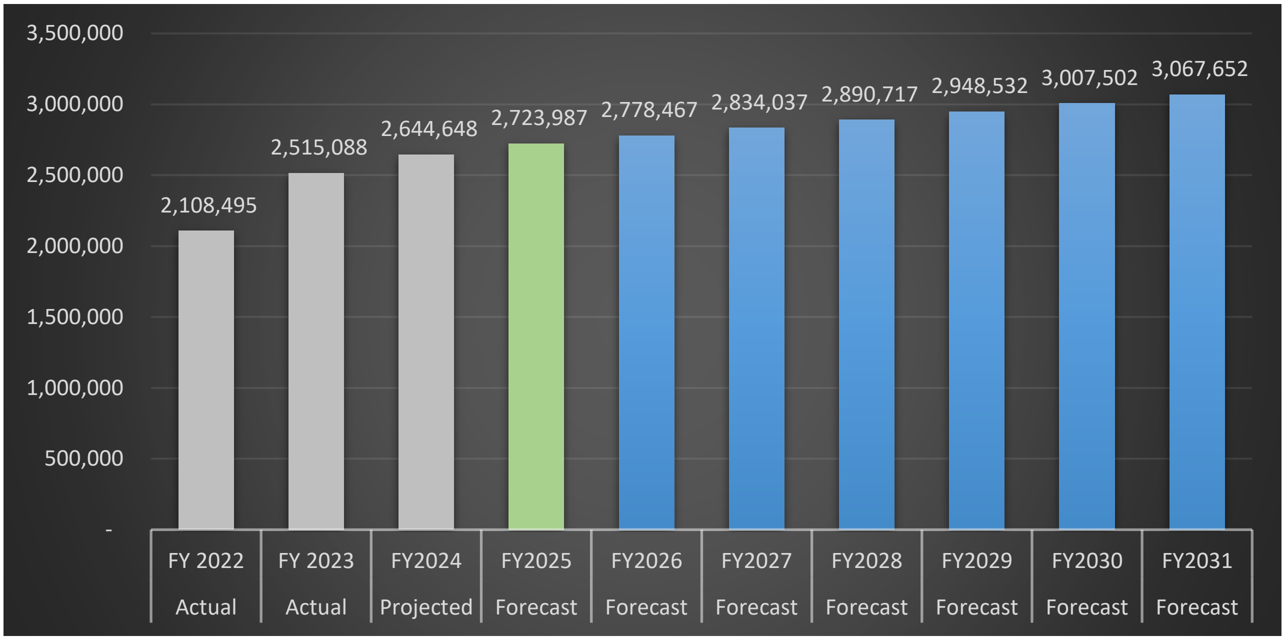


Legal Authority:
City of St. Augustine Code Section 29-5

Fiscal Capacity:
Management recommends a CPI increase of 3% 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 current rate is $10.25 per SFU. A 3% increase will move the rates to $10.56 per SFU and will result in approximately $45,000 in additional Stormwater revenues.

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.



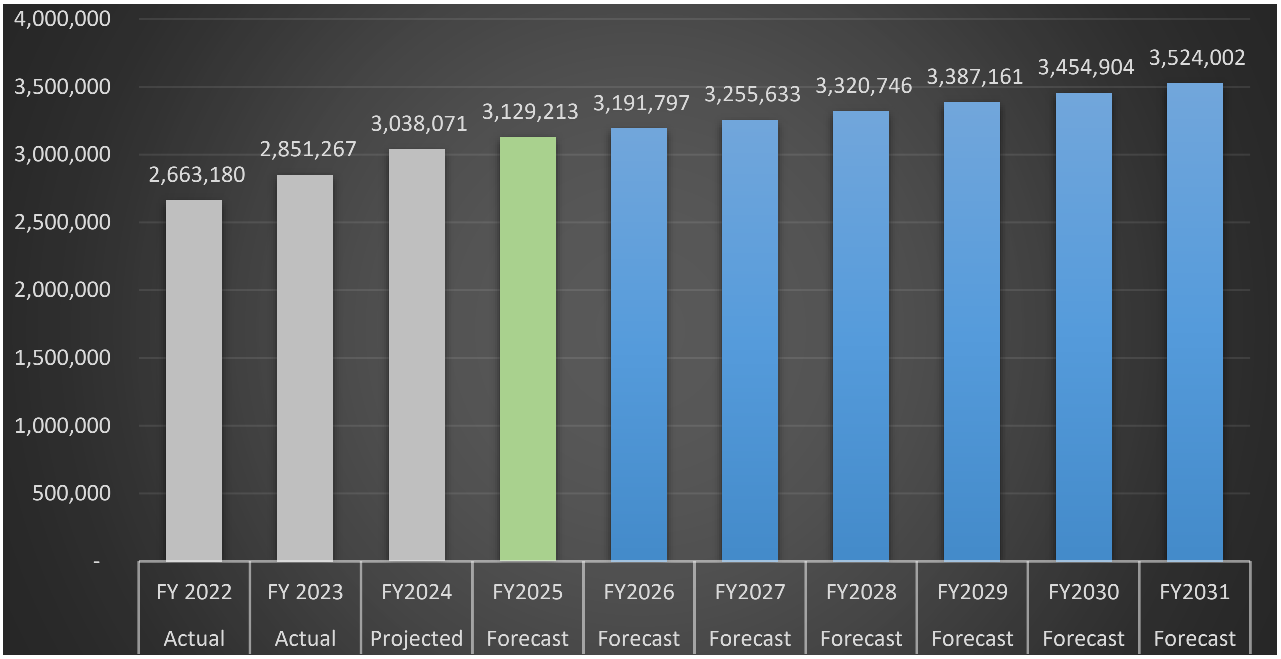
Legal Authority:
City of St. Augustine Code Chapter 30, Section 30-10
City of St. Augustine Resolution 2017-45.

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 has been increased $5 per month, or the CPI, each of the prior two fiscal years, which has stabilized the fund.

For fiscal year 2025 a CPI increase of 3% is recommended to keep up with tipping fee and labor cost increases.

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.

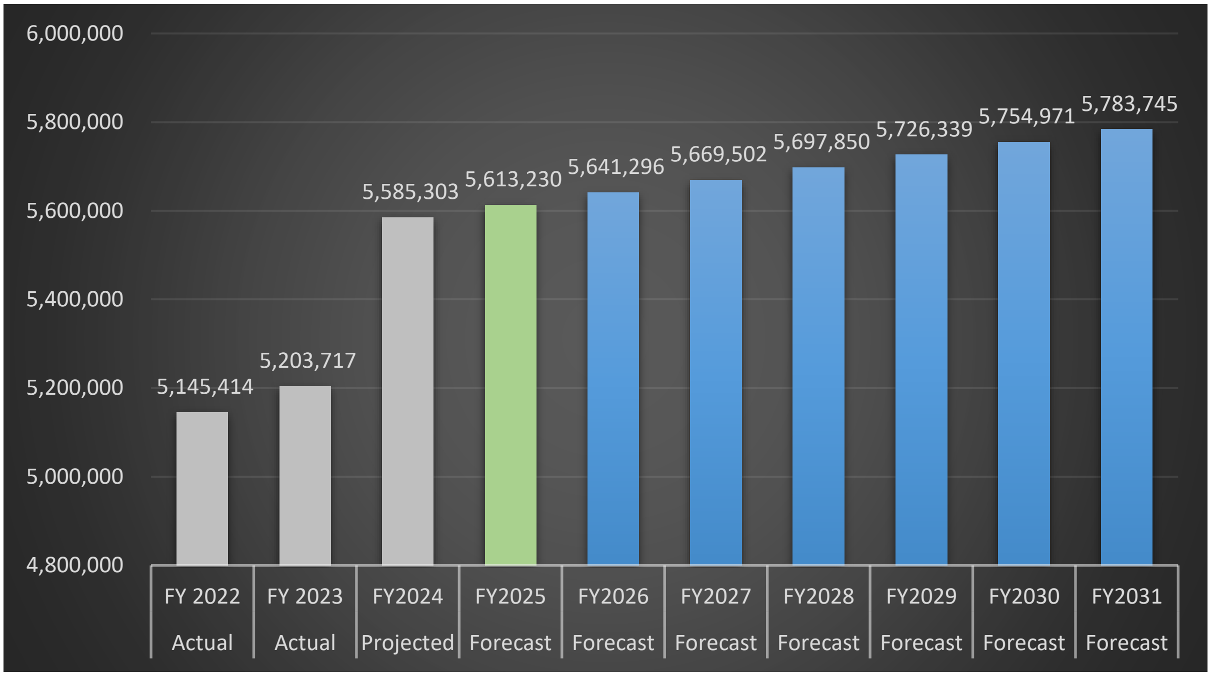


Legal Authority:
City of St. Augustine Code Chapter 30, Section 30-10

Fiscal Capacity:
St. Augustine can increase revenue for the Solid Waste fund by increasing the monthly service fee for commercial businesses. At this time, a 3% CPI increase is recommended to keep up with the cost of labor, tipping fees, and equipment necessary to provide this service.

VIC GARAGE PARKING FEES

Description:
This revenue source consists of user fees from transient parking fees and permit fees in the Historic Downtown Parking Facility.



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

Fiscal Capacity:
In FY 2024 garage fees were adjusted by increasing the pay on entry to $20 until 5pm and dropping the entry fee to $5 from 5pm-9pm except when the City is providing shuttle services.

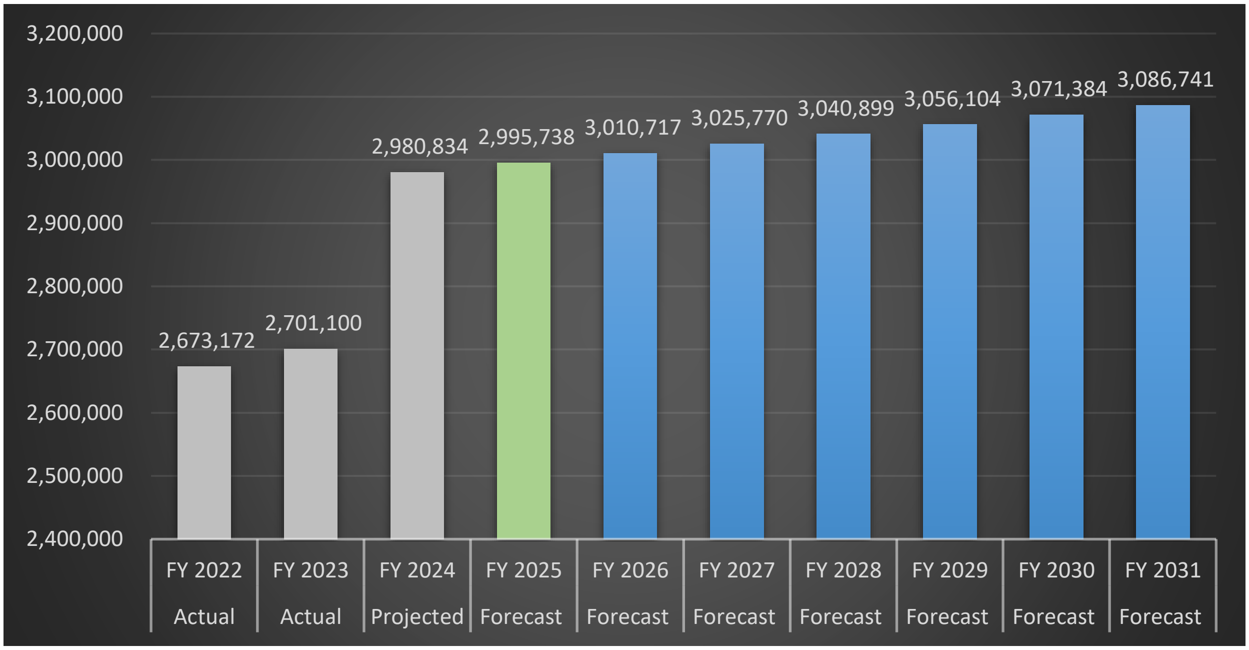
When the City is providing shuttle services the garage fee should not be reduced since the City is providing free parking on the periphery and the garage's utilization is very high during these times. The policy intent is to foster a "park once" environment and make the garage the most accessible and economical parking choice in the evening time in conjunction with increasing the paid on-street parking hours from 5pm to 9pm.

The policy change is anticipated to result in more usage of the garage in the evening where there is plenty of parking capacity and provide more short-term parking availability on-street while reducing spillover parking into the adjacent neighborhoods. This will also incentivize the use of the City's STAR Circulator which is running from the clock tower at the Visitor's Center. This policy has been in place since November 2023 and staff is evaluating its effectiveness.

Garage revenues continue to assist with historic preservation and mobility.

METERED PARKING FEES

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



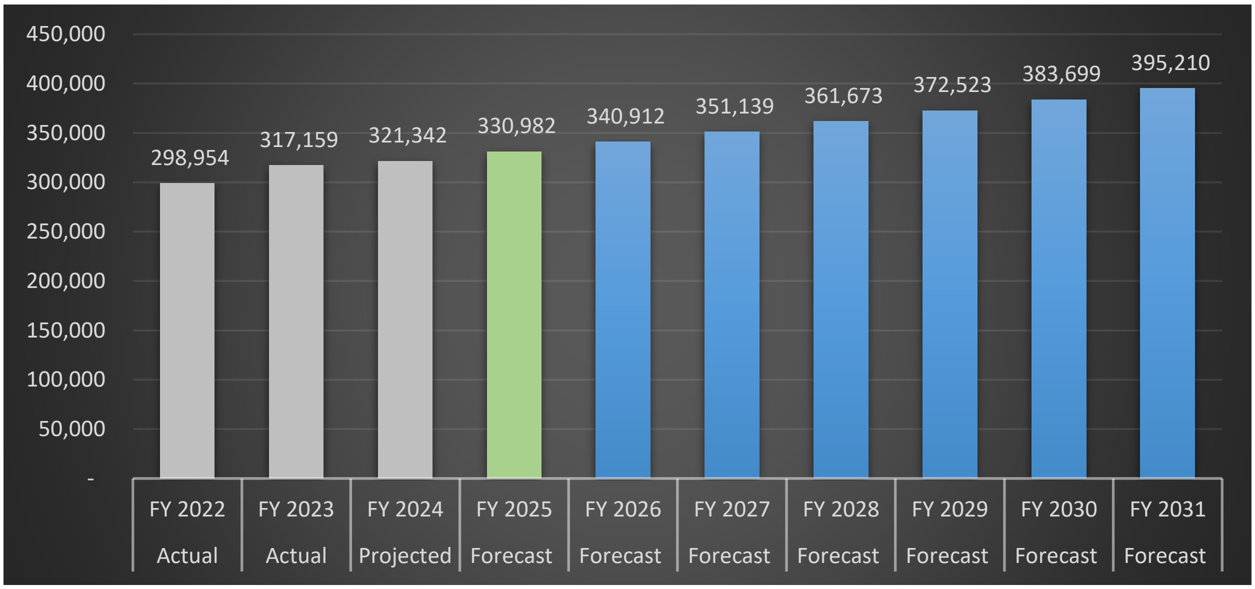
Legal Authority:
City of St. Augustine Code Chapter 24, Article II, Division II

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. In FY 2024 the hours of paid on-street parking were increased from 5PM to 9PM and Sunday from 1PM to 9PM. Commission approval is required to increase the fee schedule. By continuing the existing fee schedule, revenue increases are expected to be moderate and should be reviewed along with the revenue projections for the Visitor Information Center Parking Garage revenue.

SHORT-TERM RENTAL PERMITS

Description:
This revenue source consists of a permit fee for operating a vacation rental property within City limits. The costs associated with this regulation involve a Fire Inspector, Code Enforcement, a Special Magistrate and staff time.



Legal Authority:
City of St. Augustine Code Chapter 28, Article III, Division II, Section 28-145

Fiscal Capacity:
Management recommends adjusting this revenue source each year by adjusting the fees to offset the costs of this program. Commission approval is required to increase the fee schedule. For FY2024, the costs associated with managing the program are estimated to be $334,000 and actual collections when adjusted for timing differences are estimated to be $321,000.

We analyzed the number of short-term rentals and the cost of the program for FY 2025. The result of the analysis is a recommended average increase of 3%. This will ensure that the fees for Short Term Rentals are covering the cost of the program in fiscal year 2025.

FY25 Base Rate Recommendation: $304.48

FY25 Per Bedroom Rate Recommendation: $76.73

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