



City of Palm Coast

Palm Coast
Community Center
305 Palm Coast Pkwy., NE
Palm Coast, FL 32137
palmcoastgov.com

Meeting Minutes

City Council

Mayor Jon Netts
Vice Mayor Bill McGuire
Council Member Jason DeLorenzo
Council Member David Ferguson
Council Member William Lewis

Tuesday, January 15, 2013

6:00 PM

Palm Coast Community Center

SPECIAL COUNCIL MEETING

City Staff

Jim Landon, City Manager

William Reischmann, City Attorney

Virginia A. Smith, City Clerk

>Public comment on issues on the agenda or public participation shall be limited to 3 minutes.

>If any person decides to appeal a decision made by the City Council with respect to any matter considered at such meeting or hearing, he/she will need a record of the proceedings, including all testimony and evidence upon which the appeal is to be based. To that end, such person will want to ensure that a verbatim record of the proceedings is made.

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

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>City Council Meetings are televised on Brighthouse Networks Channel 199.

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A. Call to Order

Mayor Netts called the meeting to order at 6:00 p.m.

B. Pledge of Allegiance to the Flag

C. Roll Call

City Clerk Virginia Smith called the roll. All members were present.

ORDINANCES, RESOLUTIONS, AND PUBLIC HEARINGS

Order of Business for Public Hearings (Council may make inquiries at any stage):

Open Hearing

Staff Presentation

Applicant Presentation (if applicable)

Council Questions of Applicant (if applicable)

Public Comments/ Presentations

Rebuttal by Applicant (if applicable)

Close Hearing

Council Discussion

Council Action

Presentations**1 [12-884](#) PRESENTATION ON THE UTILITY REVENUE SUFFICIENCY, RATE AND CHARGE STUDY.**

Mr. Landon introduced Richard Adams, Director of Public Works. Mr. Adams and Mr. Ori from PRMG provided two PowerPoint presentations, which are attached to these minutes.

VM McGuire-Is there anything on this list that is not being prompted by regulatory requirements or by a system that is in danger of failing? Ans: Mr. Adams-No.

VM McGuire-So either the state or federal law is requiring we do this and if we do not do this, we could suffer a catastrophic failure? Ans: Mr. Adams-Yes, that is safe to say.

CM DeLorenzo-If we reduce our debt service, what would that do to our bond rating, etc.? Ans: Mr. Ori-provided an example of how it would be affected.

CM Ferguson-Having a Fitch "A" rating is desirable, if we lose that what would the premium be if we went to a "B?" Ans: Mr. Galvin-provided a couple of examples (scenarios) of what would happen if the City lost its "A" rating.

CM DeLorenzo-Base rate-can you explain why we have a base rate and then the actual charge? Ans: Mr. Ori-There are fixed costs that the City incurs, which are covered by the base rate; there are variable costs which are covered through the usage charges.

VM McGuire-Adjusting the rates for what the residents pay, what conditions (hypothetically) would allow us to drive the bills back down? Ans: Mr. Ori-Hypothetical-interest rates on investments could increase and an increase in growth.

Mayor Netts-The two metrics identified-will interest rates go up? Will growth resume? Ans. to VM McGuire's hypothetical question-Mayor Netts-There would be an Increase in interest rates and an increase in growth.

CM DeLorenzo-Why not choose the actual cost from the previous 12 months? Ans: Mr. Ori-You could do that, my only concern with actual cost is two things: if you have a large meter installed that usually is actual cost; your meter installation for like a 5/8 inch meter, which is 99% of your residents-that usually has a fee attached to it; we

could do actual cost but this was a perspective look and it is easy to apply. If you have say for example a house that has a long run or an extraordinary cost, I have to figure out if I throw that out does it change the weighting-it would be easier to index it, every four or five years revalidate it.

CM DeLorenzo-How volatile is the construction costs? Ans: Mr. Ori-It has been averaging 3% per year for the past 20 years.

Mayor Netts provided a brief history of the utility system.

CM Lewis-Hypothetically- If there was surge in growth and we need to increase our capacity to meet that growth, would it be in our best interest to recall and reissue (refunding) on the bonds? Ans: Mr. Galvin-Realistically we had to wait ten years to do this one to see the savings we have now, it will be another ten years until we can reissue these bonds depending on the rates. The next opportunity to refund will be the 2007 bonds in the 2015-2017.

Public Comments:

Earl Scott-Anything built in the 70's is getting old and it needs to be replaced; we need a good 30 year plan not just a 5 year plan. Utility fund vs general fund.

Edwin Perez-understands the need to rebuild what we have; thought the increase was only going to be on the service charge? (Mayor Netts-correct.)
How much more can we pay? What will the exact usage be?

Vince Ligouri-purchase price vs today's worth? Dedicated funds. Growth?
Catastrophes? Suggested selling the utility.

Walter Nuerouter-echoes Mr. Ligouri. Back yard floods and would like to see more accountability of the workers.

Charleen Carbino-sewer rates and trash should be included in taxes. Relocation of Pine Lakes Parkway for widening and the pipes-waste of money. What do empty lots pay?

Viviana Gammaro-Would like to see a profit/loss statement. Why is there such a waste of funds?

Dennis McDonald-increase in rates; City Hall issue; utility tax.

Jack Carral-Consent Agenda items relating to utility infrastructure-why increase our rates now? Income and expenditures.

Responses to Public Comments:

Scott-life of the system and planning. Ans: Mayor Netts-This is a 5 year plan. Utility fund vs. general fund-Ans: Mr. Landon-They are separate funds, costs, and revenue systems. The revenue collected as a result of service charges on the monthly bills goes toward the utility, it is kept separate from our general fund. There are some charges to the utility that the general fund provides that service to the utility, for example, our accounting-we do not have to go out for those services. It is a separate fund and is accounted for separately. This Council as well as previous Councils have always been dedicated to not crossing over that line and using tax dollars for the utility or utility service charges the general fund.

Perez-Increase in base and usage. Ans: Mayor Netts-Yes there is an increase in both. Showed the slide relating to the increase amount of approximately \$4.61.

Ligouri-purchase price for the utility system- Ans: Mayor Netts-Doesn't believe we paid \$96 million, we paid \$83 million, we borrowed more than \$83 million because of immediate costs, but why did we pay \$83 million when someone could have bought it for \$35 million? You are talking about a gap in time, years later. The \$35 million was what the County could have purchased it for before Florida Water purchased it. It sold to Florida Water in 1999.

Carbino-Northern cities vs Palm Coast for cost of electric and utility services (water and sewer) Ans: Mayor Netts-Availability of the raw material vs demand.

Base rate in taxes-Ans: Mayor Netts-This is brought up from time to time and this was discussed in the stormwater proposal/discussions. What about additional funding through the ad-valorem taxes? Why not in the taxes? Ans: Mr. Ori-there is only one or two cities in Florida (Palm Beach) the relationship with the tax and the usage-it does not correlate the services/usage.

Pine Lakes Parkway-repiping Ans: Mr. Adams-The line is from Palm Coast Parkway to Belle Terre Parkway and the line was put in around the 70's and the lines need to be replaced and moved. Mr. Landon-We are doing exactly what the resident suggested. We are in the northern area and we are resurfacing that area and taking advantage of the timing to coordinate.

Vacant lots Ans: Mr. Quinn-Currently the vacant residential lots that do not receive service, do not pay a utility fee-there is no service; they pay a stormwater fee.

Profit statement-Ans: Mr. Quinn-financial statements are prepared every year and brought before Council, the 2012 statements will be brought to Council at the end of February, past years are on the website and anyone can contact my office and we can provide those to them.

Mayor Netts-do we in anyway subsidize the general fund with profits from the utility?-Ans: Mr. Quinn-No we do not subsidize, any excess funds from the utility fund are reinvested back into the utility fund.

Increase in stormwater fee-there is a five year plan-what about the future? Ans: Mr. Quinn-When we budget we plan for 5 year periods and it is continually reevaluated.

Carral-Consent items-Ans: Mr. Adams-It does not go on consent unless it is budgeted. We are always updating the five year plan. Water supply has a 10 year plan. Mr. Landon-the utility is operated more like an enterprise fund; the idea is to issue the debt so we can improve the system for those who are paying the bill today. Consent items that are routine in nature and Council has been briefed on the item at the workshop. Many times if it is a big ticket item, Council will request it not be placed on the Consent Agenda. A resident can pull an item off of consent; Council can pull an item off of consent as well.

Mayor Netts-How many major control structures are there in the City? Ans: Mr.

Moden-19 Mayor Netts-How many do we plan on replacing in the next five years?

Ans: Mr. Moden-5.

Sell utility-Ans: Mr. Ori-First you need a willing buyer and a seller; If you sell it for a lot more than you purchased it for, the new owner will raise the rates. Regulatory boards do not allow a large rate on return. You also lose the power to control your water-your own destiny.

Mr. Landon-

Public Hearings schedule for this item-the public may make comments under the Public Comments portion at the February 5 meeting, which starts at 6:30 pm. It will be on the Agenda as a Proposed Resolution for adoption on February 19, 2013 9:00 am.

CM Ferguson-We have first class water and wastewater facilities; goal-attract more businesses to the City.

The Presentation was Received and Filed.

D. Public Participation

After the Mayor calls for Public Participation, each member of the audience interested in speaking on any topic not on the agenda shall come to the podium, state their name and will have up to three (3) minutes 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.

There were no public comments.

E. Discussion by CITY COUNCIL OF MATTERS NOT ON THE AGENDA

Nothing at this time.

G. Discussion by CITY MANAGER OF MATTERS NOT ON THE AGENDA

Nothing at this time.

H. Adjournment

The meeting was adjourned at 8:09 p.m.

*Respectfully submitted,
Virginia Smith, City Clerk*

ATTACHMENT TO MINUTES

[13-08](#)

ATTACHMENTS TO MINUTES

Attachments: [Water and Waste Water Feasibility Study](#)
[Rate Study Capital Plan A](#)