

**MINUTES OF MEETING
BOARD OF COUNTY COMMISSIONERS
ST. JOHNS COUNTY, FLORIDA
FEBRUARY 21, 2007 - 9:00 A.M.**

Proceedings of a special meeting of the Board of County Commissioners of St. Johns County, Florida, held in the auditorium at the County Administration Building, 4020 Lewis Speedway and US 1 North, St. Augustine, Florida.

Present were: Ben Rich, District 3, Chairman
Tom Manuel, District 4, Vice-Chair
Cyndi Stevenson, District 1 Commissioner
Ron Sanchez, District 2 Commissioner
James Bryant, District 5 Commissioner
Waldemar Kropacek, Interim County Administrator
Joe Vonasek, Assistant County Administrator
Patrick McCormack, County Attorney
Robin Platt, Deputy Clerk

Proof of publication of a special meeting of the Board of County Commissioners was received, having been published in *The St. Augustine Record* on February 9, 2007.

(02/21/07 - 1 - 9:05 a.m.)

Rich called the meeting to order, and stated that four commissioners were present: Tom Manuel was not yet present.

(02/21/07 - 1 - 9:05 a.m.)

Bryant gave the invocation and led the Pledge of Allegiance.

(02/21/07 - 1 - 9:06 a.m.)

PUBLIC COMMENT

William Rosenstock, 57 White Court, St. Augustine Beach, spoke on refurbishing the old St. Augustine Beach bathhouse; presented a photo of portable toilets on the beach; and read a letter that he sent to the Commission that, to date, had not been responded to. Discussion ensued.

(9:11 a.m.) Commissioner Tom Manuel entered the meeting.

(02/21/07 - 1 - 9:20 a.m.)

ADDITIONS/DELETIONS TO THE SPECIAL MEETING AGENDA

Kropacek requested to add as Item A1 an item on Emergency Operations Center Grant Funding.

(02/21/07 - 1 - 9:20 a.m.)

APPROVAL OF SPECIAL MEETING AGENDA

Motion by Stevenson, seconded by Manuel, carried 5/0, to approve the Special Meeting Agenda, as amended.

(02/21/07 - 1 - 9:21 a.m.)

A1. EMERGENCY OPERATIONS CENTER GRANT FUNDING

Ray Ashton, Director of Emergency Management, explained his request for the County Administrator to write a letter to the State, accepting a \$2.5 million grant awarded to the County for a new EOC building; discussion ensued.

(9:25 a.m.) Motion by Bryant, seconded by Stevenson, carried 5/0, to direct the County Administrator to execute a letter to DEM, accepting the grant and naming a representative for the purpose of administering the grant.

(02/21/07 - 2 - 9:25 a.m.)

1. FISCAL YEAR 2008 BUDGET WORKSHOP

Doug Timms, Director of the Office of Management and Budget, presented a packet of documents to the Board on items for discussion. He commented that he was looking for direction on certain items so that he could issue budget guidelines to all County departments by the end of the month. The first item for discussion was the employee general salary increases for 2008, including the projected CPI of 2% and approximately 2% for merit increases, totaling a 4.04% average salary increase per employee. If reclassification increases were factored in, there would be a total increase of 6.12%. Lengthy discussion and comment by the Board ensued. Timms asked for some direction on guidelines for salary increases. *The recommendation was to possibly cut the 2% CPI from the 6.12% overall increase, to effect an overall increase of 4%.*

(9:48 a.m.) Timms then addressed staffing increases, particularly in Fire Services and the Parks Department; with Rich addressing possible overstaffing in the Library System and Fire Services; and Manuel addressing overstaffing and expanded County services. Stevenson asked for further analysis, Bryant concurred. Sanchez commented on mandatory operational and safety requirements of Fire Services. Stevenson asked for a report from Fire Services on the requirements for response staffing and regulations. *The Board gave its support for the staffing figures submitted by Timms.*

(10:14 a.m.) Timms next summarized total County salaries, including a savings of \$3.1 million from the PFM recommendations; and a \$4.9 million savings in employee benefits, including retirement, healthcare and workers compensation increases, also from the PFM model. Further, Timms addressed the total County operating expenses, including items such as utility costs, insurance and gas expenses. *Timms asked for a consensus of the Board to ask all County departments to reduce their total operating budgets by 2%; concurrence was given.*

(10:22 a.m.) Timms moved on to discussion of funding for independent agencies; he asked for direction to keep the funding of this item "flat," meaning no increases or decreases. Rich asked that the funding for HHSAC be reduced to \$900,000, from \$1.5 million. Stevenson commented on the lack of certain social services in the northwest portion of the county. Sanchez recommended educating private organizations to raise private funds.

The meeting recessed at 10:39 a.m. and reconvened at 10:47 a.m., with Bryant no longer in attendance.

(10:48 a.m.) Timms continued his presentation, addressing the total County miscellaneous capital outlay, not including the CIP. He asked for direction to adhere to the PFM model. Discussion ensued on the CIP, and increasing sales tax revenue. *Rich stated that Timms had the support of the Board for adhering to the PFM model on the miscellaneous capital outlay.* Timms summarized the savings information presented and explained the effects of a millage reduction on revenue, as well as the Governor's

proposed property tax reform. He also spoke on the OPEB retiree fund. Timms gave an overview of the upcoming budget process.

The meeting recessed at 11:00 a.m., and resumed at 1:35 p.m. with all five commissioners, Kropacek, Locklear, McCormack and Deputy Clerk Terry Bulla present.

(02/21/07 - 3 - 1:35 p.m.)

2. APPLICANT INITIATED WORKSHOP ON DRI 2006-03, ELKTON DEVELOPMENT OF REGIONAL IMPACT

Jason Cleghorn, Planner III - DRI Coordinator, gave the presentation, and introduced Jon Wardle of Woodside Communities and the development team.

(1:37 p.m.) Jon Wardle, Woodside Communities, 5022 Gate Parkway, Ste. 202, Jacksonville, gave a PowerPoint presentation and introduced the Project Team: Woodside Communities of North Florida, Prosser Hallock, Inc., Rogers Towers, P.A., Environmental Resource Solutions, Inc., Fishkind and Associates, Inc., Southeastern Archaeological Research, Inc., Clary and Associates, Inc., Jowett & Wood, Inc. and the University of Florida. He gave an overview of the project, discussed employment, infrastructure and transportation, residential elements, open space and community involvement. He summarized that the project would allow for improvements to the transportation system, provide new employment opportunities, provide affordable housing options, allow for preservation and creation of open spaces and promote community involvement.

(2:02 p.m.) Stevenson commented on the benefits of a DRI but expressed concern that the project was premature, that there was already a lot on the plate of the County, and that there was already a lot of housing stock in existence.

(2:05 p.m.) Manuel concurred with Stevenson's analysis. He said they would have to be patient with the use of the land and continue dialogue with the County.

(2:07 p.m.) Sanchez said he would not vote for anything that resembled the CR 210 area, that it was hard to add anything else at this time and it would take a lot to impress him that St. Johns County needed the development.

(2:09 p.m.) Rich stated that the project's timing was wrong, and the County had huge problems on their plate at the current time, though it might have a place in the future.

(2:10 p.m.) Chad Grimm, 13901 Sutton Park Dr., Jacksonville, asked when the timing would be better in order to establish a place in the future. Stevenson responded that conditions would only continue to get worse based on the already approved growth, and that funding issues were critical for now into the future due to lack of funding by the State for priority roadway issues. Rich concurred that there was no way to determine what the future for planning might be due to the many issues they were currently facing. He said they would not be considering any future development for St. Johns County during their terms in office. Sanchez suggested they apply pressure to State and Federal officials.

(02/21/07 - 3 - 2:22 p.m.)

3. IMPACT FEE WORKSHOP

Teresa Bishop, Growth Management Services Director, gave the presentation, and reviewed the purpose of Impact Fees and gave a brief history of their development including implementation in 1987, increasing them in 2005 and its unification into the

Land Development Code. She explained that the fees were a contribution for new development to pay as it came on line, or new development paying for itself. She reviewed the current Impact Fee Schedule, the Florida Statutes, the Ordinance 2005-27 pertaining to impact fees and the Resolution amending the earlier Ordinance. Additionally, she provided the Public Educational Impact Fee Update prepared by Dr. Nicholas on January 7, 2005 and the technical memorandum on the Methods of Updating Roads, Fire & Rescue, Law Enforcement and Parks and Recreation Impact Fees prepared by Dr. Nicholas on November 22, 2004. She noted that impact fees had worked and had provided a revenue stream. She also informed the Board that a result of the 2005 study was that index fees should be indexed on an annual basis, and the 2005 Ordinance did provide for that. She noted that in April they would appear before the Board to indicate what the proposed increase would be, and noted that the increase would be effective in October of 2007. She said it was based upon the Construction Cost Index. She added that they were also there to look at other funding options.

(2:25 p.m.) Rich said they were looking at the Impact Fee issue mostly pertaining to the commercial side and how it worked in conjunction with the Economic Incentives issue, Item 4 on the agenda. He declared his belief in a level playing field and he was not in favor of either of the issues. He said impact fees might be a necessary evil, but he was totally opposed to economic incentives. He said the Board needed to determine what it was they were trying to accomplish with these programs and to determine what the State was trying to accomplish with their program and to dovetail their efforts with the State's efforts.

(2:27 p.m.) Bishop said they worked concurrently when the impact fee was part of the incentives package. She said all impact fees were not a part of an incentive package and it was a revenue stream for the County. She said the studies had proven that impact fee legislation was born out of case law, there was no Florida legislation that said there would be impact fees, and how the county adopted it was strictly up to each county.

(2:29 p.m.) Sanchez said it was a shared cost and the impact fee did not cover the total cost of new development. He said he was consistently and 100 percent opposed to the impact fee structure. He suggested proportionate fair share. Bishop said they had a proportionate fair share program in St. Johns County, but it had not been utilized yet by any of the developers.

(2:33 p.m.) Bishop said they could consider a real estate transfer tax and/or paying the impact fee for certain small businesses as part of an incentive program or provided for by an Ordinance which could be passed. She said they were already doing that for affordable housing.

(2:35 p.m.) Stevenson said the State held options but had chosen not to fund them, and that Concurrency and Financial Feasibility which was passed through Senate Bill 360, and which also mandated the Proportionate Share Ordinance, resulted in a shortfall for transportation, which had not been funded commensurate with their growth. She stated they were trying to fight the problem with a pen knife at a gunfight, and suggested they might be more selective for the things they would target for impact fees, and focus those fees towards specific needs.

(2:42 p.m.) Bishop explained that the Proportionate Fair Share Ordinance applied to deficient roadways and it was still not a broad based funding source and applied only as concurrency did to those that were on a deficient segment.

(2:43 p.m.) Sanchez said the State knew there was a problem, that it was not working and they were searching for ways to make up the deficit that their laws had created. He

said if they continued down the impact fee path they would get further and further behind, he would like to see the Fair Share Program expanded and would consider anything that was legal.

(2:45 p.m.) The meeting was recessed and resumed at 2:56 p.m.

(02/21/07 - 5 - 2:56 p.m.)

4. ECONOMIC DEVELOPMENT INCENTIVE PROGRAM WORKSHOP

Karen Johnson, Intergovernmental Relations Specialist, gave a PowerPoint presentation which explained that the purpose of the program was for balanced economic development, for increase to the tax base, to provide good job opportunities and to attract targeted industries. She explained the point system for scoring the applicants for existing industry, for speculative space and for new industry. She noted that the average wage rate was provided by the State of Florida for every county in Florida, and their point system was based on those figures. There was discussion on revising those figures by eliminating the high and low figures, and for other possible revisions to the requirements.

(3:06 p.m.) Manuel questioned whether they would be in the economic incentive business, said they were operating under an assumption that was not valid, quoted the law as it pertained to economic incentives and said they were under no obligation to grant incentives to anyone. He said there was a sense of entitlement in the community which he did not share. He noted that 233 commercial permits had been issued last year, and he wanted to know what other surrounding counties offered. He said he planned to ask the Economic Planning Council to study the issue of economic incentives throughout the entire region. He said he would also like to talk with Jerry Mallot who had a wealth of knowledge in that area and to determine economic incentive as it applied to impact fees.

(3:11 p.m.) Rich said the economic incentives program was a distasteful program at best, but if they had to have such a program it should dovetail with the program sponsored by the State. He said the State focused on jobs, and the County did not focus on anything in particular. He suggested the Board suspend the program until they could determine what it was they were trying to accomplish.

(3:14 p.m.) Stevenson asked how many of the 233 permits were for retail. She said retail followed rooftops. Manuel said he did not have an answer that day and retail should not be in the topic for discussion. Manuel said the creation of jobs was one component but commercial taxation was another component, and they needed to increase the commercial tax base. Stevenson said speculative space was helping small business in St. Johns County, and increased taxes would squeeze out the little guys. She noted there was a tipping point in government and the burden of property taxes was something the citizens of the County should be watching because the increase in taxes would be created by the State Legislature, and small businesses would be taxed out of their properties. General discussion ensued.

(3:25 p.m.) Sanchez said that speculative incentive fees were unfair to those already established and they were in competition with the new applicants. He said the incentive program was an unknown factor, and they did not know whether the business would build or not if they did not have the incentive package. He said the incentive program was not working properly, and he would like to see it done more simply if they did it at all.

(3:30 p.m.) Kropacek explained that two parts of the program mirrored what the State was trying to do as far as creating jobs; existing industry and new industry moving in. He said the part dealing with the speculative space was developed as a result of a perceived need and was developed by the Board. General discussion ensued.

(3:31 p.m.) Stevenson said if the Board did not want to support the issue they needed to make it clear to the public and state a specific date for termination.

(3:37 p.m.) Rich spoke in opposition to the incentive program.

(3:39 p.m.) Sanchez asked legal counsel if there was any way they could create an incentive based on their payroll after they were in operation, such as a credit on impact fees based on their first payroll. Michael Hunt, Assistant County Attorney, said it would have to be researched and he would do so.

(3:42 p.m.) Johnson explained that the targeted industry list was modeled after the State's targeted industry list, and the intent of the program was to create jobs with new and existing businesses and to increase the tax base.

(3:45 p.m.) Rich asked the Board to strike from the ordinance the portion regarding speculative space. He further asked that when the wage issues were being addressed that they throw out the top and bottom 10 percent of wages to provide a truer picture.

(3:47 p.m.) Stevenson suggested they ask the Economic Development Council to look at those companies that had already received incentive grants for speculative space to see if they could perceive how the program was working. She asked if the Board decided to terminate the program that they consider reducing it to 50 percent and then totally reducing the program in order to honor the perception of consistency. Sanchez said they should drop it totally, effective immediately or in a specified amount of time.

(3:49 p.m.) Bryant said they needed incentives in some form or fashion, and they might look at lowering the criteria for those who would provide expansion of the tax base and more incentives for those that would bring in jobs along with it, and then look at pay scale as a separate criterion.

(3:51 p.m.) Hunt asked them to understand that they had to follow the State statute and it would have to be reviewed by the legal department to ensure that it could legally be done. He said they were operating at the edge of what State law could allow. He said the State statute was a job creations component with an above average wage component as well.

(3:57 p.m.) Rich asked if there was any agreement on the two issues: the way that the average wage was computed, to toss the top ten and bottom ten percent of submitted wage earners. *There was board consensus to do so.* Issue two: whether or not they wanted to continue down the road of speculative space or to see it removed. Bryant suggested putting less weight on speculative space. Sanchez agreed with Rich's position. Stevenson said she would like to see if there was truly a problem with it, and it had not been proven to her that there was a problem. She said she would like to see the kinds of activities that had occurred in the spaces that had been provided by speculative space, and she would still like the benefit of the public comment before making a decision.

(4:04 p.m.) Ed Paucek, 970 Irma Way, gave examples of speculative space and how it had created 53 good paying jobs in a small center, only 6 of which were in place already and the rest of which were start up businesses. He said speculative space did not lie

dormant and it did create jobs. He asked if they wanted to get rid of the inequity, what solution they would offer, and what would replace the income that had been generated by impact fees.

(4:14 p.m.) Bryant said that unless they were providentially hindered from doing so, they had a way that they could force the legislators in Tallahassee to grant a real estate transfer tax to them by way of a straw ballot referendum. He said if the people chose to have that type of revenue stream, then the straw ballot could be sent to Tallahassee and would carry a great deal of weight. Paucek said it was a good idea and would be a more equitable distribution of the cost across all the people in the county.

(4:15 p.m.) Terry Bulla left the meeting and Deputy Clerk Pam Halterman entered the meeting.

Rich said a straw ballot could be done with local adjustments necessary for the county. He noted that a straw ballot supporting the real estate transfer tax would be a message from county residents to Tallahassee. McCormack affirmed that Rich was correct; however, he would need to review whether the county could implement a special county tax. Rich suggested that the State lacked an enabling legislation to allow the county to implement such a tax. Stevenson noted that retail food service would be excluded from the incentive program; however, a title company or veterinary clinic would be included. Bryant stated that the request could be made in several ways. He pointed out that Dade County had been allowed to use part of their gas tax for the homeless by a special act through Tallahassee; therefore, it could be accomplished on a county-by-county basis. Rich said utilizing a current available revenue source would be allowed by law. Sanchez suggested that the county's administrator could correspond through the county's State representative. Rich asked legal staff to review whether the ability to tax was available to the county and whether a straw ballot would be a good mandate to send to Tallahassee.

(4:24 p.m.) Jim Wheeler, Economic Development Council, 1 Riberia Street, said he was concerned after listening to commissioners' comments about elements already existing in the ordinance. He suggested that, at the end of the day, the program was about taxes and the tax base. He said the program gave preference to companies that created more tax base than another company. He noted that the incentive program has not been in existence long enough to prove a benefit to the county. He advised that only 23 projects had received incentives since the programs' inception. He said the county had only committed \$500,000.00 from its budget for the program thus far which was small compared to the county's entire annual budget. He voiced that the board could eliminate the program on principle but not whether it benefited the county. He suggested that a "build to suit" sub-category needed to be in the ordinance prior to eliminating the "spec space" element of the ordinance. He pointed out that the program had a weighted score for the number of jobs and for wages. He stated that the EDC and county staff had handled the program with intelligence and collaboration. He advised that they had reviewed other Florida counties and compared it with the county's program. Rich said the question was whether the county wanted to involve speculative space, and whether to offer incentives which were questionable according to the county attorneys. He noted that Hunt's statement was in regards to job creation and above-average wages which the State statute involved; however, speculative space did not involve job creation or above-average wages. Stevenson suggested that the issue was fact sensitive. She questioned the difference found between surrounding counties. Wheeler explained that one county had an element in their program which offered \$1,000.00 in incentives for every \$100,000.00 of tax base created but lacked job correlation. He suggested that the issue needed to be reviewed if the board thought they were out-of-bounds with the program. Rich said he had not heard any negative

comments regarding the upper or lower 10% element. Wheeler stated that Johnson's review was elaborate and tedious which was done prior to funds being rebated to any firm. He suggested that tweaking technical aspects of the program could hurt the ordinance. He asked the commission to keep in mind the goal of increasing business in the county. Rich said he wanted a buyer/user prior to building structures in the county. He stated that a bank would not financially back a project without first knowing the buyer/user.

(4:42 p.m.) Kevin Fisher, 102 Sylvan Glen, San Mateo, said he had constructed 20,000 square feet of speculative space which currently employed 55 people. He stated that he had invested much money in the county but had problems obtaining permits which had been stuck in DRC for ten months with concurrency and vesting already completed on a project. He noted that only one county employee reviewed utility matters which resulted in permit backlogs. He suggested that spec space was valuable to any incentive program. Stevenson offered to assist Fisher with his county permit issues.

(4:49 p.m.) Kari Keating, EDC representative, 1 Riberia Street, spoke regarding job creation and spec space incentives, and she noted that the goal was to increase the commercial and industrial tax base in the county. Rich asked legal staff to create language regarding the top and bottom 10% element and bring it back to the board. McCormack affirmed that they would create language for the board. In response to an inquiry from McCormack, Johnson noted that a new category of "build to suit" and spec space with a minimum square footage element could be included in the language. She clarified that a minimum of 30,000 square feet of industrial space or 10,000 square feet of office space was necessary for speculative projects. Hunt advised that spec space applications currently existed; therefore, amending the ordinance might impact those applications. Rich pointed out that the board did not guarantee, under the current or an amended ordinance, approval of any incentive application; therefore, it was a moot issue. Stevenson suggested that the current program was conservative. Sanchez suggested that, regarding applications, it was a question of courtesy and the board should establish a cutoff date for new applications. Bryant said the spec space element needed to be tweaked. Rich directed staff to draft language for the board.

(02/21/07 - 8 - 5:04 p.m.)
COMMISSIONERS' REPORTS

Commissioner Stevenson:

Stevenson said a study regarding user fees had been completed which involved boat ramps. Rich noted that sixty percent of users involved non-residents which could not be charged a fee. Rich said the issue was dead because yielded revenue would be minuscule.

Stevenson said she wanted the board to remember density and intensity on development projects and the board should consider those issues in depth. Rich suggested that time was an issue with reviewing projects on the boards' agenda.

Commissioner Sanchez:

No comment.

Commissioner Rich:

Rich said he was not in favor of all mixed use projects. Stevenson suggested that mixed use was appropriate when it worked but such projects also involved buffering, density and intensity.

Commissioner Bryant:

Bryant stated that the increased impact fees had handicapped many residents and asked that the board review down payments and extending payments. He noted that the Clerk of Courts had advised him of the situation that day. Rich asked that the Clerk individually talk with each commissioner prior to the next meeting.

Bryant noted that the COA needed to purchase land prior to receiving grant funds; therefore, action by the board might be required. Rich directed staff to place the item on the next agenda.

Bryant noted that meetings were very lengthy and asked the commissioners to speed things along.

(5:16 p.m.) Sanchez noted that setback requirements needed to be reviewed and he would like it placed on the agenda.

(02/21/07 - 9 - 5:17 p.m.)

COUNTY ADMINISTRATOR'S REPORT

Kropacek apologized for the length of the meeting that day. Bryant said the length of the meeting was a combination of discussions, agendas, etc. All commissioners agreed to work on the matter.

(5:18 p.m.) **Motion by Bryant, seconded by Sanchez, carried 4/0, with Manuel absent, to adjourn.**

With there being no further business to come before the Board, the meeting adjourned at 5:18 p.m.

Approved: _____ March 20 _____, 2007

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By: _____
Ben Rich, Chairman

ATTEST: CHERYL STRICKLAND, CLERK

By: _____
Deputy Clerk

