



**CITY OF ST. AUGUSTINE CITY COMMISSION  
SPECIAL MEETING AGENDA  
MONDAY, JUNE 21, 2021  
3:00 P.M.  
ALCAZAR ROOM**

---

- 1. Call to Order.**  
Roll Call.
- 2. General Public Comments.**
- 3. Discussion of 2022 Budget Assumptions with Focus on Revenues.**
- 4. Discussion of American Rescue Plan and Other Resiliency Funding Opportunities**
- 5. 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 City of St. Augustine encourages anyone wishing to present the invocation at city commission meetings to contact the City Clerk's office, to be placed on the rotation list, and encourages people of all religious affiliations or of no religious affiliation to present a non-denominational invocation to inspire us in the work of the City Commission.



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.

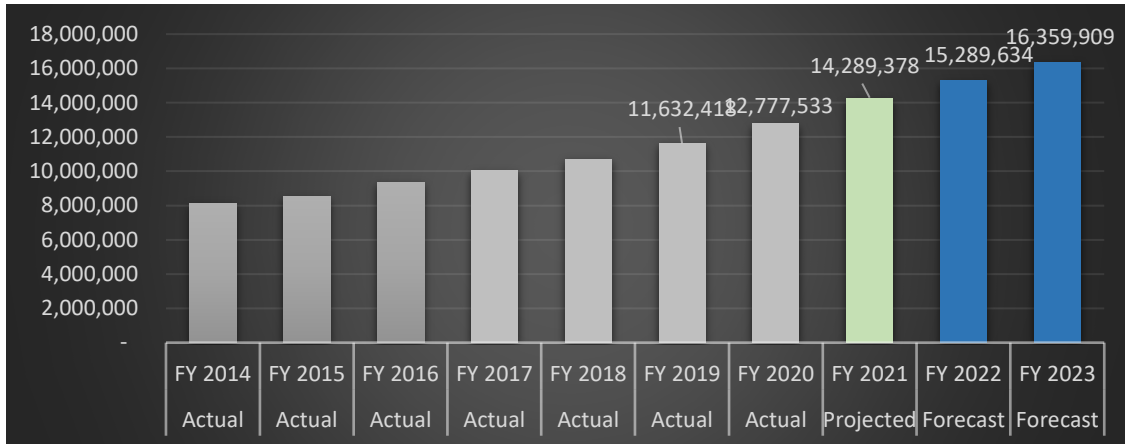
**Municipal Marina Fund:** The Marina Fund accounts for operations and maintenance of the City-owned Municipal Marina facilities. Revenues are derived from dockage, fuel sales, mooring, rental, and other Marina uses.

**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 1<sup>st</sup>. One mill is \$1 of tax per \$1,000 of taxable assessed value. The adopted operating millage for FY 2021 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:

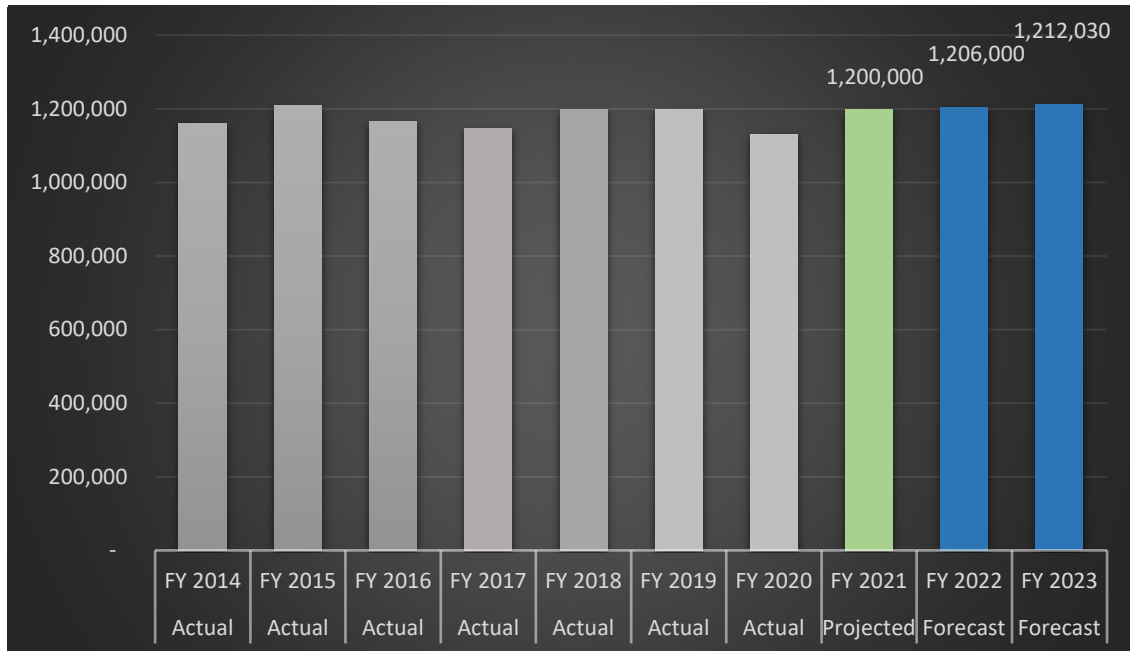
St. Augustine's millage rate has remained at 7.5 since 2010. St. Augustine has the capacity to levy up to 10 mills for operating expenditures based on State law. The millage rate is set by the Commission each fiscal year. The amount of revenue received is the result of two factors: 1) the millage rate 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 \$213,500 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 July 12, so we are asking for a consensus of what this proposed rate should be. 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 7% of tax revenue totaling approximately \$1,000,000. Management is not recommending a millage rate increase this year.

# 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.

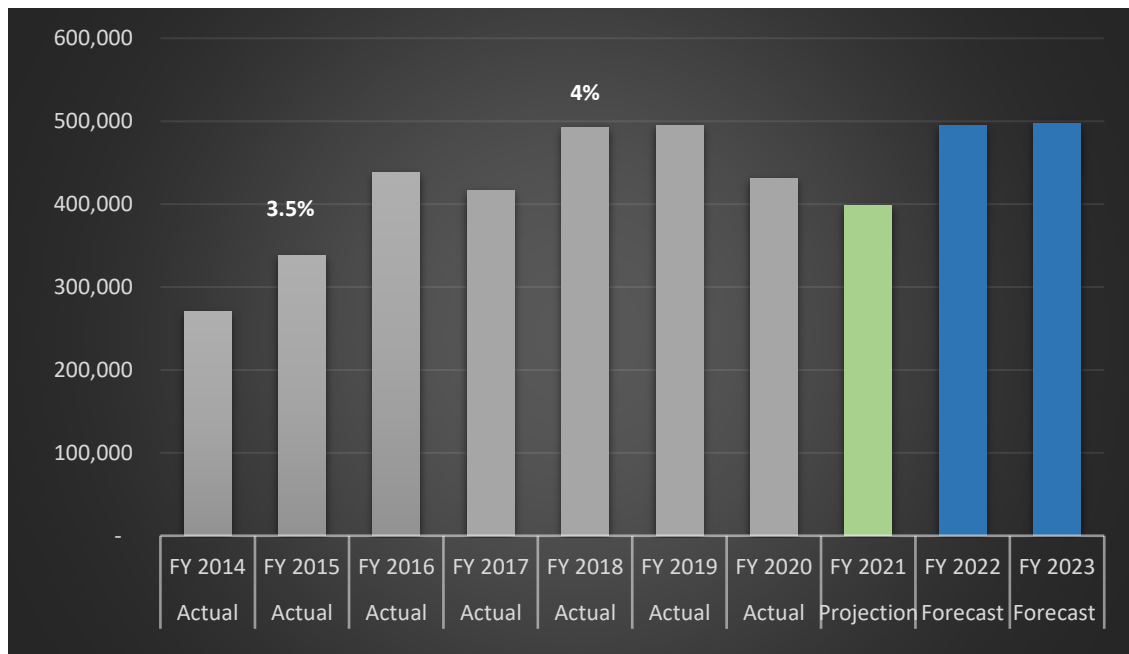
## Fiscal Capacity:

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:

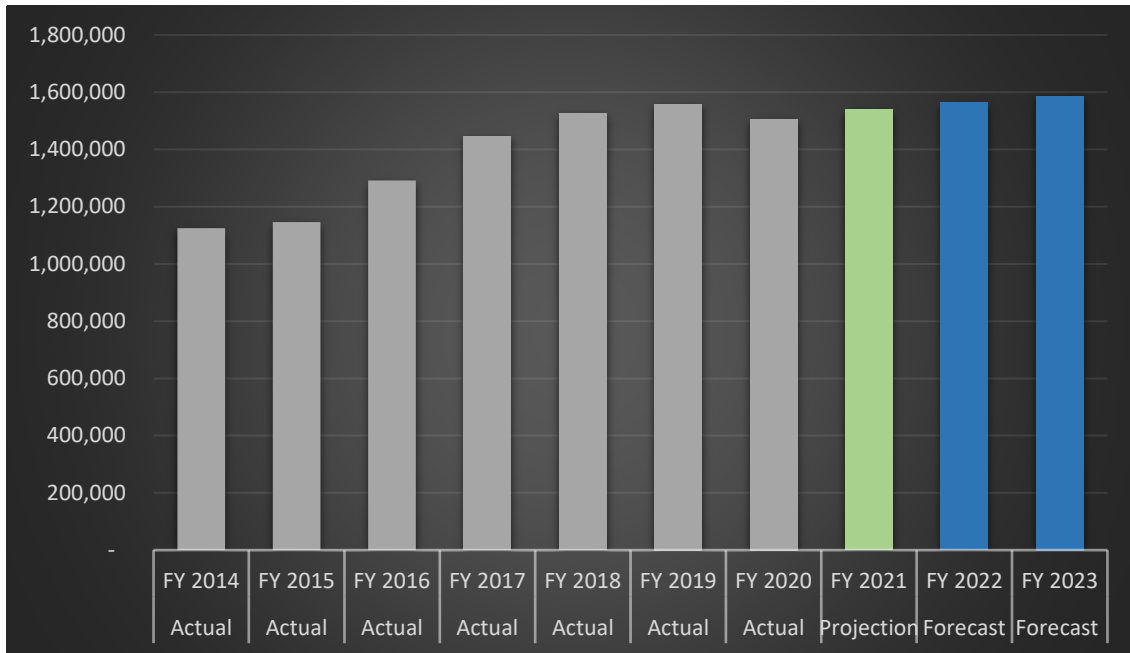
The two factors that influence the amount of revenue collected are the sale of tickets to customers and the rate negotiated in the agreement. The agreement between the City of St. Augustine and the sightseeing vehicle companies allows for a ½% increase in the fee every three (3) years.

The City raised the franchise fee to 4% of sales in FY 2018. Management is not recommending a fee increase at this time.

# 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.

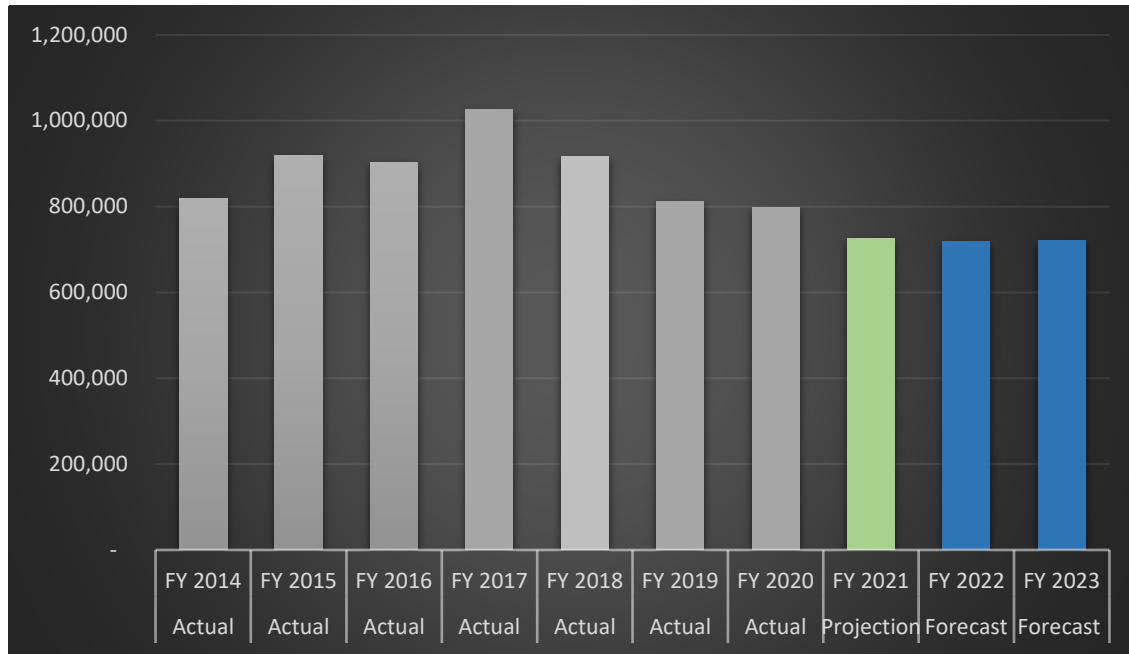
## Fiscal Capacity:

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.

# 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:

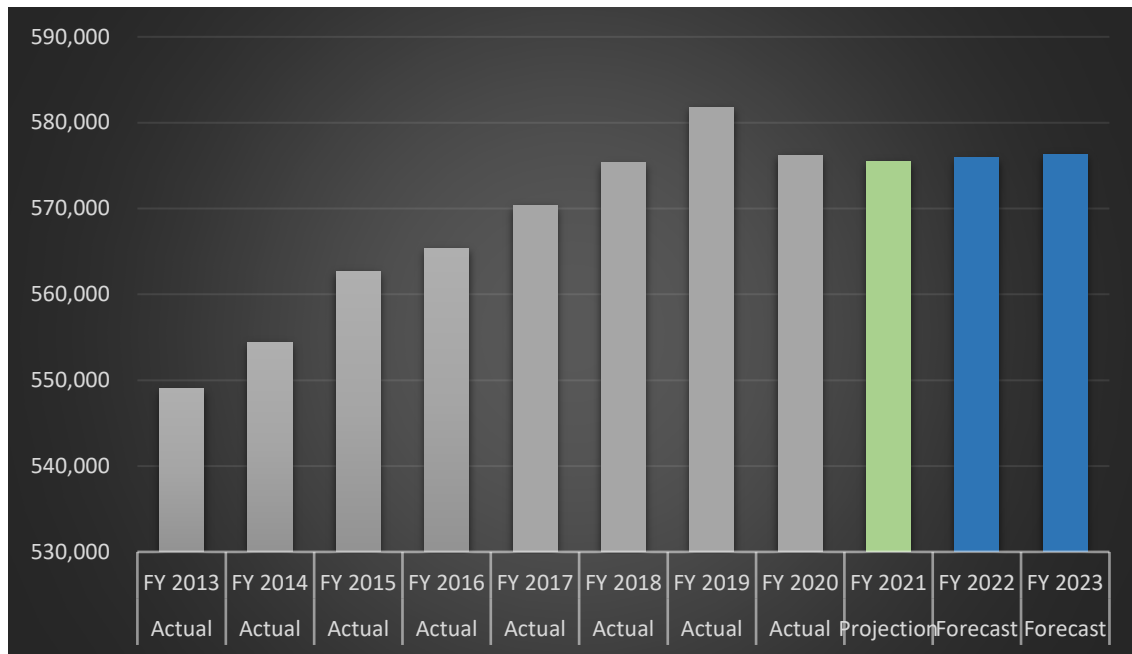
According to the City of St. Augustine Ordinance 2001-15 and 2001-16, sections 17-38 and 17-39, Beginning on October 1, 2002, the local communications services tax rate shall be five and one-tenth (5.1) percent or such other rate as may be authorized by the Florida Legislature and adopted by ordinance 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 have continued to decline due to households discontinuing their use of landlines and moving to cellular phones only.

# 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. Once that is done, 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.

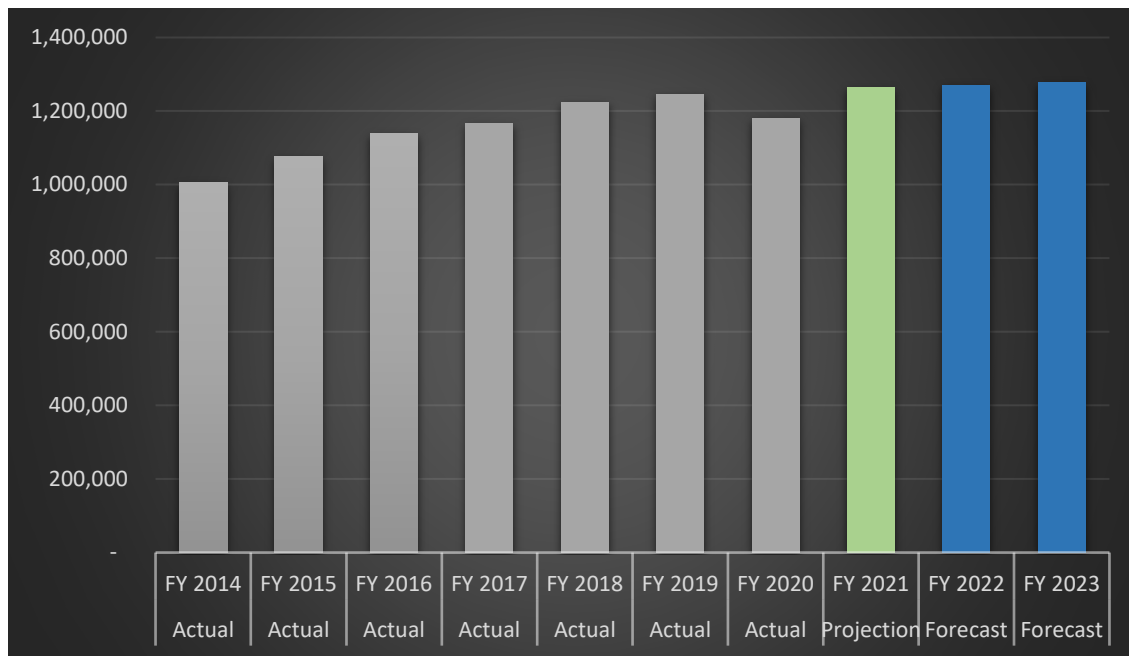
The current forecast is conservative. The State of Florida will advise the City with their revenue estimates in July and management anticipates this revenue to approximate 2018 or 2019 due to the surge in tourism post COVID-19.



# 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:

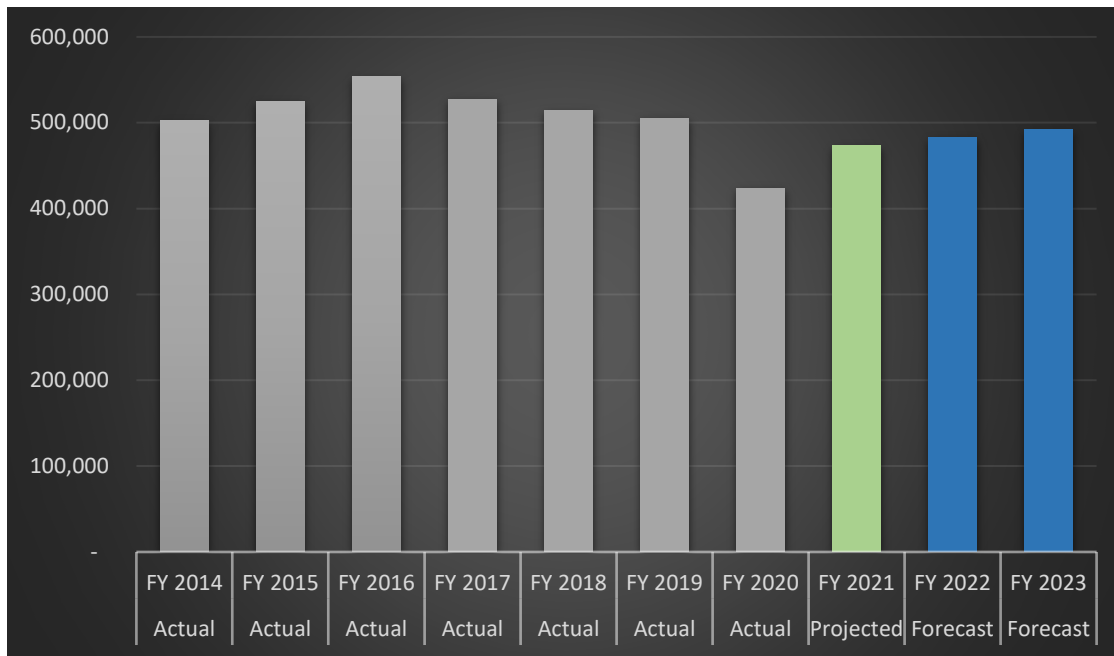
The allocation factor for each municipal government is computed by dividing the municipality's total population by the sum of the county's total population plus two-thirds of the County's incorporated population. Each municipality's distribution is then determined by multiplying the allocation factor 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.

# 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

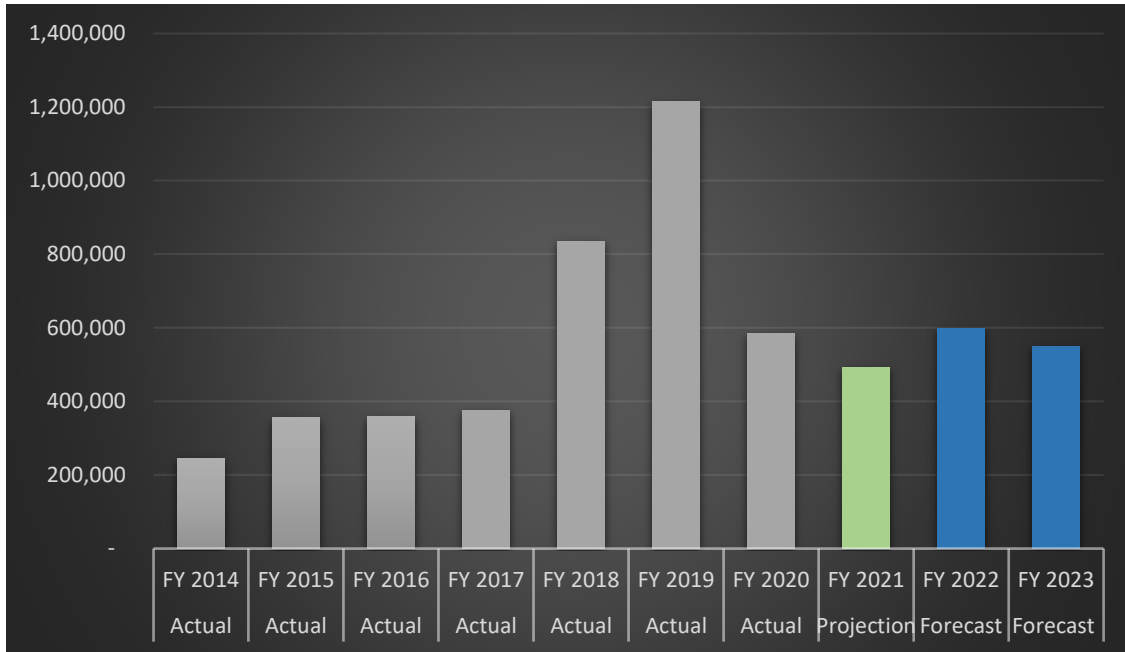
## Fiscal Capacity:

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.

# 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

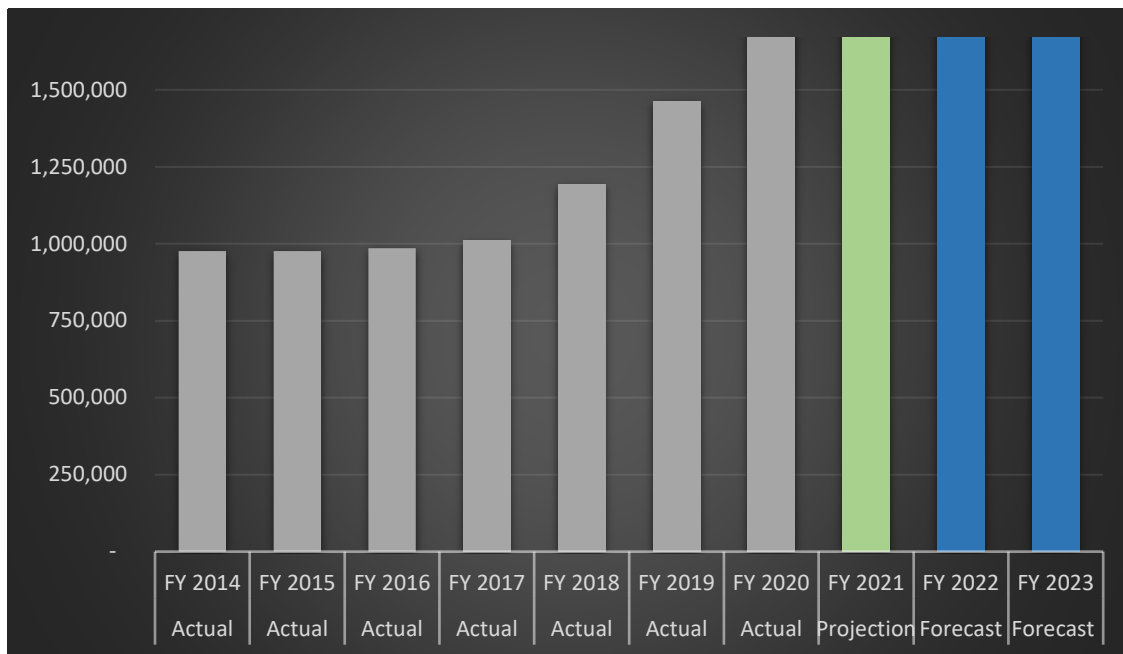
## Fiscal Capacity:

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.

# 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 2020, 47% 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 2021, the Fire Assessment rate of \$0.0689 for Residential and \$0.1257 for Non-Residential was assessed.

## Fiscal Capacity:

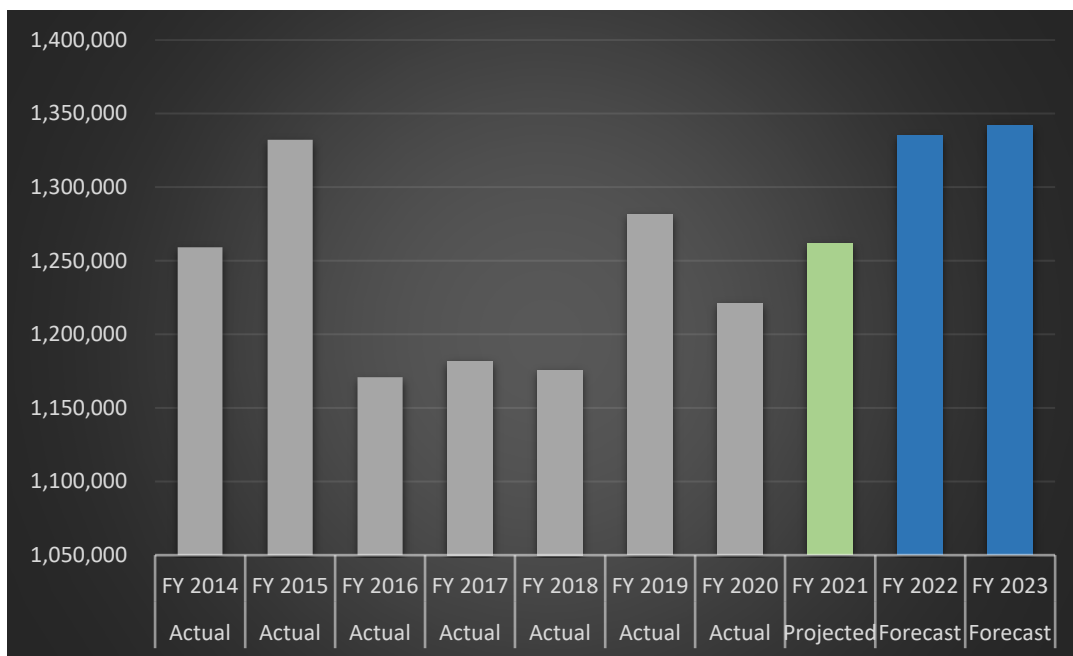
Commission approval would be required to increase the fee schedule. Staff previously recommended an increase to 50% cost recovery of the Fire Department budget. However, pending receipt of CARES Act proceeds will directly offset significant costs of the Fire Department, therefore management is not recommending 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
- Davenport Park Carousel
- St. Augustine Yacht Club
- Casa del Hidalgo
- State of Florida Department of Corrections
- State of Florida Department of Juvenile Justice
- Florida Cracker Café
- Flagler College
- 1<sup>st</sup> Floor Alcazar Hotel
- Flagler/Police Agreement
- Submerged Land Leases



## Legal Authority:

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

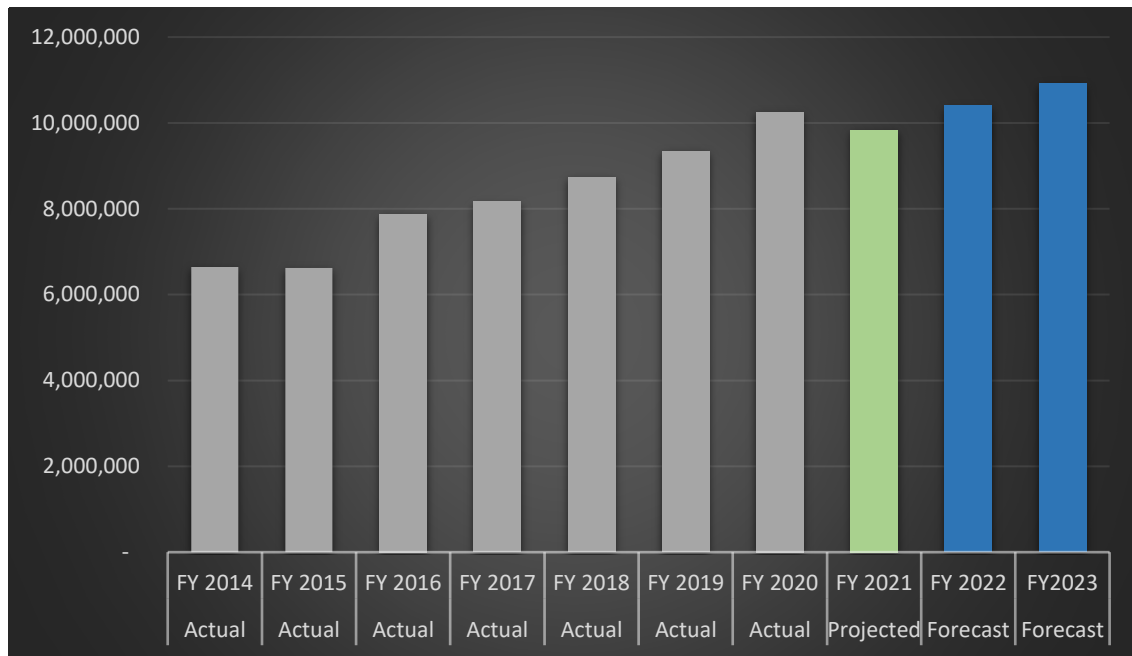
## Fiscal Capacity:

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 2022, the consumer price index increase on rents is 5.8% based on the May 2020 – May 2021 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:**

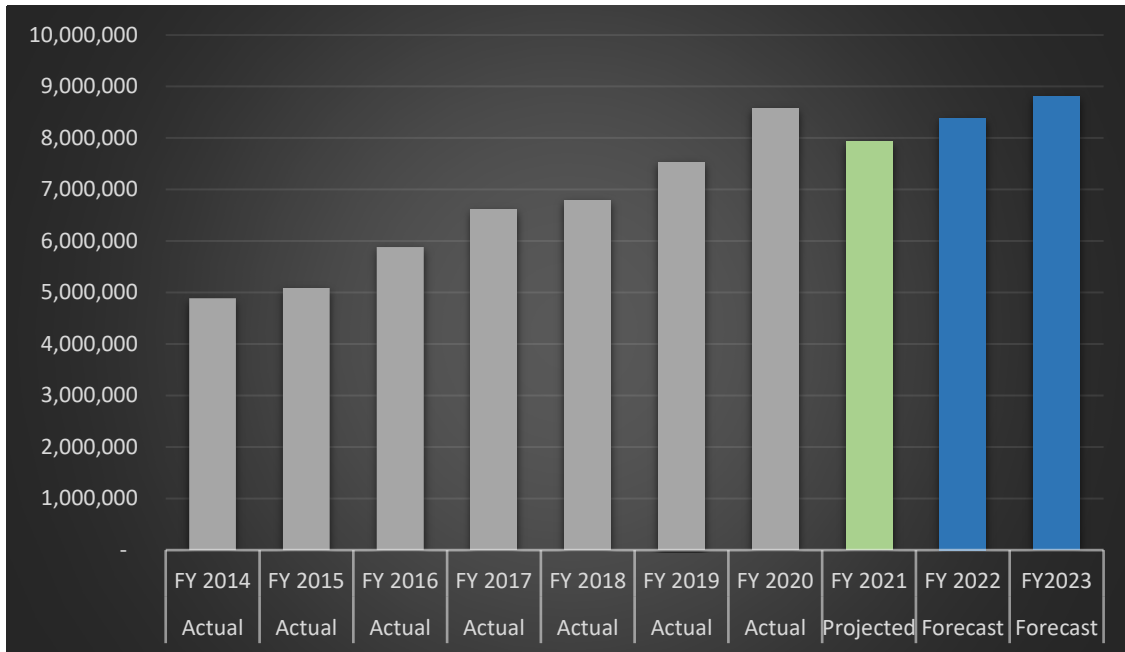
Utility rates were adopted by Resolution 2015-28 for Fiscal Years 2016 through 2020. No increase was adopted for the fiscal year 2021 due to the CPI being flat.

A Consumer Price Index (CPI) adjustment is recommended for all rates and hard costs including taps and meters. The applicable CPI is 5.8%.

# 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:

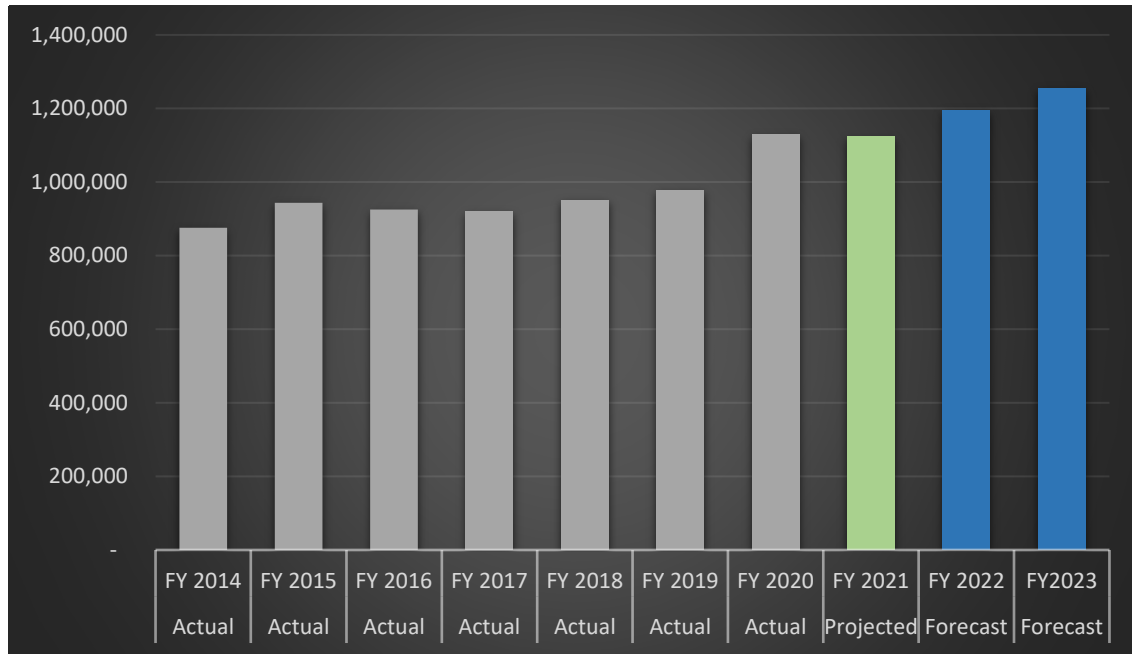
Utility rates were adopted by Resolution 2015-28 for Fiscal Years 2016 through 2020. No increase was adopted for fiscal year 2021 due to the CPI being flat.

A Consumer Price Index (CPI) adjustment is recommended for all rates and hard costs including taps and meters. The applicable CPI is 5.8%.

# 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:

A \$.50 per SFU increase will result in approximately \$40,000 in Stormwater revenues that will be used for the continued maintenance of the Stormwater System. Management recommends a CPI increase of 5.8% on top of this increase 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.

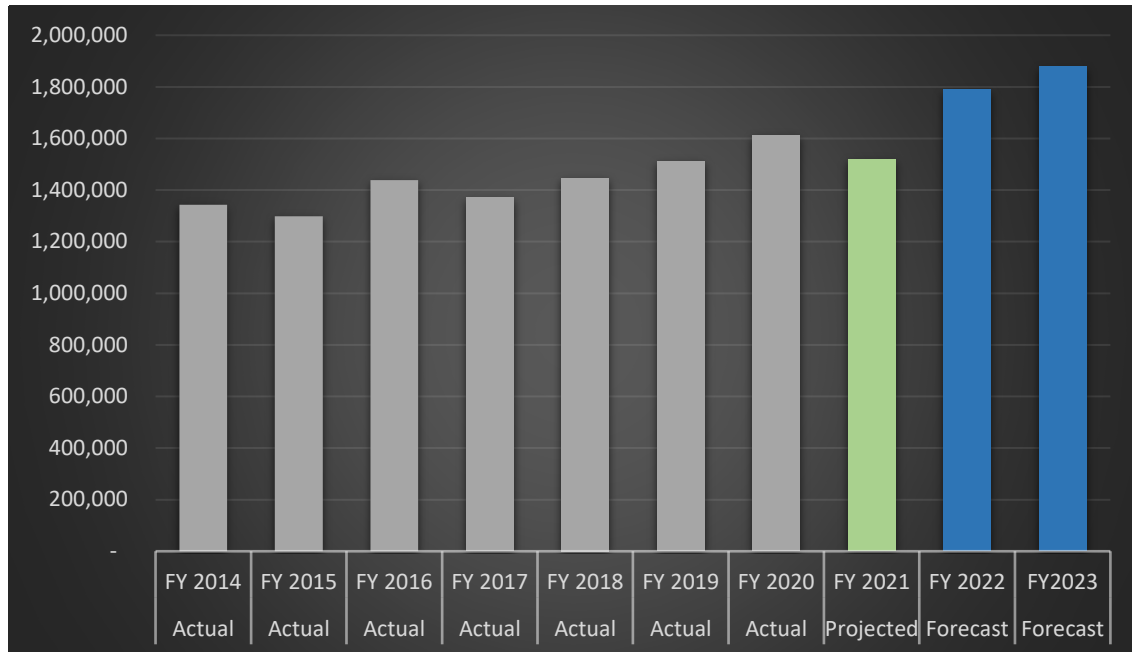
Because resiliency is so crucial to the City, we will engage in a broader discussion about capital projects related to flooding. The American Rescue Plan is poised to provide the City with a large amount of one-time funding which will need to be properly planned for in order to maximize its benefits to our citizens.



# 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.

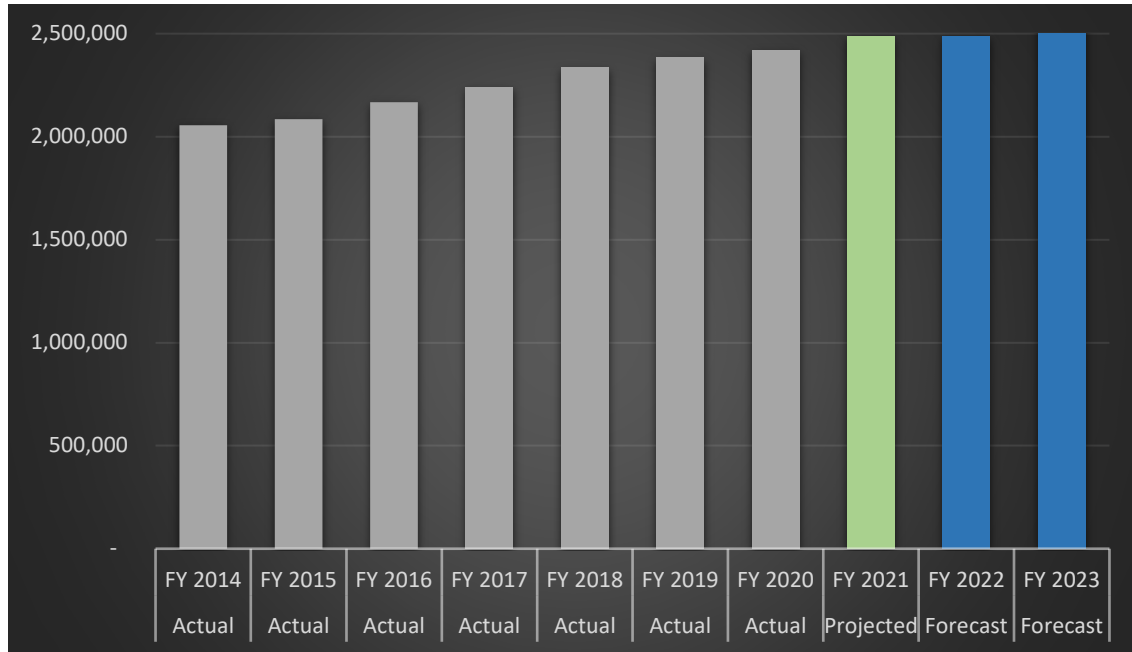
## Fiscal Capacity:

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 currently not adequate to maintain the level of service the citizens expect. A \$5 per month or \$60 per year increase is recommended to assist the fund with replacing outdated equipment and transitioning the workforce from temporary labor to full-time city staff.

# 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

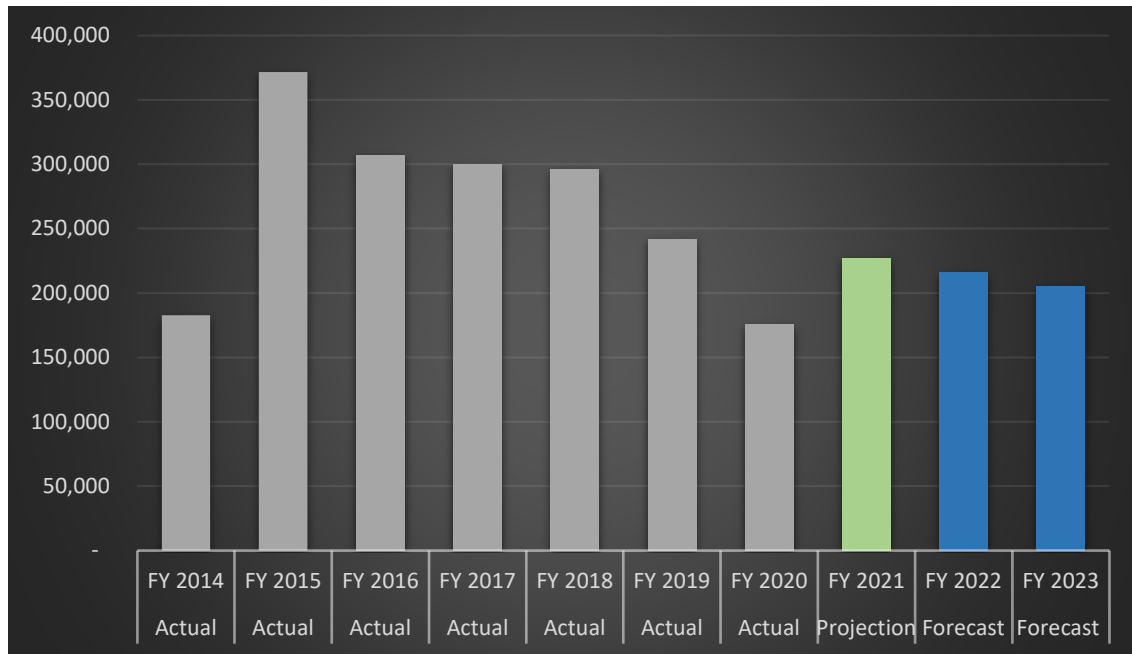
## Fiscal Capacity:

St. Augustine can increase revenue for the sanitation fund by increasing the monthly service fee for single and multifamily residents. At this time, a 5.8% 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

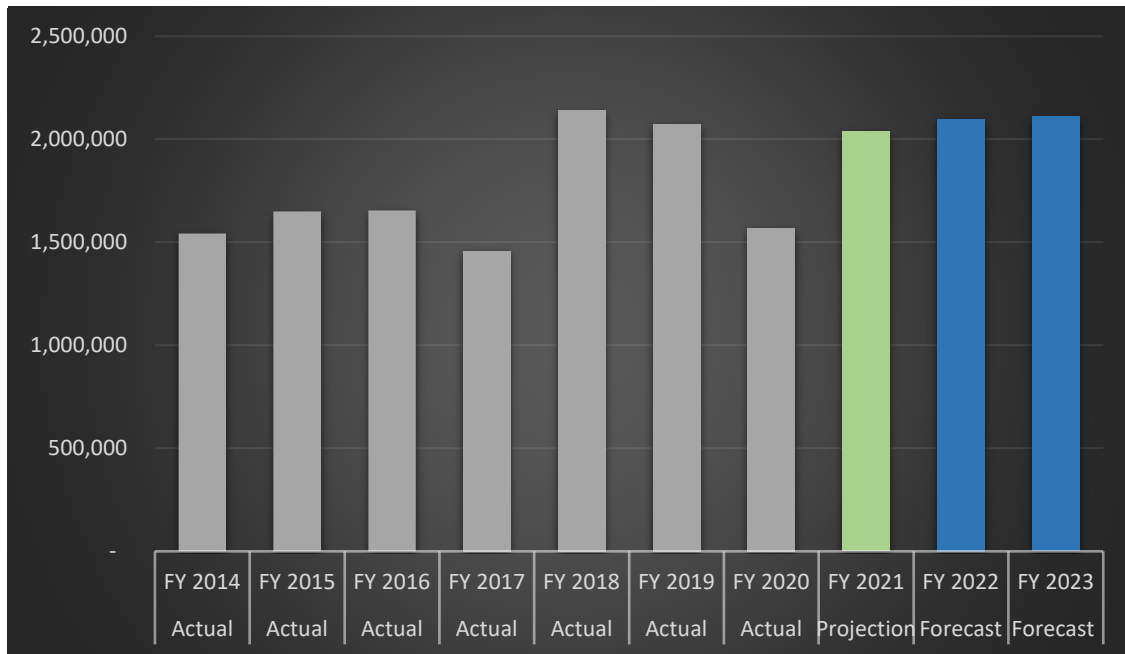
## Fiscal Capacity:

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

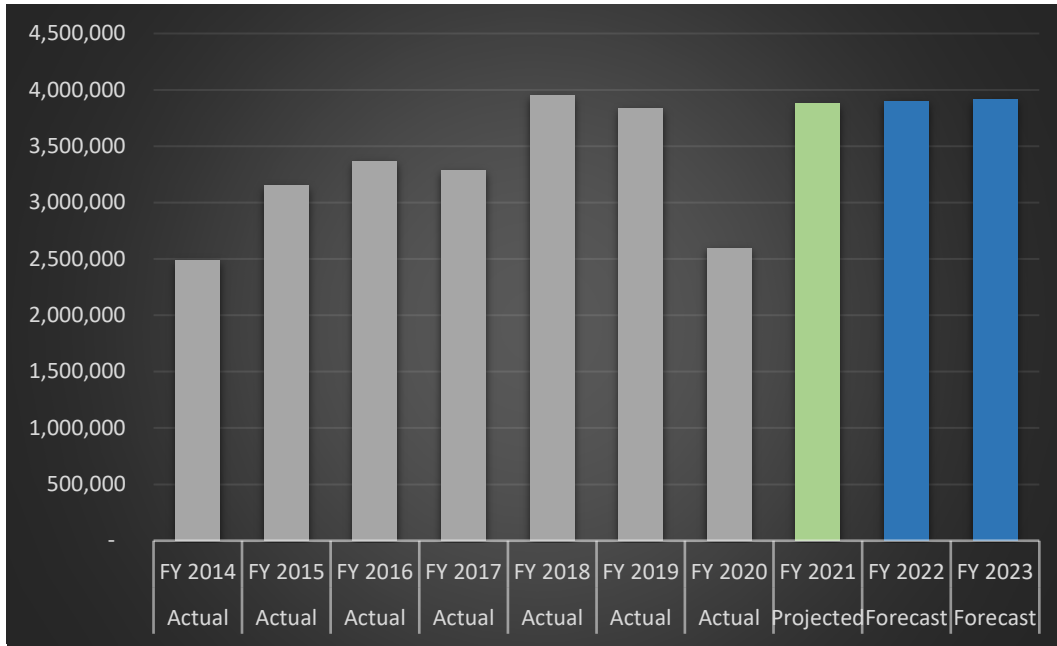
## Fiscal Capacity:

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.

# 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.





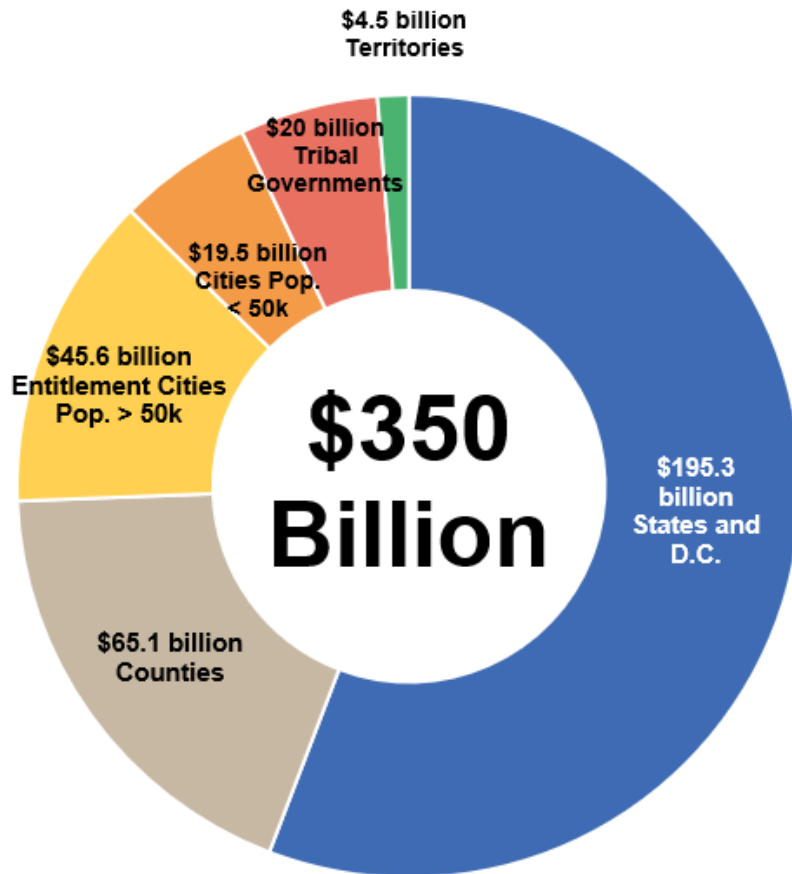


# ARP Act: Key Provisions





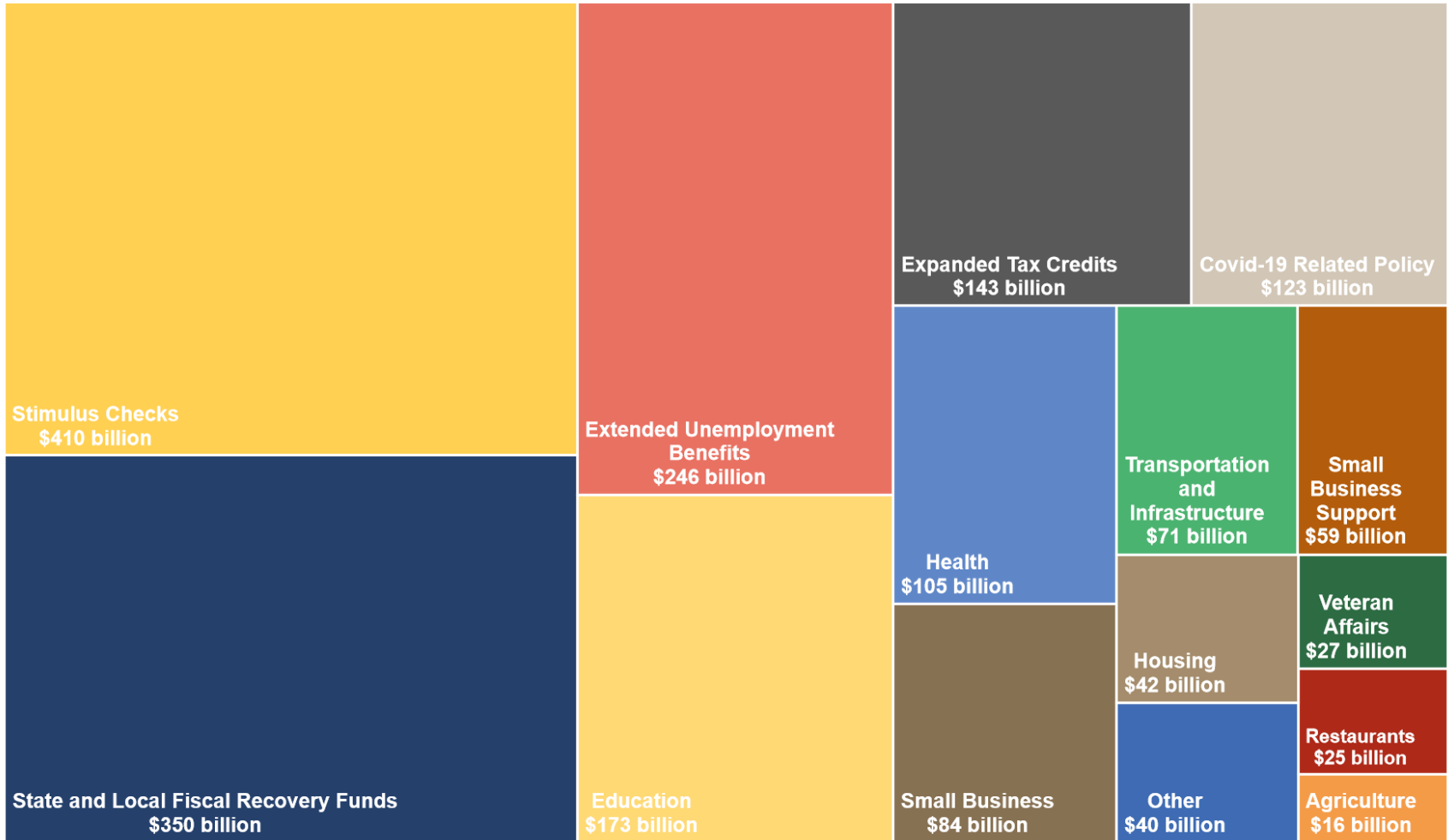
## 2021 \$1.9 Trillion American Rescue Plan – State & Local Aid Highlights



- ◆ Funding must be spent by end of the calendar year 2024
- ◆ Funds can be used to provide **government services affected by a reduction in revenue, relative to revenues collected in the full fiscal year completed prior to the COVID-19 health emergency**. Authorizes funding for necessary **investments in water, sewer or broadband infrastructure**, among other uses
- ◆ Funds **cannot be used to directly or indirectly offset tax reductions or delay a tax/tax increase** and cannot be directly deposited into a governmental pension fund
- ◆ Payments to state and local governments will be **distributed in two tranches** – half within 60 days of enactment, with the balance distributed 12 months after the date on which the first tranche was paid
- ◆ **Official guidance from the U.S. Department of Treasury on eligible uses of fund disbursements is forthcoming**



# \$1.9 trillion American Rescue Plan Act





# Strategic Budget Considerations



# Investment Strategies: Emerging Themes for the Options Menu

## Multiyear Strategies

### Sustainable Fiscal Health

- Replenishment of risk-based reserves
- Elimination of budget deficits and reimbursement shortfalls
- Productivity investments (e.g., technology, energy efficiency, fleet renewal and replacement, space rationalization)
- Criminal justice strategies

### Future Economic Growth

- Market-based strategies
- Positioning effectively for WFH changes
- Infrastructure and amenities
- Rethinking tax incentives and tax policy
- Small, local, diverse business development
- Workforce development

### Capital and Infrastructure Investment

- Broadband network investments
- Sidewalk repairs
- Stormwater improvements
- Street improvements
- Drinking water improvements
- Transit investments
- Pay-down of debt

### Equity and Inclusion

- Structures to support equity impact analysis and metrics
- Anti-poverty initiatives
- Communications, engagement, and reporting tools



# Infrastructure and Capital Financing



## Rating Agency Initial Reactions

**ARP Act  
of 2021  
passed**

**March 11**

March 18<sup>th</sup>: S&P reports “the [ARP Act’s] funding will **support credit quality** of issuers across all U.S. public finance sectors”

**March 18**

March 24<sup>th</sup>: S&P **changes outlook** for many public finance sectors from negative to stable

**March 24**

Moody’s reports the ARP Act is a “**credit positive** across public finance sectors, most prominently state and local governments...”

Moody’s **changes outlook** for state & local government sectors from negative to stable

Fitch reports the ARP Act will “**significantly boost near-term revenues** for states, local governments, transit systems, and education providers through both direct aid and economic stimulus...”

Sources: Moody’s Investors Service “Public Finance – US, New coronavirus relief package to benefit sectors across public finance,” March 11, 2021; Moody’s Investors Service “Local Governments – US, Outlook changed to stable as revenue conditions improve, federal aid continues,” March 11, 2021; Moody’s Investors Service “States – US, Outlook improves to stable amid stronger budgetary picture and federal support,” March 11, 2021; Fitch Ratings “American Rescue Plan Boosts State and Local Government Budgets”, March 11, 2021; S&P Global Ratings “Across U.S. Public Finance, All Sectors Stand to Benefit from the American Rescue Plan,” March 18, 2021.



## What are the Rating Agencies Watching?

- ◆ ARP Act funds are **one-time revenues**. As such, it's critical to consider:
  - Sustainability of programs and projects funded
  - Long-term budget implications of ongoing spending (operating and future maintenance)
- ◆ Monitoring the balance of the demands of reserve replenishment and service restoration vs. fueling economic growth
- ◆ Continuing to monitor the economic and revenue implications of the pandemic
  - Structural balance in budgets
  - Level of reserves
  - Revenue mix and reliance on economically sensitive revenues
  - Potential property-tax impacts in 2022 and beyond
  - Potential new wave of coronavirus outbreaks
- ◆ Awaiting US Treasury guidance describing the flexibility in applying the funds

How local governments use the one-time revenue will be an important factor for long-term credit stability and ratings. For those facing multiyear structural imbalances, the stimulus may be a lifeline arriving just in time to avert major expenditure reductions. For those that saw less revenue softness during the pandemic, they could use stimulus money to accelerate projects that will have economic benefits. And for the many governments that fall in between, management teams will have to balance the demands of reserve replenishment against the potential for fueling economic growth.

*S&P Global Ratings – Across U.S. Public Finance, All Sectors Stand to Benefit from the American Rescue Plan (3/18/2021)*



## Debt Considerations

*Subject to Treasury guidance, there may be the potential to utilize state and local fiscal recovery funds for debt service or alternative debt and capital plan uses.*

Potential Use	Select Considerations
Cash defeasance of existing debt	<ul style="list-style-type: none"><li>• Criteria for targeting defeasance, such as:<ul style="list-style-type: none"><li>• Longer-dated or higher coupon debt</li><li>• Certain years – tied to affordability metrics</li><li>• Debt that is repaid with economically sensitive revenues</li></ul></li><li>• Unwind any deficit financing undertaken since the pandemic began</li></ul>
Fund new capital projects	<ul style="list-style-type: none"><li>• Criteria for selecting projects, such as:<ul style="list-style-type: none"><li>• Substitution for currently planned debt</li><li>• Acceleration of previously deferred projects</li><li>• Prioritize projects that have economic benefits</li></ul></li><li>• Balance current low borrowing rates with debt avoidance</li><li>• Are there regional opportunities to partner with other ARP Act funding recipients?</li><li>• If ARP Act funds and debt are both used to invest in greater equity for the undeserved, might “social” or “sustainable” bonds be beneficial?</li><li>• How should other funding sources (e.g., potential new infrastructure spending) impact the use of ARP Act funds?</li></ul>