

CITY OF GREEN COVE SPRINGS

CITY COUNCIL SPECIAL SESSION - BUDGET

321 WALNUT STREET, GREEN COVE SPRINGS, FLORIDA
THURSDAY, AUGUST 07, 2025 – 8:00 AM



MINUTES

Invocation & Pledge of Allegiance to the Flag – **City Manager, Steve Kennedy**

Roll Call

COUNCIL MEMBERS PRESENT: Mayor Matt Johnson, Vice Mayor Ed Gaw, Council Member Glee Glisson (left at 4:55 p.m.), Council Member Cheryl Starnes, Council Member Darren Stutts

STAFF MEMBERS PRESENT: L.J. Arnold, III, City Attorney, Steve Kennedy, City Manager, Mike Null, Assistant City Manager, Sue Wang, Finance Director, Erin West, City Clerk

Mayor to call on members of the audience wishing to address the Council on matters not on the Agenda.

City Manager Steve Kennedy advised the proposed budget includes no general salary increases except for the Police Department step plan. Two new police officers (COPS grant-funded) and an additional dispatcher are included. IT expenses have been centralized in an Internal Service Fund, health insurance contributions remain unchanged, some city vehicles will move to a leasing program, and special event costs are consolidated under General Services. The budget is balanced at 5.3 mills, with utility fund transfers unchanged, and updated cost allocations are reflected in the electric fund.

Mayor Johnson reiterated the budget is balanced at 5.3 without any raise at all for the city employees, except for the police department, because they're in the step plan and asked Human Resources Director Dee Jones if she had a COLA number percentage.

Human Resources Director Dee Jones advised the cost-of-living increase as of the end of April was 2.3%, which will be considered when finalizing the budget.

Van Royal 3688 LaCosta Ct. GCS spoke about personnel costs and expenses being up over the last year. He spoke about no COLA increases being currently included, and several departments received no raises. Mr. Royal suggested that if a 2.3% COLA is added, the council should identify savings in operating expenses to maintain a balanced budget approach.

Council Member Stutts advised he supported raises for field staff working in difficult conditions but opposed raises for department heads. He advised raises should be based on affordability, not merit.

Vice Mayor Gaw questioned whether department heads considered the impact of tariff-related cost increases on materials and operating expenses.

Finance Director Sue Wang advised department budgets account for rising material costs and that operating expenses are based on current trends and known information. She acknowledged the ongoing economic pressures and agreed that all cities are facing similar challenges.

Steven Kelley 101 Park St. GCS spoke about the most recent wage study that showed the city is still behind in achieving competitive salaries, with a goal to reach the 50th–60th percentile. Last year, only about half of that target was met, and this year's budget does not yet address the remaining gap. He advised that providing competitive wages is essential to retaining skilled staff and maintaining reliable city services.

Mayor Johnson advised that not providing any COLA this budget cycle would be unfair. He advised the city's goal from last year to reach the 50th percentile in the wage study, with some positions (e.g., city clerk) still significantly below market. Mayor Johnson asked Ms. Jones to provide recommendations on adjustments based on the wage study during her budget section.

COUNCIL BUSINESS

1. Utility Enterprise Funds and Internal Service Funds Operating Budgets and CIP

a. Electric Utility Fund

Electric Director Andy Yeager speaks and presents the Electric Utility Fund budget.

Mike Kelter 630 Myrtle Ave. GCS questioned large increases in professional development spending, IT allocation, and bad debt expenses, and emphasized the need for realistic figures. He applauded improvements in the capital improvement plan.

Tom Centracchio 605 Myrtle Ave. GCS advised the electric and police department staff deserve raises but stressed that the city is facing financial challenges. He advised that citizens are already experiencing increased costs and that holding the line on raises for a year or two is necessary.

Bob Page 1862 Colonial Dr. GCS commended the Council's discussion and encouraged more frequent utility board meetings focused on operating the utilities as enterprise funds. He spoke about rapid changes in the utility industry and suggested additional meetings during the year to improve planning, transparency, and preparation for major decisions.

Vice Mayor Gaw supported Mr. Page's suggestion, advising the Council's role as a utility board and the increasing complexity and rapid changes in utility markets. He asked about industry trends, meeting frequency at FMPA, and spoke about the value of additional education and discussion opportunities for Council members who may not have prior utility experience.

b. Water Utility Fund

Assistant City Manager Mike Null presents the Water Utility Fund budget.

Van Royal 3688 LaCosta Ct. GCS suggested reviewing specific budget line items related to water, wastewater, and stormwater to identify savings, advising that added retirement and FICA costs total approximately \$25,000. He advised that small reductions across multiple line items could add up to meaningful payroll funding and suggested reallocating funds.

Mike Kelter 630 Myrtle Ave. GCS asked about clarification on water sales data, reclaimed water metering, and access to the cost recovery study; questioned the lack of developer fee increases and requested better updates on major capital projects; and warned of pending state water regulations that could reduce the City's water allocation due to high per-capita usage.

c. Wastewater Utility Fund

Mr. Null presents the Wastewater Utility Fund operating budget.

Van Royal 3688 LaCosta Ct. GCS thanked staff for improved coordination with CCUA and suggested reallocating existing utility funds to support employee salary increases, encouraging Council to prioritize employee pay using available budget adjustments.

Mike Kelter 630 Myrtle Ave. GCS spoke about significant water and wastewater rate increases since 2018, cautioned against relying on one-time funds for permanent raises, and advised that

mothballing the South Wastewater Treatment Plant may reduce staffing and energy costs next year.

d. Reclaimed Water Fund

Mr. Null presents the Reclaimed Water Fund operating budget.

Mike Kelter 630 Myrtle Ave. GCS asked a question regarding the billing rates for reclaimed water provided to Magnolia Point Golf and Country Club, advising the club was previously not charged when it was the sole customer, but that billing practices should be reevaluated now that additional reclaimed water customers are being served.

e. Solid Waste Fund

Assistant Public Works Director Greg Bauer presents the operating budget.

f. Stormwater Fund

Mr. Null presents the Stormwater Fund operating budget and the CIP.

Mike Kelter 630 Myrtle Ave. GCS asked whether the City has completed a required 30-year stormwater assessment, welcomed a future stormwater utility discussion, raised concerns about perceived unequal treatment of users, and asked about approximately \$200,000 in uncollected stormwater revenue from the School Board.

g. Customer Service Fund

Finance Director Sue Wang presents the Customer Service Fund operating budget.

Council discussed the City's employee wellness program, specifically the City-funded gym membership benefit. Some Council members questioned whether the benefit could be directly tied to measurable cost savings. Staff explained that the program costs approximately \$10 per employee per month and is intended to promote employee health, reduce insurance claims, and support the City's self-insured health plan.

Human Resources Director Dee Jones advised that wellness initiatives, biometric screenings, and healthier employees have contributed to stable insurance costs and reduced claims.

Tom Centracchio 605, Myrtle Avenue GCS shared a personal example of Medicare wellness incentives, advising that health plans provide rewards for exercise and preventive care because keeping people healthy reduces costs. He also advised that encouraging wellness and physical activity is a proven, cost-effective approach that can improve productivity and save money.

Van Royal 3688 LaCosta Ct. GCS supported the City's employee wellness and gym membership program, advising that encouraging preventive health care and exercise helps reduce long-term health care costs. He advised that the City's self-insured health program has experienced lower cost increases in recent years compared to other entities. He spoke about the program being a modest investment that benefits taxpayers by reducing future medical expenses and improving employee health and productivity.

h. Self Insurance Fund

Finance Director Sue Wang presents the Self Insurance Fund operating budget.

Mike Kelter 630 Myrtle Ave. GCS asked about the cost structure of the City's self-insured health plan, speaking about his concern with administrative and third-party fees totaling approximately

\$400,000 and the overall cost per participant. He spoke about concerns with the selection and compensation of plan administrators and vendors.

Kathy Roberts 17 South Oak Ridge Avenue GCS advised she had experience in the health insurance industry and spoke about the value of proactive wellness efforts, stating that encouraging employee health leads to better performance and long-term cost savings. She advised that the City's investment in wellness benefits, such as gym memberships, supports employee well-being and can lead to healthier, more productive employees.

i. Information Technology Fund

Director of IT Services Angel Alicea gives an overview of the budget items.

2. General Fund Operating Budgets and CIP

Art Yeaman 151 West Street GCS suggested the City to move forward with establishing an archives program, speaking about prior proposals, committee efforts, and budget discussions dating back to 2013. The speaker stated that progress has stalled due to the lack of dedicated funding.

A. General Fund Revenues

Ms. Wang gives an overview of the general fund revenues.

B. General Fund Expenditures

a. City Council

City Clerk, Erin West gives an overview of the budget items.

b. City Clerk

Ms. West gives an overview of the budget items.

c. City Manager

Mr. Kennedy gives an overview of the budget items.

d. Human Resources

Human Resources Director Dee Jones gives an overview of the budget items.

Council discussed potential direction to staff regarding employee compensation, specifically a proposed 2.7% cost-of-living adjustment (COLA) for all employees except the Police Department, which operates under a separate step plan. Staff explained that a clear target from Council is necessary in order to develop budget options and determine whether the estimated \$261,000 cost could be achieved without increasing the millage rate.

Mr. Kennedy advised that, with Council direction, staff would review priorities, evaluate potential budget adjustments, and return with options that attempt to meet the COLA goal while maintaining fiscal stability and continuing progress toward prior wage study targets.

Council provided direction for staff to further analyze feasibility and report back with recommendations.

Tom Centracchio 605, Myrtle Avenue GCS suggested building fund balances and identifying budget cuts. He spoke about his concern that residents have seen rate increases while additional

employee pay increases are being considered. He suggested evaluating compensation trends and considering a temporary wage freeze or smaller increases, with exceptions where needed.

Van Royal 3688 LaCosta Ct. GCS advised that a 2.7% COLA may be achievable using existing funds, particularly within utilities, without raising the millage rate, and advised setting clear Council priorities, reallocating funds as needed, and regularly reviewing revenues, expenditures, and fund balances.

Mike Kelter 630 Myrtle Ave. GCS advised the importance of rebuilding the City's unrestricted general fund balance to ensure adequate reserves for emergencies such as hurricanes. He spoke against funding permanent salary increases with one-time revenues and advised that employees already receive significant benefits, including paid holidays.

e. Augusta Savage Arts & Community Center

Mr. Bauer give an overview of the budget items.

f. Finance

Ms. Wang gives an overview of the budget items.

g. General Services

Ms. Wang gives an overview of the budget items.

h. City Attorney

City Attorney Arnold gives an overview of the budget items.

i. Development Services

Building Official John Cioffi gives an overview of the budget items.

j. Code Enforcement

Mr. Cioffi gives an overview of the budget items.

k. Police

Chief Hines gives an overview of the budget items.

Tom Centracchio 605, Myrtle Avenue GCS asked for a comparison between the Orange Park and Green Cove Springs Police Departments, including staffing levels and salaries, and inquired whether a budget analysis had been prepared to determine the additional funding needed to make Green Cove Springs police salaries competitive.

l. Public Works/Streets

Mr. Bauer give an overview of the budget items.

m. Right-of-Way Maintenance

Mr. Bauer give an overview of the budget items.

n. Parks

Mr. Bauer give an overview of the budget items.

o. Parks and Recreation Programming

Mr. Bauer give an overview of the budget items.

p. Equipment Maintenance
Mr. Bauer give an overview of the budget items.

3. Debt Service Funds Budgets

Ms. Wang presents the budget for the Police Building Debt Service and the Spring Park Debt Service.

- a. Police Building Debt Service
- b. Spring Park Debt Service

4. Special Revenue Funds Operating Budgets and CIP

a. Building Fund

Mr. Cioffi gives an overview of the Building Fund.

b. CRA

Mr. Kennedy and Development Services Representative Lyndie Knowles give an overview of the CRA.

Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 5:38 p.m.

CITY OF GREEN COVE SPRINGS, FLORIDA

Daniel M. Johnson, Mayor

Attest:

Erin West, City Clerk